

# Consistent and Credible **Progress**



## About the Report

This Integrated Annual Report from Karur Vysya Bank aims to offer our stakeholders a clear, comprehensive, and transparent evaluation of our ability to generate enduring values. It presents a thorough overview of the Bank's unified approach for creating value across multiple dimensions, encompassing both measurable financial outcomes and qualitative non-financial aspects of our operations.



### Feedback

We encourage feedback on our range of reports to ensure ongoing disclosure of relevant information that aids stakeholder decision-making. Please send any queries or suggestions via email to [kvb\\_sig@kvbmail.com](mailto:kvb_sig@kvbmail.com)

### Basis of preparation

The report aims to provide an unbiased and transparent evaluation of how we generate values, encompassing both qualitative and quantitative aspects that are critical to our operations and strategic objectives. This information is intended to guide stakeholders in making informed decisions.

### Framework, guidelines and standards

This report adheres to the principles and guidelines of:

- The International Integrated Reporting Council's (IIRC) <IR> framework (now part of the IFRS Foundation)
- The Companies Act, 2013 and the rules made thereunder
- Indian Accounting Standards
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Secretarial Standards issued by the Institute of Company Secretaries of India
- The Banking Regulation Act, 1949, and other pertinent RBI regulations

### Reporting period

It is an annual publication that provides essential details regarding our strategy and business model, operating environment, significant risks, performance, outlook, and governance for the fiscal year spanning from April 01, 2023, to March 31, 2024.

### Forward-looking statement

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

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

## Stakeholders



Investors and Shareholders



Government and Regulatory Authorities



Employees



Local Communities and NGOs



Customers



## Tribute to our Visionary Founders



Shri M. A. Venkatarama Chettiar



Shri Athi Krishna Chettiar

Karur Vysya Bank (KVB) honours the pioneering spirit and unwavering dedication of our visionary founders.

Founded in 1916 in the town of Karur, the Bank has thrived for 108 years as a distinguished banking institution in India. Its inception was driven by the visionary efforts of Shri M. A. Venkatarama Chettiar and Shri Athi Krishna Chettiar, who joined hands together to establish a financial institution aimed at assisting farmers and traders impacted by the aftermath of the First World War.

Starting with an initial capital of ₹ 1 Lakh, predominantly secured through personal guarantees to investors, the founders embedded forward-looking provisions in the Articles of Association. These provisions underscored their commitment to

ethical banking and societal contribution, eventually becoming mandatory under statutory regulations.

Their foresight in establishing a bank rooted in principles of integrity, customer-centricity, and community empowerment has shaped our journey of over a century. With an expanding presence across India, Karur Vysya Bank now caters to more than eight million customers, offering a diverse array of tailored products and services. KVB remains steadfast in its commitment to ethical and responsible banking practices, honouring our founding principles and embracing our enduring tradition.

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Financial Capital

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Scan the QR code to read the report online

# Consistent and Credible Progress

Karur Vysya Bank's (KVB) story exemplifies consistent and credible progress. We have transformed from a bank serving local traders and farmers in 1916, to a leading financial entity with over 800 branches. This remarkable journey underscores our unwavering commitment to our core values of prudence, while simultaneously showcasing our ability to evolve and embrace technological advancements.



The dynamic business landscape presents both challenges and opportunities. KVB has excelled in navigating these complexities. We have consistently achieved healthy margins while adhering to strict regulatory norms. Our dedication to consistent and credible progress is evident in our strong profitability, healthy return on assets and exceptional asset quality. In addition, we ensure a sustainable growth momentum with a consistent focus on quality and exceptional service delivery.

Embracing and integrating digitalisation, we are focussed on enhancing business scalability while adhering to regulatory norms. At KVB, we integrate cutting-edge technology to optimise customer experience, offering digitally-opened current accounts and pioneering end-to-end digital lending solutions. We have strengthened our digital ecosystem through a plethora of initiatives.

Grounded in robust principles and deeply embedded in our culture, we have been consistently investing towards social and community development. Our commitment in uplifting communities and other activities are aimed at creating a sustainable and inclusive society. We foster growth for our customers and communities, building a future of shared success on a foundation of consistent and credible progress.

About Karur Vysya Bank

# Rooted in Values, Driven by Vision

Established in 1916, Karur Vysya Bank has grown from its regional roots in Karur, Tamil Nadu, to become a leading force in Banking Industry.

From its modest beginnings serving local traders and farmers, KVB has evolved into a leading force in the banking sector, driving superior banking services, fostering financial inclusion and contributing to the socio-economic development of communities. We serve a diverse range of customers across, commercial, retail, agricultural and corporate sector.



### Vision

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



### Mission

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

Our unique combination of tradition coupled with a commitment to innovation, empowers us to navigate dynamic market conditions and seize emerging opportunities. Strong fundamentals ensure consistent profitability, allowing us to deliver value to our stakeholders while maintaining

the highest ethical standards and regulatory compliance.

Over the years, the Bank has expanded its footprint nationwide, creating a robust network of branches and ATMs across varied geographies to ensure accessibility and convenience

for its customers. Complementing its rich legacy, the Bank is relentless in its pursuit of technological advancement, leveraging its digital strategy and FinTech partnerships to enhance operational efficiency and provide secure, convenient banking experiences for its valued customers.

## Key numbers for FY 2023-24

**100+**

Years of Legacy

**₹ 18.39 Crore**

CSR Spends

**80 Lakh+**

Customer Base

**₹ 1,63,536 Crore**

Total Business

**838**

Branches Across the Country

**₹ 19.99**

Earnings Per Share (EPS)

**2.54+ Lakh**

Shareholders Base

**16.67%**

Capital Adequacy Ratio (CRAR)

**₹ 1,605 Crore**

Net Profits

**4.19%**

Net Interest Margin (NIM)

**₹ 89,113 Crore**

Total Deposits

**0.40%**

Net Non-Performing Assets (NNPA)

**₹ 74,423 Crore**

Total Advances

**1.63%**

Return on Assets (ROA)

**9,085**

Total Workforce

**94.85%**

Provisioning Coverage Ratio (PCR)

Introduction to our Capitals

# Nurturing the Resources that Drive Us

At KVB, we leverage a robust portfolio of resources. This includes our well-maintained infrastructure and assets, a continuously developing talent pool, sophisticated technological backbone, data analytics and governance practices. The harmonious interplay of these resources has been the cornerstone of our achievements. It empowers us to create sustainable stakeholder value in a responsible manner.



## Financial Capital

At KVB, the foundation of our strength lies in the strategic management of financial capital. This translates to a meticulously managed pool of resources. We employ a comprehensive approach to sourcing, deploying, and overseeing these resources, encompassing a diverse range of instruments like customer deposits, shareholder equity, retained earnings, and external borrowings. This strategic approach empowers us to not only fulfil our clients' credit needs but also consistently generate value for all stakeholders.

### Management's approach

Create value for stakeholders through sustainable growth.

**₹ 10,040 Crore**

Owned funds

**₹ 89,113 Crore**

Total deposits



## Manufactured Capital

KVB's reach extends across India through a robust network of manufactured capital. This strategic network includes our conveniently located banking outlets, Divisional offices, corporate headquarters, ATMs, and other touchpoints designed to connect seamlessly with our customers and stakeholders. Additionally, our investment in a reliable IT infrastructure and secure data centre ensures the smooth operation of this network and empowers us to deliver exceptional service.

### Management's approach

Well-maintained functional assets and facilities.

**838**

Branches

**8,846**

POS terminals

**2,262**

ATM+ Cash recyclers



## Intellectual Capital

In today's competitive landscape, KVB thrives on the intangible skills and assets of intellectual capital embedded in its systems, processes, and procedures. It encompasses the strength of our brand, advanced technical expertise, data-driven analytical capabilities and a commitment to exceptional customer service. This potent combination empowers us to not only deliver a superior experience for our clients but also maintain a sustainable advantage in the marketplace.

### Management's approach

Consider innovation as a strategic element of the Bank.

**96%**

Share of digital transactions

**51.5 Lakh+**

DLite app downloads



## Human Capital

For over a century, KVB's success story has been powered by its most valuable asset: its people. Our human capital is the foundation of our enduring customer trust and technological leadership. We foster a thriving work environment that empowers our employees to excel. Their passion for serving clients, dedication to operational excellence, and commitment to sustainable growth are the cornerstones of our achievements.

### Management's approach

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

**2,450**

New hires in FY 2023-24

**75%**

Increase in employee well-being spends

**2,91,717**

Man hours of training provided



## Social and Relationship Capital

The cornerstone of KVB's social responsibility is our robust social and relationship capital. This network of enduring relationships with our stakeholders transcends mere transactions. We believe in fostering community development and well-being as part of our commitment to sustainable value creation.

### Management's approach

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

**₹ 18.39 Crore**

CSR expenditure

**1.47 Lakh+**

CSR beneficiaries



## Natural Capital

At KVB, we recognise the vital role of our natural capital. This encompasses the resources we utilise in our operations, such as energy and water. We are committed to minimising our environmental footprint, including reducing waste generation and mitigating the impact of our business activities.

### Management's approach

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

**₹ 74.04 Lakh**

Spent on energy conservation

**13,81,209 units**

Generated through windmill

Our Product Portfolio

# A Universe of Financial Solutions

We are cognisant to the unique financial aspirations of our diverse clientele. The Bank delivers a compelling value proposition through a comprehensive suite of best-in-class products and services, continuously enhanced by cutting-edge digital tools and data-driven analytics. This approach empowers us to gauge the evolving financial needs and develop innovative solutions. We prioritise seamless customer experience across all touchpoints, fostering long-term trust and empowering financial success.



## Consumer Banking Department (CBD)

### Key Offerings (Assets)

- Housing Loans
- Personal Loans
- Mortgage Loans
- Four-wheeler Loans
- Two-wheeler Loans
- Gold Loans
- Deposit Loans
- Education Loans

### Key Offerings (Liabilities)

- Credit Cards
- Current Account
- Savings Bank Account
- Recurring Deposits
- Term Deposits
- NRI Deposits
- 3-in-1 Account with Banking, Demat and Trading Services
- Demat Services
- Trading Services through Tie-up with Partners
- FASTag
- Life, Health and General Insurance through Partners
- Mutual Fund Products through Partner Tie-Ups
- Sovereign Gold Bonds
- Debit Cards with Offers and Reward Programme
- Gift and Prepaid Cards
- Multi-Currency Travel Cards
- Locker Facility
- Social Security Schemes such as APY, PMSBY, PMJJBY, National Pension System etc.



## Commercial Banking Group (CBG)



### Key Offerings

Customised loans (Varthagamitra, MSME Pack, Textile Plus, Food and Agro Process Plus, Steel Plus, Pharma Plus among others)

#### A. Fund Based Facilities:

- Working Capital Finance (Up to ₹100 lakh GST based without Audited Financial Statements)
- MSME Project Loans
- Export Credit Finance
- Machinery Loans
- Mortgage Loans
- Rent Fin Loans
- Commercial Real Estate (CRE) Loans
- Corporate Credit Card
- Bill discounting
- Commercial Gold Loans
- Commercial Flexi Mobile Vehicle Loans
- Transaction Banking Services
  - TReDS
  - Factoring
  - Supply Chain Finance (Dealer/Vendor Finance)

#### B. Non -Fund Based Facilities

- Bank Guarantees
- Letters of Credit (ILC/FLC)

## Agricultural Banking Group (ABG)

### Key Offerings

- Crop Loans
- Dairy Loans
- Fishery Loans
- Poultry Loans
- Horticulture Loans
- Warehouse Receipt Loans
- Agri Infrastructure Loans
- FPO Loans
- Joint Liability Group Loans
- Gold Loans



## Corporate and Institutional Group (CIG)



### Key Offerings

- Working Capital Finance
- Term Loans
- Specialised Corporate Finance Products
- Liquidity Management Solutions



Chairperson's Message

# Setting the Course Ahead

Dear Stakeholders,

It is my pleasure to present our annual report, showcasing the significant achievements and robust growth story of Karur Vysya Bank this year. Our unwavering commitment to excellence, innovation, and customer satisfaction has fortified our position as a leading financial institution.

### Macro-Economic Overview

As we reflect on the fiscal year 2023-24, we observe the easing of global inflation rates that allowed central banks to temporarily pause interest rate hikes. However, geopolitical tensions remain a significant concern. Yet, resilient emerging economies, notably India, have continued to drive economic momentum.

India stands out as a beacon of economic strength. Domestic economic activity has thrived, fuelled by sustained growth in manufacturing and services sectors. The real estate sector has rebounded, corporate finances are robust, and investments in sectors such as power generation, cement, and steel have surged due to higher capacity utilisation. Inflation trends favourably, fiscal consolidation efforts are on track, the external balance sheet is strong, and the financial sector shows remarkable resilience.

### Business Performance

From a financial perspective, I would like to share some key highlights of FY 2023-24 of the Bank. The Bank witnessed a growth in Total Business by 16% to ₹ 1,63,536 Crore and the total income during FY 2023-24 moved to ₹ 9,863 Crore compared to previous FY 2022-23 of ₹ 7,675 Crore. During FY 2023-24, the Return on Equity (ROE) increased from 13.13% to 15.98%, and the Return on Assets (ROA) rose from 1.27% to 1.63%. Moreover, the operating profit showed an increase from ₹ 2,476 Crore in FY 2022-23 to ₹ 2,829 Crore in FY 2023-24, reflecting positive performance trends.



COMPLIANCE IS NON-NEGOTIABLE FOR US AND OUR BANK HAS PUT IN PLACE COMPREHENSIVE POLICY AND GUIDELINES TO PROACTIVELY MANAGE AND MITIGATE ANY POTENTIAL COMPLIANCE RISK THAT MAY POSE A THREAT TO OUR OPERATIONS.



### Strategic Expansion and Digital Integration

In my last year's letter, I informed you that our priorities would be to sustain the decent performance of the past years by driving digitalisation, strengthening Feet on Street capabilities, forging partnership with NBFCs and thereby increasing the shareholders' return. This strategy enabled us to grow our business across all the verticals during FY 2023-24, achieve a strong bottom-line without any compromise on Asset Quality. You will observe that we had walked our talk on all these aspects.

During FY 2023-24, we expanded our footprint with the addition of 39 branches. Looking ahead to the current fiscal year 2024-25, our branch expansion strategy entails opening 80 lite branches and 20 regular branches, primarily focussing on the Southern and Western regions of the country. The introduction of lite branches is aimed at enhancing our market reach and strengthening our liability franchise.

We have devised strategies for FY 2024-25 and expect the total business growth to be in mid-teens, with higher growth contribution from Liabilities. Impetus would be on improving the Retail and MSME Loans with strong focus on yield and to further granulise the overall loan books. While the bottom-lines are expected to move further during this current fiscal, our robust collection mechanism and recovery actions will ensure that the slippages and asset quality ratios remain at minimal levels.

In the medium term, we will focus on widening our offerings, grow our presence in unpenetrated & underpenetrated markets – both through physical and digital presence – fortify our partnerships with NBFCs/Fintechs for co-lending and further strengthen our risk and compliance culture.

### Digital Strides

On the digital front, your Bank is always motivated to plan and implement the latest technological trends and innovations and we undertook a plethora of activities during the year in this direction. We enabled mutual fund solution in mobile and internet banking channels and upgraded the lending solutions to enhance the technical capabilities of the platform for supporting new requirements. Further, we implemented a solution to onboard customers from multiple business correspondents through a single business platform and also migrated the applications to the latest platform, thereby providing secured services and a seamless experience to customers.

### Enhancing Cyber Security Measures

Cybersecurity is a top priority at our institution, with robust measures in place to safeguard sensitive information and protect against cyber threats. Our dedicated team of cybersecurity experts ensures the integrity and confidentiality of data through continuous monitoring, threat detection, and incident response protocols.

By implementing cutting-edge technologies and security controls, we proactively defend against cyber-attacks and unauthorised access to our systems. Regular security assessments and training programmes ensure that our staff remains vigilant and well-equipped to handle evolving cybersecurity risks. Our commitment to cybersecurity underscores our pledge to maintaining the trust and security of our customers' information in an increasingly digital landscape.

### Strong Board Governance

Our leadership team plays a pivotal role in steering the institution towards its strategic objectives and ensuring operational excellence.



SEASONED PROFESSIONALS IN THE BOARD BRING DIVERSE EXPERTISE IN BANKING AND FINANCIAL SERVICES, GUIDING THE BANK THROUGH DYNAMIC MARKET LANDSCAPES. THEIR COLLECTIVE VISION EMPHASISES INNOVATION, CUSTOMER-CENTRICITY, AND SUSTAINABLE GROWTH, FOSTERING A CULTURE OF TRANSPARENCY, ACCOUNTABILITY AND GOOD GOVERNANCE.



I am happy to share that Shri J Natarajan has been inducted in the Board as Executive Director of the Bank, given his unstinted knowledge about the Bank for about four decades and his expertise across different facets of banking. As this designation is created in the Bank for the first time, Board identified Shri J Natarajan to shape up & systemise this position during his tenure, to ensure a smooth succession process.

I am equally happy to inform you that Board has inducted Shri R Vidya Shankar as Director of the Bank. He brings with him rich experience & expertise in the field of law, recovery, credit monitoring and I am sure his contributions will add value to the Bank. At this juncture, I place on record the appreciations of the Board to Shri M V Srinivasamoorthi and Dr K S Ravichandran who have demitted office owing to completion of tenure.

Now, our Board comprises nine members, including myself as Chairperson, MD & CEO, an Executive Director, a Non-Executive Non-Independent Director and Non-Executive Independent Directors. These seasoned professionals bring diverse expertise in banking and financial services, guiding the bank through dynamic market landscapes. Their collective vision emphasises innovation, customer-centricity, and sustainable growth, fostering a culture of transparency, accountability and good governance.

### Effective Risk Management and Compliance

Our Bank employs a holistic risk management framework that encompasses operational, legal, treasury, regulatory, and financial reporting domains. To oversee the



AT KARUR VYSYA BANK, OUR COMMITMENT TO SOCIAL RESPONSIBILITY IS AT THE HEART OF EVERYTHING WE DO. WE HAVE UNDERTAKEN VARIOUS INITIATIVES AND EFFORTS TO MAKE A MEANINGFUL IMPACT ON OUR COMMUNITIES. OUR BANK IS DEDICATED TO BEING A FORCE FOR GOOD, CONSISTENTLY STRIVING TO UPLIFT AND EMPOWER THOSE WE SERVE.



formulation, execution, and monitoring of our risk management strategies, our Board has established a dedicated Risk Management Committee. We systematically address major risks through continuous mitigation efforts, while ensuring that risk assessment remains an ongoing and integral part of our operations.

Compliance is non-negotiable for us and our Bank has put in place comprehensive policy and guidelines to proactively manage and mitigate any potential compliance risk that may pose a threat to our operations. Each year, we conduct a comprehensive compliance assessment to identify significant risks and opportunities. The compliance framework is reviewed every year and this continuous process nurtures a culture of accountability, adaptability, enabling us to navigate obstacles.

### Sustainability Vision

I am pleased to introduce our vision and dedication to sustainability. In a world that is increasingly conscious of its environmental footprint, our bank is dedicated to being a steward of sustainable practices. We recognise that our role extends beyond providing financial services; it includes fostering economic growth, supporting social well-being, and preserving the environment for future generations.

### Social Responsibility

At Karur Vysya Bank, our commitment to social responsibility is at the heart of everything we do. We have undertaken various initiatives and efforts to make a meaningful impact on our communities. Our bank is dedicated to being a force for good, consistently striving to uplift and empower those we serve. Through our focus on education, healthcare, and community development, we aim to create positive and lasting change. By investing in these critical areas, we believe we can foster inclusive growth and build a stronger, more resilient

society. Our dedication to social commitment is a testament to our belief in creating a brighter future for all.

### Outlook

As we celebrate our achievements and the milestones of the past, we look forward with anticipation and excitement to the future. The upcoming years promise new challenges, growth opportunities, and ground-breaking accomplishments. We are committed to continue our consistent and credible growth journey in the years to come by leveraging our legacy built on dedication, expertise, and a pioneering spirit. We will strongly persevere our endeavour to deliver a sustainable & uninterrupted growth in a dependable manner.

### Gratitude and Commitment

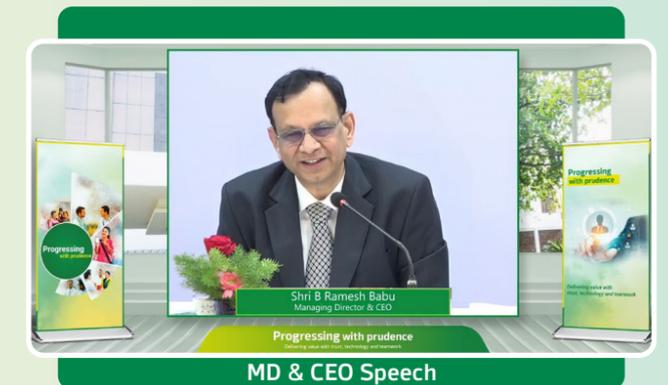
Our journey to success is one we embark on together. I am delighted to reflect on the progress we have made and the milestones we have achieved with your unwavering support. Our collective efforts have enabled us to navigate challenges and seize opportunities, ensuring sustained growth and prosperity. As we move forward, we remain dedicated to fostering strong relationships and delivering value to all our stakeholders.

I express our heartfelt gratitude to all our customers, shareholders, business partners, investors, employees and other stakeholders who have been integral to our success. I would like to place on record our sincere gratitude to Central and State Government Authorities, RBI, SEBI, MCA, Stock Exchanges - NSE & BSE, Depositories and other Regulatory Authorities for their valuable guidance and support. I am also thankful to the Mutual Fund houses, FIs, Insurance companies and corporates for their support.

Regards,

**Dr. Meena Hemchandra**  
Chairperson

## Glimpse of 104<sup>th</sup> Annual General Meeting



Message from the Managing Director and CEO

# Consistent and Credible Progress



Dear Stakeholders,

The year 2023-24 has been a remarkable year for the Indian economy. With advancements in infrastructure, digital and payments technology and improved ease of doing business, the country achieved significant growth. FY 2023-24 has seen robust economic momentum, supported by positive indicators such as improved labour market conditions and increased urban demand. The National Statistics Organisation of India anticipates the Indian economy to grow by 8.2% in the 2023-24, exceeding the 7.0% growth achieved in the previous FY 2022-23. Furthermore, proactive Government policies on monetary and regulatory fronts have strengthened macroeconomic stability. Looking ahead, as we navigate these dynamic conditions, we continue to leverage these strengths to drive sustainable growth and prosperity across all sectors.

### Reflection and Legacy

As we reflect on a journey defined by steadfast dedication and resilience, we celebrate a century of excellence and unwavering commitment to our customers and communities. Across decades, we have grown into a cornerstone of stability and dependability within the banking industry. Our longstanding reputation is founded on the trust we have cultivated with our customers, shareholders, and communities alike. Through periods of expansion and challenges, we have remained consistent in our commitment to providing exceptional banking services and promoting financial well-being. Guided by our rich heritage, we reaffirm our commitment to operational excellence.

### Performance Overview

I am pleased to report on our financial performance for the fiscal year ending March 31, 2024, which reflects our commitment to sustained growth and operational excellence. Our achievements are a testament to the dedicated efforts of each member of the Karur Vysya Bank family. We have surpassed significant milestones this year, with our total business reaching ₹ 1,63,536 Crore, marking a notable growth of 16% compared to the previous year. This growth is anchored by our balanced focus on both advances, which grew by 16% to ₹ 74,423 Crore; and deposits, which also grew by 16% to ₹ 89,113 Crore. Notably, our balance sheet has exceeded ₹ 1 trillion, underscoring our expanding footprint in the banking sector.

Our strategic initiatives in deposit mobilisation have yielded fruitful results, with term deposits growing by 21% during the year. This growth underscores our ability to attract diverse customer segments and strengthen our funding base. Furthermore, our profitability remains strong, as evidenced by a dividend declaration of 120%, up from 100% last year. This reflects our confidence in sustaining shareholder value through consistent financial performance. It is heartening to note that our asset quality remains strong, a testament to our disciplined credit practices and prudent risk management strategies. This has enabled us to maintain a healthy balance between growth and risk mitigation, safeguarding the interests of all stakeholders.

Karur Vysya Bank achieved significant milestones across its various business verticals during FY 2023-24. The commercial business segment experienced a significant 21% growth from the previous year, culminating in a portfolio size of ₹ 25,449 Crore as of March 31, 2024. During the year, we also introduced digital lending products to support MSMEs. The Consumer Banking Department saw an 18% increase in its retail loan portfolio, reaching ₹ 17,662 Crore. The Corporate and Institutional Group focussed on mid-sized corporates, saw a muted growth. Consciously striking a balance between maintaining healthy margins and pursuing strategic growth opportunities is a challenge that we had to navigate last year. As you are aware, we preferred sustaining our growth momentum with healthy margins. In addition to shedding away low-yielding advances ₹ 1,415 Crore, we also exited advances of around ₹ 200 Crore on account of weakness (totalling around ₹ 1,600 Crore i.e. 2.15% of the advances) during the year and thus we have done the dual tasks of cleaning the books and optimising the yields. The Agriculture Banking Group expanded its loan books by 17% to ₹ 17,363 Crore, enhancing financial inclusion and support for rural communities. Each vertical demonstrated strong

performance and innovation, reinforcing KVB's comprehensive financial services offering.

We are committed to building on this momentum by continuing to innovate, enhance customer experience, and explore new avenues for growth. As we navigate through dynamic market conditions, we remain steadfast in our mission to deliver sustainable value and uphold the trust placed in us.

### Digital Transformation

We have made significant improvements in digitalising our operations to enhance customer experience and drive efficiency. We have achieved 100% digital onboarding for new and existing savings account customers. All current accounts are opened digitally through an assisted mode, and all term deposits through branch channels or the self-service TD module in the DLite app. To support these digital journeys, we have built a strong and secure API stack with over 1,300 APIs. This scalable and reliable architecture enables quick integration with partners and improves efficiency. We have achieved remarkable 37% Y-O-Y growth in digital transactions, demonstrating successful digital transformation efforts. We also offer pre-approved digital loan products, including personal loans with 2-minute disbursement to customer accounts in the KVB mobile app DLite, pre-approved credit cards, and Amazon BNPL (buy now pay later) through Amazon India Pay later services. In recognition of our digital innovations, we received prestigious BFSI leadership awards 2024 for best digitisation in customer experience.

### Human Capital

We prioritise progressive HR practices with the aim to create a bank where employees can build their careers and grow with the organisation. Our human capital is pivotal to our success, embodying dedication and expertise in delivering exceptional banking services. With 9,085 total workforce, we emphasise collaboration and excellence across all operations. We uphold our principles of diversity and inclusion,

maintaining a 28% gender mix and supporting initiatives like "Samarthan" and "She Leads Awards" to empower women in leadership roles. Our talent management strategies ensure swift and effective recruitment through AI-enabled assessments, complemented by robust learning and development programmes and partnerships with platforms like Coursera.

### Sustainability Commitment

At KVB, our commitment to sustainability is not just a strategic initiative but a deeply held conviction that guides our every action. We recognise that our operations have far-reaching impacts on the environment and society. Thus, we are dedicated to implementing practices that foster environmental stewardship. In our quest to minimise our environmental footprint, we have embarked on several key initiatives like metering systems, a sewage treatment plant, and solar tiles. Our efforts extend to creating mini-forests, promoting biodiversity and combating climate change. By supporting green transportation solutions, we aim to reduce our carbon footprint. Moving forward, KVB remains dedicated to sustainability through innovation and ESG principles, fostering a sustainable future of economic growth and environmental stewardship for all stakeholders.

### Conclusion

With the utmost dedication and devotion of our talented team and your continuous support, we are confident in our ability to shape a prosperous future and deliver sustainable value to all stakeholders. On behalf of everyone at Karur Vysya Bank, we extend our sincere gratitude to the Central and State Governments, regulators, our esteemed Board members, employees, shareholders, and other stakeholders for their integral role in our significant journey.

Regards,

**B. Ramesh Babu**  
Managing Director & CEO



WE HAVE SURPASSED SIGNIFICANT MILESTONES THIS YEAR, WITH OUR TOTAL BUSINESS REACHING ₹ 1,63,536 CRORE, MARKING A NOTABLE GROWTH OF 16% COMPARED TO THE PREVIOUS YEAR.



Message from Executive Director

# Where Technology Meets Trust



originated or supported. The Bank has created robust core banking platform and multiple digital channels are built over this predominantly using API technology.

Bank has built a digital end to end lending system with the support of Boston Consultancy Group in the year 2018 connecting multiple fin-tech partners in real time using Aadhaar, Pan and GST credentials. The solution and processes we implemented in 2018 were in a road map stage in many financial institutions. Customers of the Bank are now able to apply for a loan without much paperwork and execute the agreements using electronic signature. The new system enables our Bank to scale up the business with ease besides onboarding quality customers with better customer experience.

In the past, branches were the only connecting points for the customers and today we have multiple channels viz. Business Banking at 14 centres, Corporate Banking at 9 centres, KVB Smart at 4 centres, Open Market Channels (NEO) Transaction Banking, Precious Metal Division to connect with customers. To strengthen our sourcing capabilities on deposit products, our Bank has established multiple channels viz. Corporate Salary, Government business, Institutional and NRE besides started using Business Correspondents.

The Return on Equity of the Bank has been consistently growing during the past - quarters on account of better performance in Growth, Profitability and Asset Quality resulting in higher dividend and Book Value. Attracted by the business model, able leadership of MD & CEO and consistent growth in all business parameters, many potential investors both in India and abroad have shown their interest.

Our Bank has paid equal attention to the Compliance, System Adherence, Cyber Security and ESG to ensure that bank is well protected from any operational challenges.

I am super excited to visualise Bank's continued steady and consistent and credible performance, Digital and Technology penetration and customer engagement will enhance value not only to our shareholders but also to the Society.

I look forward to virtually meet as many of you as possible in the Annual General Meeting and welcome you to the same.

Best regards,

**J Natarajan**

Executive Director

Dear Shareholder,

I am delighted to write this to you after assuming charge as Executive Director of the Bank.

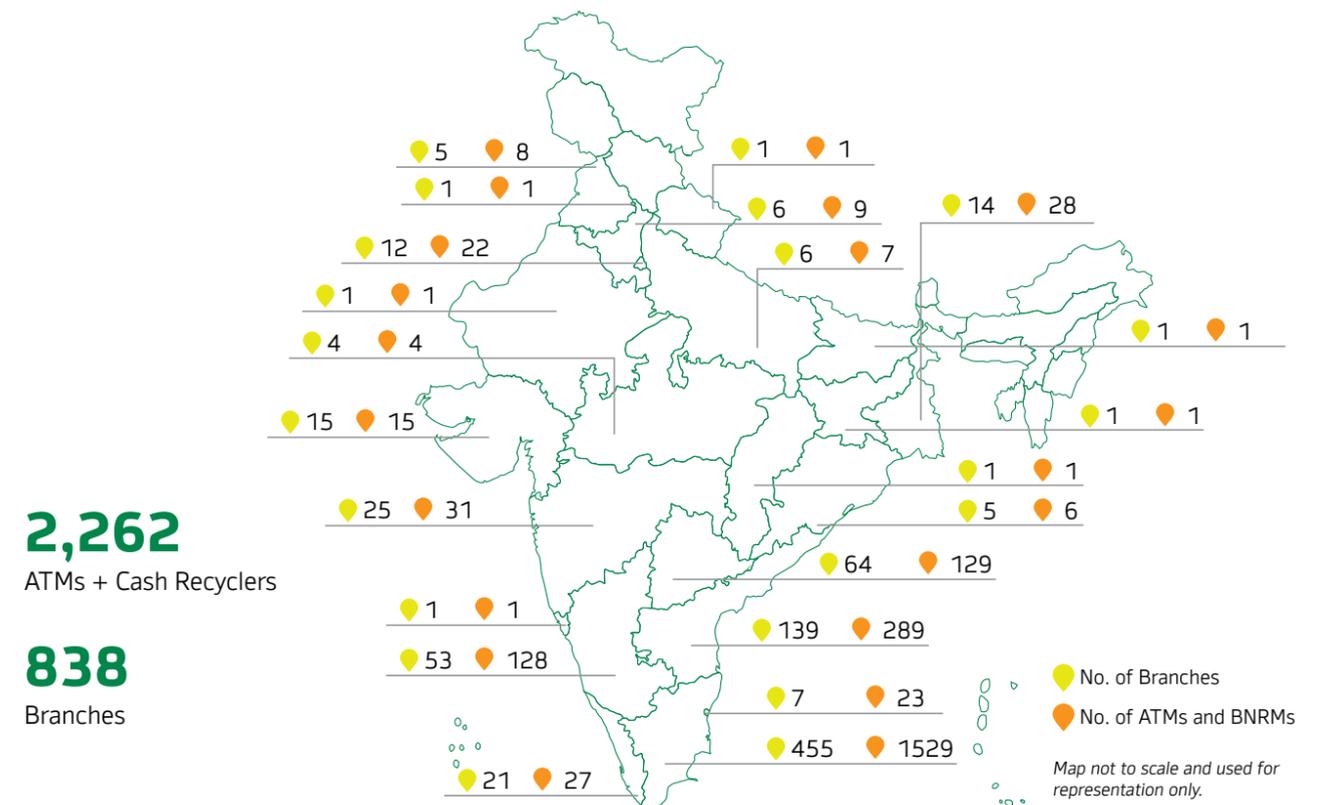
I had the opportunity of closely witnessing our Bank for the past 42 years - from simple Brick & Mortar banking house to a technology powered omnichannel financial warehouse without compromising our traditional value of connect with customers. The transformation journey could be possible only due to the visionary thinking culture the bank possesses all the time.

I am glad to share that about four million transactions are processed daily in our Bank and more than 95% of the transactions are digitally

Geographical Presence

# Mapping Our Geographical Footprint

Karur Vysya Bank has geographical presence predominantly in South and West markets, with an extensive network of branches and ATMs. Headquartered in Karur, Tamil Nadu, our strategic locations anchors our operations and supports our nationwide reach. We prioritise accessibility and convenience, ensuring our branches, ATMs and cash recyclers serve as vital touchpoints for seamless transactions and personalised assistance to our valued customers. As we continue to expand, we remain committed to upholding our values of integrity, customer-centricity and innovation.



Category	No. of Branches	BBU	CBU	DBU	Other offices
Metro	208	10	9	1	15
Urban	163	3	-	-	-
Semi-urban	335	1	-	-	-
Rural	132	-	-	-	-
Total	838	14	9	1	15

- BBU – Business Banking Unit
- CBU – Corporate Business Unit
- DBU – Digital Banking Unit
- Other offices - Asset Recovery Branches, NEO, PMD and KVB Smart

Value Creation Model

# Delivering Value for All Stakeholders

At Karur Vysya Bank, we focus on creating value for all stakeholders through transparent engagement, responsible practices, and strategic alignment with their interests. This commitment drives our efforts to foster trust, deliver strong financial performance, promote social responsibility, and contribute to sustainable economic development.

Inputs



**Financial Capital**

- Deposits: ₹ 89,113 Crore
- Borrowings: ₹ 2,478 Crore
- Equity: ₹ 161 Crore
- Reserves: ₹ 9,879 Crore

Read more on page 30



**Manufactured Capital**

- Branches: 838
- ATMs: 2,262
- POS: 8,846
- DLite App users: 51.50 Lakh+ downloads

Read more on page 34



**Intellectual Capital**

- Brand Building
- Digital Lending Systems
- Investment in futuristic technologies

Read more on page 36



**Human Capital**

- New Hires: 2,450
- Total workforce: 9,085
- Training hours provided: 2,91,717
- Training coverage percentage: 99.64
- Average Age of Employees: 35.12

Read more on page 40



**Social and Relationship Capital**

- Total customer base: 80 Lakh+
- Total CSR expenditure: ₹ 18.39 Crore
- Expenditure towards community programmes: ₹ 4.36 Crore
- Expenditure towards health and education: ₹ 8.52 Crore

Read more on page 46



**Natural Capital**

- Expenditure towards environment betterment: ₹ 3.74 Crore
- Trees planted: 3 Lakh +
- Energy consumption from renewable resources: 13.81 Lakh +

Read more on page 54

**Process**

Ways in which the Capitals are used for the generation of value across the organisation.

VISION

PILLARS OF VALUE CREATION

OUR GROWTH STRATEGY

**Activities**

Best practices are followed to ensure that the value is spread evenly across the organisation and is sustained.

To name a few:

- Maintaining a robust corporate governance structure for Financial Capital
- Continuous technological upgradations
- Increased CSR spends spread over varied projects with focus on Environmental Protection
- Personalised and efficient customer service for Manufacturing Capital
- Close engagement with workforce and regular performance assessment
- Strong focus on ESG implementation within the organisation and also during interaction with communities

Output

**Financial Capital**

- Total loans and advances: ₹ 74,423 Crore
- Net Interest Income: ₹ 3,809 Crore
- Net Profit: ₹ 1,605 Crore
- CASA: ₹ 27,085 Crore
- Return on Assets: 1.63%
- CRAR: 16.67%

**Manufactured Capital**

- New ATMs/BNRMs installed: 102
- New branches opened: 39
- Presence increased across regions (including BC outlets): 50%
- Total products launched in FY 2023-24: 82

**Intellectual Capital**

- Growth in digital transactions: 37%
- Share of digital transactions: 96%
- 2 minutes pre-approved loans
- LOS system for loan disbursement

**Human Capital**

- Increased hiring by: 81%
- Promotions increased by: 123%
- Profit per employee: ₹ 17.67 Lakh
- Women joiners increased by: 25%
- Number of employees rewarded: 1,241
- Business per Employee: ₹ 18 Crore

**Social and Relationship Capital**

- New lives impacted: 1.47 Lakh
- Financial literacy increased: 23%
- Building Communities
- Impacting social lives

**Natural Capital**

- Increased use of renewables by: 853 GJ
- Waste generated: 115.67 MTs

**Risk linkage to the Capitals**



Read more on page 24

**Strategy linkage to the Capitals**



Read more on page 22

Strategic Pillars

# Strategic Roadmap to Success

Karur Vysya Bank's progress is underscored by several key strategies it implements to solidify its position as a leading private sector bank and the preferred choice for its stakeholders.



S1

## Strengthening nationwide presence

At Karur Vysya Bank (KVB), we understand the critical role a strong physical presence plays in complementing our robust digital offerings. Our customer-centric approach, supported by our extensive network in varied geographies, ensures that our customers enjoy seamless banking experiences. To further expand our reach and reinforce our nationwide presence, we are committed to adding 100 new branches this year. This strategic expansion will enable us to better serve our customers and strengthen our position as a leading private-sector bank.

S2

## Emphasising digitalisation and tech-led initiatives

KVB has long been a pioneer in adopting advanced technology. We harness cutting-edge digital capabilities to provide a comprehensive suite of financial products, available through both our physical branches and convenient digital channels. Our commitment to continuous investment in digital solutions ensures that we keep our offerings up-to-date and innovative. A prime example is our loan origination system, which streamlines the entire loan process from origination to disbursement, enabling us to complete transactions efficiently and in record time.

S3

## Demonstrated trust and transparency

At KVB, fostering trust with our stakeholders is paramount. Our century-old legacy has cultivated strong customer loyalty, particularly in specialised sectors such as trade and SMEs. We reinforce our dedication to transparency through comprehensive investor presentations each quarter and regular, open dialogues with investors to clearly articulate our strategies and objectives. This consistent communication ensures that our stakeholders are well-informed and confident in our commitment to their interests.

S4

## Tailored products to meet specific customer needs

Recognising and understanding the unique needs of our customers is essential to our strategy. Leveraging our established reputation in Tamil Nadu, Andhra Pradesh, and Telangana, we concentrate on expanding in the retail, trade, and MSME sectors. By actively engaging with our customers, we tailor products that cater specifically to their requirements, addressing both the liabilities (deposits) and assets (loans) aspects of their financial needs. This approach ensures that we deliver precise and effective solutions, reinforcing our commitment to customer satisfaction and sustained growth.

S5

## Strategic partnerships

Strategic partnerships are integral to KVB's success. Our open market channel enhances efficiency and customer service by integrating with traditional branches. Co-lending with NBFCs diversifies our footprint and extends our reach. Beyond business, partnerships with Dalmia Bharat Foundation and Srinivasan Services Trust underscore our commitment to community development through skilling initiatives and infrastructure renovation. These alliances reinforce our dedication to Corporate Social Responsibility, empower sustainable growth, and uphold our reputation as a preferred banking and social partner.

S6

## Integrating sustainability

The commitment to integrating environmental sustainability into our operations reflects through investments in renewable energy and minimising our carbon footprint. We enhance community relations by driving financial inclusion, promoting gender diversity, and supporting education, healthcare, and livelihood development. Our strong governance framework, coupled with expert collaboration, ensures effective ESG risk management and aligns our strategies with a sustainable future.

Risk Management

# Building Resilience in a Dynamic World

Risk Management at KVB encompasses a comprehensive framework designed to identify, access, monitor, mitigate and report various types of risks inherent in our operations. We place a strong emphasis on risk management to safeguard our assets, maintain stability and ensure sustainable growth.



## R1 Liquidity Risk and Interest Risk

Inadequate funds to meet short-term obligations. Impact in earnings due to market rate fluctuation

**Mitigation Strategies**

- ALCO conducts regular reviews of Asset Liability pricing and ensure adherence to risk limits
- Contingency Funding Plan (CFP) ensures availability of liquid resources to meet liabilities promptly
- Quarterly review of the CFP by ALCO and the Board
- Stress Testing to assess the impact of adverse economic scenarios

## R2 Credit Risk

Risk of Loss due to borrower's inability to repay loan

**Mitigation Strategies**

- Evaluating borrower's creditworthiness and repayment capacity
- Regular review of product and portfolio

## R3 Operational Risk

Risk of loss resulting from inadequate internal processes, system, people or external events

**Mitigation Strategies**

- Thorough risk assessments with robust internal controls
- Regular monitoring and compliance with policies and procedures
- Emphasis on employee training
- Implementation of technological solutions for operational security

## R4 Market Risk

Potential loss due to change in market factors such as interest rates, exchange rates etc.

**Mitigation Strategies**

- Managed through Board approved policies
- Risk limit set for trading desk and securities
- Independent mid office serves as a risk control unit
- Reporting to CRO for treasury and PMD activities
- Utilising tools like stress test and VAR for measuring and controlling market risk

## R5 Compliance Risk

Risk of loss resulting due to non-compliance of laws, regulations or internal policies

**Mitigation Strategies**

- Strong oversight of compliance with all applicable laws and regulations
- Robust anti-money laundering measures to prevent financial crimes
- Yearly compliance risk assessment with risk scores assigned to each department
- Established whistle blower policies to protect individual reporting misconduct
- Vigilance policies are in place to monitor and mitigate fraud risks effectively
- All the policies of the Bank assigned to respective Board-level Committees for periodical review

## R6 Fraud Risk

Risk of intentional deception for personal gain

**Mitigation Strategies**

- Comprehensive risk management policy and operating procedure
- Analysis of transactions to identify potential risk and suggestions thereupon
- Sharing of Early Warning Signal (EWS) outcomes
- Monitoring of online transactions using Enterprise Fraud Risk Management application (EFRM)
- Red Flagged Accounts are identified based on EWS and closely monitored for a period of six months to suitably decide to either lift the RFA status or to declare the account as 'Fraud'
- Encouraging staff to use the Whistle Blower Mechanism for flagging issues
- Implementation of additional safeguards like Gap analysis to identify and prevent similar fraud recurrences

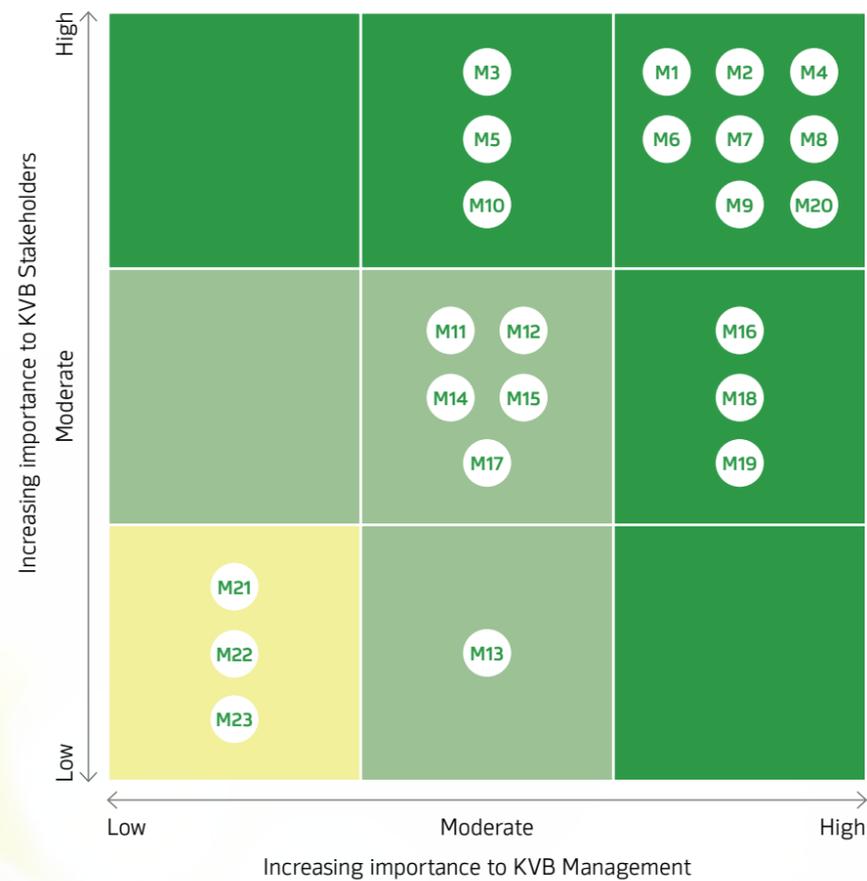
For elaborate details, please refer to pages 151 to 158 of the MDA section.

Materiality Assessment

# Mapping our Impact

The Bank identifies key material issues through regular and planned engagements with stakeholders and senior management. The materiality assessment process begins with identifying a broad set of topics relevant to the Bank and its stakeholders. In consultation with management, the most material topics are shortlisted and shared with stakeholders for prioritisation. Feedback is used to develop the Materiality Matrix. In FY 2022-23, the Bank conducted an extensive materiality assessment with internal and external stakeholders to pinpoint critical issues affecting its value creation in the short, medium, and long term. These insights help recalibrate strategies, address emerging risks, and leverage opportunities to future-proof the business.

Materiality Matrix



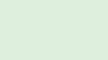
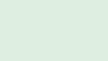
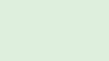
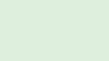
Material Issue	Significant Impacts	Capitals Impacted
M1 Data privacy	Direct and Indirect	Financial, Intellectual
M2 Compliance	Direct	Financial, Intellectual
M3 Talent attraction and retention	Direct	Human, Social, Financial
M4 Ethical behaviour	Direct	Social, Intellectual
M5 Employee development and engagement	Direct	Human, Social
M6 Customer experience	Direct and Indirect	Social, Financial, Natural
M7 Human rights practices	Direct	Human, Social
M8 Board diversity and independence	Direct and Indirect	Social
M9 Financing green opportunities	Direct	Financial, Natural
M10 Digitisation/fintech	Indirect	Natural, Intellectual, Financial
M11 Transparency and Accountability	Indirect	Financial, Social, Intellectual
M12 Zero tolerance conduct/grievance mechanism	Direct	Social, Financial, Intellectual
M13 Employee practices and benefits	Direct	Human, Financial, Social
M14 Employee diversity	Indirect	Human, Social
M15 Employee Incentives and Risk Culture	Indirect	Human, Financial, Social
M16 Workforce reductions	Direct	Human, Financial, Social
M17 Equal pay and wage gap	Direct and Indirect	Human, Financial, Social
M18 Employee volunteering/CSR	Indirect	Human, Financial, Social
M19 ESG integration in operations	Direct	Human, Financial, Social, Natural
M20 Access to finance	Direct	Financial, Social
M21 Natural resource management in ops and supply chain/Responsible sourcing	Indirect	Natural, Social, Human
M22 Environment footprint and climate change	Direct	Human, Financial
M23 Green House Gases/other emissions	Direct	Natural

Financial Capital     
 Manufactured Capital     
 Intellectual Capital     
 Human Capital  
 Social and Relationship Capital     
 Natural Capital

Stakeholder Engagement

# Enhancing Stakeholder Engagement Framework

Thriving in a dynamic landscape requires a deep understanding of evolving needs. At KVB, fostering regular engagement with our stakeholders is paramount. This collaborative approach empowers us to develop innovative products and services, identify emerging opportunities, and proactively manage potential risks. We prioritise open communication through dedicated channels, ensuring seamless collaboration with a diverse range of stakeholders, including clients, employees, regulators, shareholders, investors, rating agencies, and the communities we serve.

 Customers	 Employees	 Investors and Shareholders	 Local Communities and NGOs	 Government and Regulatory Authorities
				
<b>WHY ARE THEY IMPORTANT TO US?</b>				
Driving force of revenue and growth	Our people are the driving force behind our success	They are an essential partner in our endeavour to foster value creation	Collaborative allies for social responsibility and sustainable impact	Guardians of stability and fair business practices
<b>FREQUENCY OF ENGAGEMENT</b>				
Continuous, Need-based	Continuous, Periodical, Need-based	Periodical, Need-based	Continuous, Need-based	Continuous, Need-based
<b>MODE OF ENGAGEMENT</b>				
<ul style="list-style-type: none"> <li>Direct feedback from customers</li> <li>Real-time social media engagement</li> <li>Feedback through surveys</li> <li>Periodical customer meets</li> <li>Dedicated Relationship Managers</li> <li>Call Centre</li> <li>Business Correspondent network</li> </ul>	<ul style="list-style-type: none"> <li>Planned Individual Development</li> <li>Timely communication</li> <li>On-going performance feedback and Support</li> <li>Training Programmes</li> <li>Initiatives focussed on team building</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly investor calls</li> <li>Presentations</li> <li>Website updation</li> <li>Annual General Meeting</li> <li>Annual Report</li> <li>Business Responsibility and Sustainability Report</li> <li>Regulatory updates through the NSE portal</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement and local community meetings</li> <li>CSR initiatives</li> <li>Minimisation of environmental footprint</li> <li>Strong focus on ESG-related activities</li> <li>Vendor Management</li> <li>Financial literacy initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Continued engagement and representation</li> <li>Periodical compliance reports</li> <li>Representation through trade bodies</li> <li>Attending district-level and state-level banker's committees</li> </ul>
<b>CAPITAL LINKAGES</b>				
				



# Financial Capital



## Ensuring Fiscal Strength and Stability

At Karur Vysya Bank, we prioritise stability and growth with a strategic approach for managing financial resources. We leverage deposits as our primary funding source, ensuring stability. A strong equity base fuels growth, while strategic borrowing allows us to manage liquidity efficiently. Building substantial reserves helps us navigate economic cycles and unforeseen challenges. This comprehensive strategy fosters scalability and resilience, allowing us to effectively meet regulatory obligations and ultimately, deliver value to our stakeholders.

Strategies Linked



Risks



### FY 2023-24 Financial Highlights

Net owned funds surpassed **₹10,000 Crore**, demonstrating consistent growth

Net profit crossed **₹1,600 Crore**, reflecting a strong financial performance

KVB achieved a Return on Assets (ROA) of **1.63%**, a notable improvement from **1.27%** in FY 2022-23

Slippages declined to **0.67%** of the loan book (down from **0.75%** in FY 2022-23), indicating a positive trend. Additionally, Special Mention Accounts (SMA) **30+** numbers are down to **0.38%** of advances

The standard restructured loan book has further shrunk to **0.96%** of the total loan book.

KVB maintains a healthy Capital Adequacy Ratio (CRAR) of **16.67%** under Basel III norms

The bank successfully repaid high-cost Tier II capital of **₹487 Crore**, indicating improved capital efficiency

### Financial Position and Balance Sheet Strength

We have taken strategic measure to strengthen our balance sheet, focussing on enhancing asset quality, optimising capital utilisation and improving operational efficiency. Through prudent risk management practice, we have enhanced our financial resilience and positioned ourselves for sustainable growth.

As of March 31, 2024, our balance sheet stood at ₹ 1,05,585 Crore, marking a growth of 17% from ₹ 90,179 Crore as of March 31, 2023. The total business for the same period reached ₹ 1,63,536 Crore, reflecting a year-on-year increase of 16% from ₹ 1,40,806 Crore as of March 31, 2023.

### Asset Quality

We have implemented robust measures to improve asset quality, focussing on better credit monitoring and intensified recovery efforts. Our dedicated Call Centre, feet-on-street capabilities at branches, and dedicated Asset Recovery Branches have significantly contributed to the improvement. As a result, our Gross NPA came down to 1.40% and Net NPA to 0.40%.

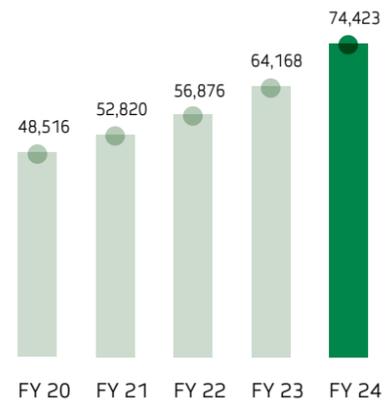
### Provision Coverage Ratio

We have maintained a strong Provision Coverage Ratio (PCR) to safeguard against potential losses from impaired assets. The provision coverage ratio has improved from 92.14% in FY 2022-23 to 94.85% in FY 2023-24.

### Stressed Book Analysis

We have comprehensive process for identifying and managing stressed assets, including early warning signals generated daily through SAS applications. This proactive approach helps in scrutinising and communicating potential stressed accounts to the concerned business units for effective monitoring.

**Total Advances (₹ in Crore)**



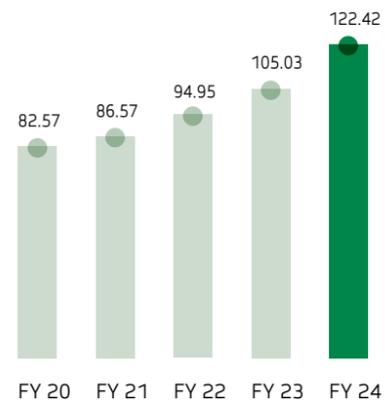
**Total Deposits (₹ in Crore)**



**CASA (₹ in Crore)**



**Book Value (₹)**



**Net Interest Income (₹ in Crore)**



**Non-Interest Income (₹ in Crore)**



**Total Income (₹ in Crore)**



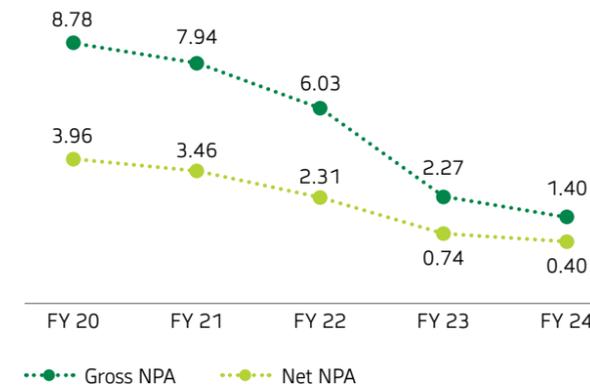
**Operating Profit (₹ in Crore)**



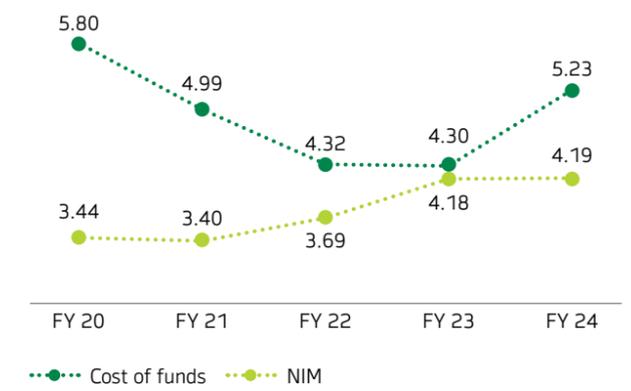
**Net Profit (₹ in Crore)**



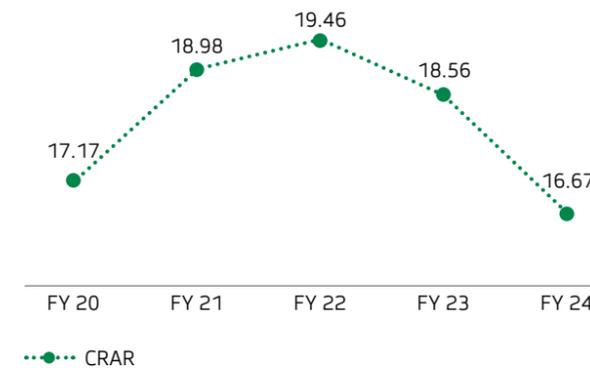
**NPA (%)**



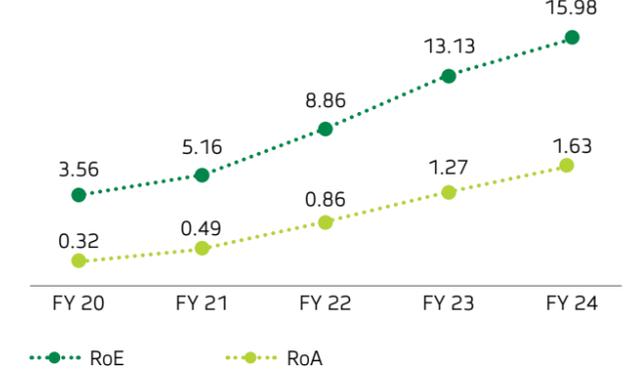
**Margin Profile (%)**



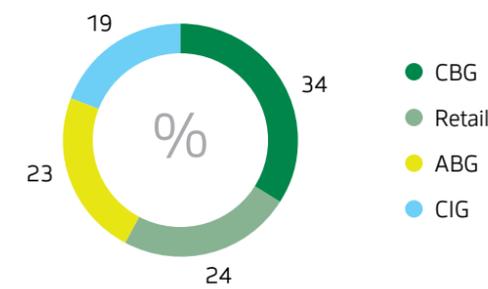
**CRAR (%)**



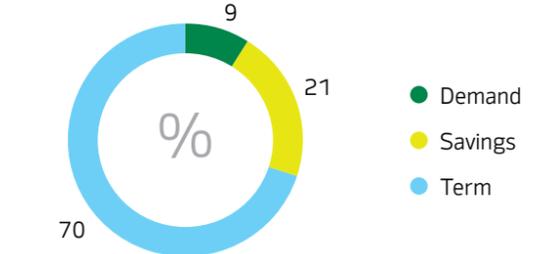
**Return Ratios (%)**



**Advance Mix: FY 2023-24**

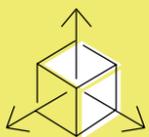


**Deposit Mix: FY 2023-24**





# Manufactured Capital



## Building an Infrastructure of Excellence

Karur Vysya Bank understands that exceptional customer service goes beyond financial strength. It requires a robust physical infrastructure – our manufactured capital. We take a strategic approach to managing this aspect, ensuring accessibility through data-driven branch network expansion, reliable service with rigorous ATM maintenance, and wider reach through targeted investments in new regions. This commitment to optimising manufactured capital, alongside our focus on expanding presence and robust disaster recovery plans, fosters operational resilience and sustained growth, ultimately delivering a superior banking experience for our customers.

Strategies Linked \_\_\_\_\_

- S1
- S3
- S4

Risks \_\_\_\_\_

- R3
- R5
- R6

**838**  
Branches

**8,846**  
POS terminal

**2,262**  
ATM+ cash recyclers

Presence across  
**19** states and  
**3** union territories

**Best-in-class**  
Customer reach



### Maintenance and Security of Our ATMs

We place a strong emphasis on the maintenance and security of our ATMs to ensure a reliable banking experience for our customers. Through regular servicing, timely repairs, and software updates, we strive to keep our ATMs in optimal working condition. With strict cash loading protocols in place, we maintain adequate cash levels to meet customer demands and avoid any service disruptions. Additionally, our state-of-the-art online surveillance system provides real-time monitoring to detect and prevent any unauthorised activities, enhancing the security of our ATM facilities and safeguarding customer transactions. We take pride in our commitment to providing secure and convenient banking environment, reaffirming our dedication to customer trust and satisfaction.

### Increased Presence Across the Country

Our goal is to increase our presence across India by leveraging a mix of traditional and digital channels. We have expanded our distribution network significantly, with a strong focus on Tier-2 and Tier-3 cities. This expansion is supported by strategic partnerships and co-lending, which enhance our market visibility and geographical penetration. Our presence is further reinforced through the addition of new branches and ATMs, ensuring we cater to a diverse customer base with a comprehensive range of financial services.

### Investment Towards Expanding into Newer Regions

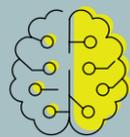
Investing in newer regions is a critical component of our growth strategy. We are focussed on identifying and entering high-potential markets, particularly in states such as Madhya Pradesh, Uttar Pradesh, Rajasthan, and Punjab. This geographic expansion is complemented by investments in digital infrastructure and strategic alliances, which allow us to offer innovative financial products and services tailored to the needs of these markets. Our commitment to expanding our footprint ensures that we remain competitive and accessible to a broader customer base.

### Business Continuity and Disaster Recovery

Karur Vysya Bank is committed to maintaining robust business continuity and disaster recovery (BCP/DR) plans to ensure operational resilience. Our BCP/DR policy, approved by the Board, includes quarterly drills and regular reviews to identify and address potential vulnerabilities. We have invested in advanced technology solutions to support our disaster recovery efforts, including the establishment of a fully functional Security Operations Centre (SOC) and the implementation of AI/ML capabilities for enhanced cyber security. These measures ensure that our critical functions are protected and that we can continue to provide seamless service to our customers, even in the face of disruptions.



# Intellectual Capital



## Empowering Innovation and Growth

In today's digital landscape, we recognise the immense potential of technology to not only expand our reach but, more importantly, to revolutionise how we serve our customers. By harnessing innovative digital solutions, we are tailoring customer journeys, ensuring a seamless and positive experience at every interaction. Through strategic partnerships with forward-thinking technology providers, we are continuously strengthening our digital arsenal. This translates to tangible benefits like streamlined processes, faster turnaround times and smarter decision-making that fosters both financial security and long-term loyalty.

Strategies Linked

- S2
- S4
- S5

Risks

- R2
- R3
- R6

## Awards and Recognition

The Bank received a total of 23 prestigious awards in FY 2023-24, reflecting our commitment to innovation and excellence across various domains. Here are some highlights:

- Recognised by Synnex Group with the "Most Innovative Mobile Banking App of the Year" award for our KVB DLite App
- Awarded "Best Digital Sales, Payment and Engagement" and "Best Technology Bank" by the Indian Banking Association (IBA)
- Received the "Best Fintech and DPI Adoption" award from the Indian Banking Association (IBA)
- Awarded "Excellence in Banking Innovation" by IBEX INDIA 2024
- Recognised for "Best Data Center Design and Development" by The Brainalytics
- Received the "Best Small Indian Bank" award by Business Today

### Analytics

#### Customer Insight

- Developed a recommendation engine to enable cross-selling and up-selling to existing customers

#### Data-Driven Insights

- Developed analytics department fostering data-driven decision-making across revenue, risk management, and cost optimisation
- Developed propensity models that leverages conversion data to continuously improve model accuracy

### Automation

#### Deployment of Robotic Process Automation (RPA) solutions

- Streamlines back-end tasks, enhancing operational efficiency and data accuracy

#### Integration of AI and ICR/OCR technology

- Automates back-office processes, resulting in significant reductions in turnaround times

### Credit Monitoring

#### Early Warning System (EWS)

- Early Warning System (EWS) with features like auto-assignment of alerts, data integration for a comprehensive customer view and a centralised EWS Dashboard

#### Digitising Stock and Receivables Audit Application

- Transitioning from paper-based methods to a digital platform for electronic audits, data recording and report generation

### Elevating Banking Experience

The Bank recognises the transformative power of technology. We are committed to staying at the forefront of the industry by incorporating cutting-edge solutions across all aspects of our operations. We leverage these advancements to continuously redefine our banking services. Our focus is on empowering customers with innovative and secure solutions that address their evolving financial needs, enhance convenience and elevate banking experience.

Our commitment extends beyond technological adoption. We understand the importance of streamlining customer-facing processes. Currently, we are actively re-engineering key areas,

## Technological penetration

Across regions

## Maximise

Shareholders value across the organisation

## Green products

Financing

## Robust

Cybersecurity measures

24/7

Availability of services

including Re-KYC, clearing, current account, and savings account opening. These efforts are designed to simplify the user experience and significantly improve turnaround times.

### Key Initiatives

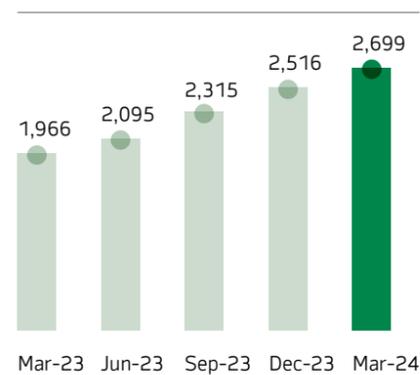
- Implemented automated TPIN generation, reducing processing times from 5 days to instant

- Increased self-service options to empower customers and improve convenience
- Fostered seamless collaboration across departments, ensuring a one-stop solution for all customer enquiries
- Implemented digital collections
- Exploring technology partnerships to deliver instant resolutions for customer challenges

**51.5 Lakh+**  
DLite App downloads



UPI Transactions (in Lakh)



### Savings Account

100% NTB and ETB Savings account are opened digitally. Bank has made it easy to open savings bank accounts (SB) digitally. Customers can now open SB accounts at their doorsteps through our tablets, or they can open them digitally through our DLite App.

### Current Account

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

### Term Deposits

The DLite App empowers customers to open new Term Deposit accounts in under 30 seconds, fostering exceptional convenience and speed. Additionally, the app facilitates quick access to liquidity through loans against existing deposits.

### Ensuring Security and Privacy

The DLite App prioritises the security of your financial information.

### Payments and Transfers:

- Bharath/UPI QR, Fund transfer through IMPS/UPI/NEFT/RTGS
- Bill payments/Mobile Recharge/FASTag
- UPI-Foreign Inward Remittance-Consent Capturing

### Investments and Loans:

- E-ASBA/Demat Services/Mutual Funds/NPS
- Fixed/Recurring/Green Deposits
- Online Gold loan/Pre-approved loans

### Travel and Services:

- Integrated with IRCTC for ticket booking
- Travel Bookings

**158 Services Offered through the DLite App**

DLite is envisioned beyond just banking, transforming into a super app. The App is being upgraded to include various categories like food, groceries, fashion and travel directly. Additionally, functionalities like account aggregation for a holistic financial view, personal finance management tools and personalised marketing offers are planned to create a one-stop platform for users' financial needs.

### Account Management:

- A/c opening/E Statements/Interest Certificates
- Nominee Maintenance/Update personal details
- VKYC Slot Booking
- NRE/NRO e-DL
- Card Control
- Auto-fill OTP for iOS Devices

A robust security framework safeguards customer data through multi-factor authentication, including validated registered mobile numbers/emails and login/transactional M-PINs. Encrypted communication ensures secure data transmission, while SIM/device binding adds an extra layer of protection. We encourage regular app updates for the latest security features and advocate data redaction within our databases to minimise risk.

### Digital Lending

The Bank offers a seamless loan application experience with a robust, end-to-end digital lending process across its loan portfolio. We are focussed on continuous improvement, striving to enhance the customer journey and expedite turnaround times. We have partnered with more than 15 entities to offer multiple services across the loan journey. Furthermore, the appointment of a Chief Digital Officer underscores our commitment to digital innovation. This dedication, coupled with our highly scalable architecture, ensures we can accommodate future growth and cater to an ever-evolving range of lending needs.

### Digital Loan Origination System

Our Digital Loan Origination System (LOS) is designed to cater to the diverse needs of our retail, commercial and MSME customer segments. By embracing digital lending, we have achieved significant advancements in loan processing efficiency and turnaround times.

### Key Features:

- The LOS facilitates a streamlined loan application process, enabling loan disbursement within minutes
- Faster sanctions with digital underwriting mechanisms
- Integration with various APIs allows for swift customer verification and faster loan approvals

- Online documentation and biometric e-signatures ensure a user-friendly experience
- Robust business rule engines (BRE) and data-driven scorecards contribute to reduced delinquency rates
- Onboarding rejection and deviation channels are automated, further enhancing efficiency

### Digital Loan Offerings

- Buy now pay later through Amazon India Services
- 2-minute Personal Loan disbursement to customer account through DLite App
- Pre-approved credit cards

### Strong and Secure API Stack

We are actively expanding our collaboration efforts with existing partners while seeking new opportunities in the co-lending space, business correspondent arrangements, and integrating our products through third-party apps. Our strategy encompasses identifying business opportunity and analysing capabilities before collaborating with FinTech and NBFCs to offer niche products across various customer segments.

Our robust suite of over 1,300 APIs, backed by a scalable and reliable architecture, ensures seamless digital experiences across various verticals. This infrastructure enhances efficiency by reducing intermediary steps and supports both cloud and on-premises solutions.

### Data-Driven Decision-Making

We are stepping up our analytical capabilities to better understand and address dynamic customer requirements and to holistically address it through product and process refinement. The Bank established a dedicated Analytics department, leveraging a blend of experienced professionals and graduates. This department is

pivotal in fostering a data-driven culture throughout the organisation. It utilises a comprehensive suite of descriptive and predictive analytics to enhance revenue, risk management, and cost optimisation functions and provide actionable insights to the senior management.

### Focus Areas

- Improving product per customer ratio
- Strengthening model risk management framework
- Improving turnaround times across loan offerings
- Portfolio Quality Index (PQI) for performance monitoring
- Statistical analysis to refine Anti-Money Laundering (AML) parameters

Looking ahead, the Bank would leverage potential of cutting-edge technologies like Artificial Intelligence and Machine Learning for further enhancements in both risk management and marketing initiatives.

### Information Security

We understand the critical importance of safeguarding customer information. Data security and transparency is a core principle, and the Bank is committed to upholding the highest standards for protecting customer privacy. This commitment is reflected in a robust information security framework built upon internationally recognised standards (ISO/IEC 27001) and best practices.

### Information Security Management System (ISMS)

The Bank is constantly striving to enhance its information security posture. This includes transitioning to the latest ISO 27001:2022 standard, prioritising cyber resilience to ensure business continuity in the face of potential threats and implementing advanced data rights management practices to further safeguard sensitive information.



## Human Capital

**9,085**

Total workforce



### Driving Excellence through Integrated Workforce Management

Karur Vysya Bank boasts a team of highly-skilled professionals committed to delivering exceptional banking services. Our talented individuals excel in various roles, from customer service to technology, ensuring excellence in every aspect. United by a strong sense of teamwork and collaboration, our workforce is dedicated to providing top-notch banking solutions and driving overall growth and success. We are actively pursuing end-to-end integration and paperless automation of our entire human resource process, striving for a seamless blend of touchpoints and technology in workforce management.

Strategies Linked

S1

S2

S3

Risks

R3

R5

R6

### Diversity and Inclusion

We are dedicated to promoting diversity at all levels of our organisation, from recruitment and hiring practices to leadership development and decision-making processes. Over the past five years, we have maintained a gender mix of 28%, demonstrating our commitment to equality. We have made special efforts to increase women's participation in our recruitment processes and support their return to work after maternity breaks.

To foster inclusiveness and diversity, we have launched several initiatives, including "Samarthan", the "She Leads Awards", and "Women's Day Celebrations". These events provide platforms to recognise and support diversity within the organisation, empower women and celebrate their contributions to the workplace.

### Talent Management and Retention

In our pursuit of recruiting the best talent and ensuring their optimal deployment, we have established a dedicated talent acquisition team aimed at assembling the perfect mix of skills. Using AI-enabled and monitored online assessment platforms, we expedite our hiring process, ensuring swift and informed decisions. Our BEI (Behavioural Event Interviewing) certified interview panel ensures consistency and accuracy in selection. Collaboration with dedicated vendors enable us to efficiently cater to various hiring needs. Additionally, job boards aid in swiftly sourcing candidates, while internal job postings offer growth and advancement opportunities within the organisation. Moreover, our Employee Referral Programme supplements our talent acquisition efforts, fostering a culture of employee engagement and retention.

### Learning and Development

At Karur Vysya Bank, we prioritise investments in training programmes to enrich the skills and knowledge of our employees. These programmes span a



**25%**

Women among new joiners



**28%**

Women employees



wide range of topics including banking products, customer service excellence, compliance with regulations such as KYC and AML, risk management, sales techniques and technological advancement. Training sessions are conducted through various channels, such as online courses, in-house workshops and e-learning platforms. By implementing diverse practices for training and development, we ensure the continuous growth and skill enhancement of our workforce.

### Onboarding and Induction

New employees undergo comprehensive onboarding and induction programme to familiarise themselves with their roles and responsibilities as well as the organisation culture, values, policies and procedure.

### Mandatory Skill Development

All employees are required to undergo mandatory courses covering compliance, KYC and AML policies, fraud sensitisation, updates on products and processes, among others. Additionally, we have mandated two flex programmes per month for all divisions.

**₹ 596 Lakh**

Invested in skill development of employees

**2,91,717 Hours**

Training provided

**99.64 %**

Training coverage

### E-Learning

All employees are assigned e-learning programmes covering mandatory and product-related topics, along with cyber security sessions. Throughout the year, these e-learning initiatives are delivered through two different channels, EC-Council and Digital Centre of Excellence, maximising accessibility and engagement among our workforce.

### Continuing Education and Certifications

We recognise the significance of continuous learning and professional certifications. To facilitate this, we have partnered with Coursera, a leading platform, to offer our employees, access to courses from renowned institutions. Furthermore, we actively encourage and incentivise our employees to pursue certifications such as JAIIB and CAIIB offered by the IIBF. Our policy includes reimbursing the costs of certification programs conducted by the IIBF, demonstrating our commitment to support our employees in furthering their education.

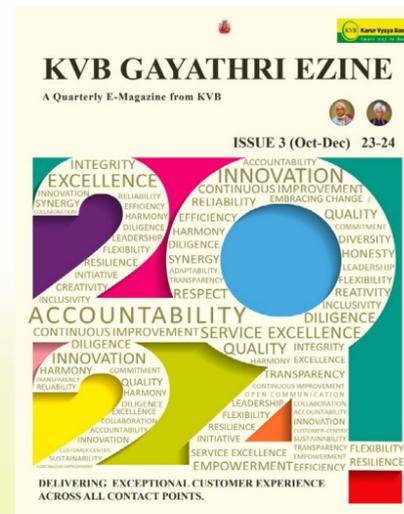
### Leadership Development

Recognising potential leaders based on their performance and ambition, we nurture and groom identified talent through specialised training programmes, in order to prepare them for leadership roles. This approach ensures continuity and stability within the organisation while fostering a culture of growth and development.

### Employee Engagement Initiatives

- **Founders Day:** Founders Day, celebrated on July 1 each year, honours the founding fathers. Activities include feeding the poor across all locations and awarding cash incentives and certificates to meritorious children of our employees. Various competitions are also held at the national level, with winners recognised during the Founders Day function.
- **International Women's Day:** We celebrated International Women's Day by launching the 'She Leads Awards', where male employees nominated women across 12 categories. Winners received certificates, shields, and gift cards. Additionally, a webinar featuring renowned debater Mrs. Bharati Bhaskar was conducted, and a high-impact training programme was organised for women branch heads.
- **KVB Gayathri EZine:** Our in-house magazine, Gayathri EZine, is published quarterly, showcasing employee talents through articles, paintings, and achievements.

- **Harvest Season:** To honour the harvest festival, employees were invited to share their favourite seasonal recipes. The top entries were showcased in the KVB Gayathri EZine.
- **Talent Hunt:** We launched a "Talent Hunt" on our internal portal, allowing employees to register across categories and showcase their talents, fostering opportunities for recognition and growth.



### Performance Management, Rewards and Recognition

We employ performance management systems to set expectations, provide feedback and recognise employee achievements. Regular performance evaluations help identify areas of improvement and tailor individual training needs. Our performance and rewards and recognition programme is designed to motivate and acknowledge the professional growth of our workforce. Our Board recognises employee contribution, providing performance-linked incentives as well as incentives for milestone achievements.

🌟 **The Branch Sales Reward (BSR)** programme is conducted quarterly to acknowledge and reward employees who successfully meet business targets at the branch level.

🌟 **KVB Rathna** serves as a platform for leaders to celebrate and offer immediate recognition to deserving employees for their outstanding efforts.

### Health and Well-Being Initiatives

We prioritise the health and well-being of our employees through a range of initiatives dedicated to enhancing physical, mental, and emotional wellness.

- **International Yoga Day:** We organised a webinar by inviting yoga guru Dr. Hansaji Yogendra who spoke on importance of yoga in maintaining good health.
- **CPR Training:** CPR training session was conducted at our central office in Karur, catering to employees and their spouses, ensuring they are equipped with life-saving skills.
- **Cancer Awareness Programme:** We hosted informative sessions led by prominent oncologists from Thangam Hospital, shedding light on the importance of cancer prevention and early detection.
- **Bandhan Initiative:** This programme is tailored for retiring employees and their spouses, providing support and guidance as they transition into the next phase of their lives.



- **Children's Day Celebration:** To mark Children's Day, we organised an online essay competition for our employees' children. Winners were rewarded with a one-year subscription to Tinkle magazine.

### Cultivating a Future-Focussed Workforce

The Bank firmly believes that investing in our people is an investment in our future. In a year marked by notable progress, our transformative journey

centred on enhancing our customer-centric culture and empowering our workforce. At the heart of this effort was the introduction of a strategic Mass Communication programme, aimed at revitalising the sense of purpose and motivation within every employee.

Through initiatives like "Relationship Next", we effectively aligned our entire team with our core value of prioritising customer relationships. Additionally, our "The Joy of Success" programme focused on refining their customer interaction skills while emphasising the significance of digital penetration.

We are committed to fostering a culture of integrity and responsibility, empowering women to excel in leadership roles, optimising talent to sustain growth, and enhancing control measures to mitigate risks and ensure compliance across the organisation.



ESG Initiatives

# Sustainable Practices and Social Responsibility

KVB prioritises Environmental, Social, and Governance performance as a core element of our long-term strategy. We are demonstrably committed to continuous improvement in this area, as evidenced by our voluntary disclosure of the Business Responsibility and Sustainability Report (BRSR) since FY 2021-22. Furthermore, we are actively establishing a robust governance framework to ensure the seamless integration of ESG and climate considerations into our core business activities. This commitment manifests in our credit policy, which incorporates ESG factors during loan sanction processes, promoting responsible financial practices that contribute to both our financial sustainability and the well-being of the environment. We have also initiated a project to obtain IGBC Green Certification for our Central Office building.

Alignment with Sustainability Goals

Solidifying our commitment to sustainable practices, we have developed a dedicated ESG policy and have actively begun aligning our ESG objectives with the United Nations Sustainable Development Goals (UN SDGs), demonstrating our dedication to a positive global impact.

Environmental Responsibility

- Upholding our environmental commitments, we have implemented a comprehensive ESG due diligence policy
- We actively monitor our energy consumption, tracking both Scope 1 and Scope 2 emissions to minimise our environmental footprint
- Concrete steps include phased LED lighting installations across our facilities, utilising solar panels at our Hyderabad Divisional office and even solar-powered streetlights in our Karur residential quarters

Social Impact

- Demonstrating our commitment to social responsibility, we have a well-defined CSR policy guiding our initiatives
- We actively promote gender diversity within our workforce, fostering a more inclusive environment
- Expanding financial access, we strategically locate branches in semi-urban and rural areas, prioritising lending to these vital sectors
- Cybersecurity and data privacy are top priorities, with dedicated efforts to safeguard our systems and customer information

Strong Governance

- Good governance is a cornerstone of our success. We ensure a robust framework with Independent Directors comprising a majority of our Board
- Open and transparent communication is paramount. Board discussions encourage free and frank deliberation, valuing each director's perspective for effective decision-making
- Independent Directors constitute about 66.67% on the Board and play a crucial role in evaluating the performance of both the Board and Non-Independent Directors

Our ESG Governance structure

Leadership and Oversight

Our Board of Directors plays a vital role in guiding our ESG strategy. They receive regular updates on our sustainability approach, targets, and key initiatives, ensuring alignment with our overall goals.

Dedicated Committee

To strengthen our ESG governance, we have expanded the scope of our Board-level Corporate Social Responsibility Committee. Now encompassing Environmental, Social, and Governance aspects (ESG), this committee provides dedicated oversight and reviews our ESG performance.

Risk Management Integration

KVB's Risk Management and Asset Liability Management Committee (RM&ALM Committee) takes a comprehensive approach to risk management. This includes fostering a culture of responsible risk-taking, identifying the full spectrum of risks, and monitoring our overall risk profile – encompassing sustainability and ESG-related risks.

## Environmental

Recognising the critical role of environmental sustainability, KVB actively integrates eco-conscious practices into daily operations. This commitment translates into investments in renewable energy, optimum resource consumption, minimising our carbon footprint and promoting environmental conservation efforts. Through these ongoing ESG initiatives, we strive to create a positive environmental impact, aligning our business strategies with the global shift towards a greener and more sustainable future.

13,81,209 Units

Power generated through windmill

₹ 74.04 Lakh

Spent on energy conservation

## Social

KVB fosters strong, symbiotic relationships with the communities we serve. We deeply value the trust placed in us, and this fuels our commitment to driving positive change and expanding financial inclusion for underserved populations. Our social responsibility philosophy extends beyond mere compliance. We prioritise strategic initiatives that promote gender diversity in our workforce, expand access to financial services in rural and semi-urban areas through our branch network and community initiatives encompassing education, healthcare and livelihood development – all with the aim of contributing to the social and economic development of the communities where we operate.

28%

Women workforce

56%

Branches in rural and semi-urban areas

1.47 Lakh+

CSR beneficiaries

## Governance

KVB operates with unwavering dedication to the highest standards of corporate governance. This commitment fuels our pursuit of sustainable and profitable growth. Our robust risk management framework empowers us to navigate market fluctuations with agility, while our comprehensive governance practices ensure strong internal controls over processes and reliable performance reporting. Furthermore, KVB fosters collaboration with external entities and subject matter experts, actively seeking their insights in the development of a comprehensive ESG risk strategy.

36 years

Average experience of the Board of Directors

66.67%

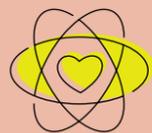
Independent Directors



# Social and Relationship Capital

**₹ 18.39 Crore**

CSR contribution in FY 2023-24



## Driving a Holistic Development

### Community Engagement

We, at Karur Vysya Bank, are focussed on making a positive impact on society through various programmes in education, healthcare, environmental sustainability and community development. We actively contribute to social welfare projects, supporting underprivileged communities and promoting sustainable development. We have identified specific themes that align with our core focus areas, reflecting the UN Sustainable Development Goals and key thematic priorities outlined by the Government of India. Activities corresponding to these themes are implemented either by us or through partnering with other agencies.

Strategies Linked

- S1
- S5
- S6

Risks

- R2
- R3
- R5
- R6

### Promotion of Education and Skill Development

Our dedication to promoting education and skill development is unwavering. Through targeted initiatives and strategic investments, we aim to empower individuals and communities with the knowledge and capabilities to succeed in an ever-evolving world. From establishing modern infrastructure and digital classrooms to providing educational support and fostering creativity, we are committed in unlocking the full potential of every learner, ensuring a brighter and more prosperous future for all.

#### Infrastructural facilities at Mother Teresa Women's University, Kodaikanal

To support the hostel students of Mother Teresa Women's University in Kodaikanal and to reduce the dependency on conventional energy sources, we have provided support for the installation of rooftop-based solar water heating system. This ensures energy saving, reduces pollution and promotes a safe and sustainable environment.

#### Promoting E-Library at Government ADW Girls Hostel

We have initiated the implementation of 30 digital library services in Government Adi Dravidar Welfare (ADW) girls' hostel, enabling students to utilise digital resources for academic and competitive exam readiness.

**2,760**

Girls were benefited

**₹ 2.7 Crore**

Investment on education

### Establishment of Physical Library in Government Tribal Residential Schools and ITI's across various locations

In order to strengthen human capital, and to promote mental well-being and serve as social hub that bring communities together, we have established 15 library facilities at Government Tribal Welfare Residential Schools in Tamil Nadu.

#### Skill Development training to rural women on tailoring

In collaboration with "My People Welfare Organisation", we sponsored a skill development programme for 150 rural women in Khammam. This initiative includes providing tailored machines and establishing a demonstration unit for training purpose. It aims to create employment opportunities for underprivileged, low income and unemployed women in rural areas.

#### Creative Learning Lab for Children with Specific Learning Disabilities

Collaboration with Helikx Trust to provide advance equipment and software to students with specific learning disabilities. This will enable them to explore various forms of visual expression including animation and digital art.

### Furnishing of desk and benches in Government Schools at Coimbatore and Distribution of desk-kit bags to Rural School Children

We have donated 120 desk and benches to Coimbatore Corporation Schools, enabling students with better learning environment and access to quality education. Desk-kits school bags were provided to 150 children from disadvantaged background in Coimbatore.

#### Promotion of Sanitation, Hygiene, Health Care and Clean Drinking Water

Through various projects and partnerships, we strive to improve public health, enhance sanitisation facilities and ensure access to safe drinking water for communities in need. We extend our support to improve sanitation facilities in cities and urban areas, ensuring a healthier environment for all. Through our partnership, we contribute to the development of infrastructural facilities in government hospitals, ensuring quality healthcare services. We also support the acquisition of medical equipment and assistive devices to enhance healthcare accessibility.



### Providing Sanitation facilities

In a bid to promote menstrual health and hygiene, we have extended our support to Government Arts College, Coimbatore. This included the provision of 5 napkin vending machine and 5 napkin incinerators, ensuring convenient access to sanitary products. Additionally, 36,000 sanitary pads were made available for the benefit of marginalised college students, emphasising our commitment to support the well-being and empowerment of young women.

**2,000+**

Students benefitted

**₹ 5.82 Crore**

Spent on health and sanitation

### Deployment of Robotic Arm Technology for Orthopaedic Surgical procedure

To extend quality medical services to a larger number of disadvantaged rural community, we have provided support for a robotic arm assisted surgery unit for the orthopaedics department of Vasavi Hospital. This is not for profit

multi-speciality hospital managed by Sree Vasavi Trust, aims to enhance healthcare accessibility and improve patient outcomes, particularly for those in underserved rural areas.

### Supply of Medical Equipment to Government Medical College Hospital, Karur

We have extended our support to Government Medical College Hospital, Karur by providing high-tech medical equipment such as Optical Coherence Tomography (OCT) for the Ophthalmology Department and three Surgical Diathermy equipment for the OG Department. These medical devices empower doctors to diagnose and treat vision-related diseases. This also enables the medical team to perform lifesaving surgeries, thereby enhancing healthcare delivery.



### Supplying laboratory equipment to Sri Shirdi Sai Seva Trust Clinic and Lab in Guntur

We have provided medical equipment, the Maglumi X3 Fully Auto Chemiluminescence System which aids in diagnosing various conditions like thyroid, kidney function, bone metabolism and many more and thus enabling the hospital to reach a large number of underprivileged patients.

### Battery-powered buggies in NIMS Hospital, Hyderabad

We have provided Nizam's Institute of Medical Science Hospital, Hyderabad, with two e-vehicles for patient transportation within the hospital campus. This initiative supports environmental sustainability by minimising pollution emissions.

## Community and Rural Development

Karur Vysya Bank is committed to empowering communities and fostering development in rural and urban areas. Their initiatives address the needs of various vulnerable groups, including the elderly, differently-abled individuals, and unemployed youth. Our commitment extends to providing assistance to old-age homes, empowering rural youth and development of key infrastructure.

Through these initiatives, we demonstrate our dedication to improving lives and fostering sustainable growth across regions.

### Construction of integrated Rehabilitation Centre, Erode

We support Atchayam Trust, an NGO based in Erode, in the construction of Rehabilitation Home for Old Age

people. Thus, aiming to transform the lives of various vulnerable groups including impoverished and homeless individual, elderly citizens, mentally and differently abled people in rural and urban areas across Tamil Nadu. Through this initiative, we strive to provide shelter, care and support to those in need.

### Skilling Initiative for Rural Employability across Tamil Nadu, Andhra Pradesh and Karnataka

Karur Vysya Bank partnered with Dalmia Bharat Foundation to launch a skilling initiative across Tamil Nadu, Andhra Pradesh, and Karnataka. This programme aimed to empower unemployed and underemployed rural youth with job-oriented skills through short-term training. The initiative ensured 100% placement and provided counselling support for a year after completion, ensuring a smooth transition into the workforce. This collaboration empowered rural youth for a brighter future, contributing to their economic well-being and regional development.

**400**

Rural youth empowered

### Renovation of Community Infrastructures in Poonampalayam Panchayat, Tiruchurapalli

In a bid to improve the lives of residents in Poonampalayam Panchayat, Tiruchurapalli, Karur Vysya Bank joined hands with Srinivasan Services Trust. This initiative focussed on renovating seven key community structures within the panchayat. These renovations aimed to create safe, well-maintained spaces that would facilitate successful implementation of various development programmes, including anganwadis (child care centres), schools, and health centres. This collaborative effort will contribute to a more holistic well-being for the village community.



### Disaster Relief kits to rain-affected Thoothukudi and Tirunelveli districts

We distributed food relief grocery kits to the people of Thoothukudi – Chinnakannapuram. The kit provided essential food items, aimed to support those affected by flood.

**3,000**

People supported in rain-affected Thoothukudi

### A Women Centric approach for Sustaining Lands, Lives and Livelihoods

Bank in association with Sri Sakthi Trust, a Dindigul based NGO towards the project, "Sow. Grow. Empower". The project focuses to improve the livelihoods of rural communities and to contribute significantly to environmental sustainability. It also exemplifies dedication to empowering communities and nurturing the lands they depend on for a prosperous future.



## Customer Experience

### Our bank prides itself in delivering exceptional customer service

With our rich legacy and technological infrastructure, we consistently deliver outstanding customer experiences. Our relationship with the customers nationwide, built over generations, are a testament to the trust they place on us. These valued customers are integral part of our bank's family. By pioneering end-to-end digital solutions for loan approvals, we set new standards in the industry. We are always prepared and agile to improve these processes in order to streamline experience and make it more satisfying for our customers.

### There is significant increase in Customer satisfaction, Digital engagement, improvement in Operational efficiency and Cross-selling through the following measures:

- Frictionless Internet Banking Access by simplifying the Password reset for KVB Internet Banking for customer convenience there by achieving 100% automated Straight Through Processing journey and increase in number of Internet Banking users
- Implementation of Our deep linking technology has boosted transaction completion rates significantly
- Our ML driven bill payment nudges have increased Bill payments resulting in significant increase in ETB customers using the Bill payment through our KVB DLite mobile banking
- Video KYC slot booking has slashed DIY account opening times drop off significantly
- Our customer acquisition and digital adoption nudges are also now happening through WhatsApp and conversion rates have soared
- Through in-app investment features we have attracted customers to invest in alternate investment instruments such as NPS, SGB etc.

### Customer-centric approach

Our customer-centric approach ensures that every decision and service revolves around meeting the needs and

preferences of our valued customers. Our vision of integrating digital solutions across all channels, while maintaining a physical presence in all centres, allow us to cater to the diverse customer needs. This guarantees seamless banking experiences and accessibility for all.

### Fostering long-lasting connections with tailored solutions for our customers

Our commitment lies in fostering enduring relationships through customer-centric solutions, ensuring personalised experiences that stand the test of time. For more than hundred years, we have been determined to create and maintain strong connections with our customers. With 838 branches across 19 states and 3 union territories, we provide numerous convenient options such as branches, POS terminals, ATMs and cash deposit machines. Catering to nearly 8 million customers, our focus on putting customer first has made us a front runner in the industry.

### Enhancing accessibility and ease-of-use

We prioritise accessibility and convenience, ensuring a seamless banking experience and fostering strong customer relationship. Our doorstep banking services helps those customers who can't reach our branches. Our well-trained staff provides excellent services thereby earning the trust of customers, for over decades. We are sure that our dedication to accessibility and convenience will be paramount in persistently delivering seamless banking experience to our valued customers.

### Customer Contact Centres

The Contact Centre handles various customer interactions, including calls, emails, and chats, serving as the primary

### Complaints received from our customers

255

Number of complaints pending at the beginning of the year

5,557

Number of complaints received during the year

liaison between customers and the bank. Utilising tools like dialers, IVRS, ACD, and CRM systems, it records these transactions. Frontline employees are trained to manage enquiries, resolve issues, provide information, and ensure a positive customer experience.

The inbound Contact Centre is crucial in managing customer interactions through calls and emails, ensuring exceptional service and fostering strong relationships. Our dedicated team promptly addresses customer requests within specified timeframes. For transaction accuracy, employees make outbound calls using data from the Cross-Fraud Portal for fraud monitoring. They also verify mobile number changes requested through DLite and Internet Banking, collect feedback on doorstep banking services, and respond to IVRS call-back requests.

The outbound Contact Centre handles tele-sales, debt collections, reminder calls, and welcome calls. Welcome calls inform new customers about product features and benefits. Tele-collection activities aim to improve collection efficiency with pre-due and post-due calls to remind and follow-up on payments.

### Complaints received and addressed during FY 2023-24

We value our customer feedback and understand the importance of addressing their complaints quickly and efficiently. Our approach is agile, transparent and focussed on finding solutions. To foster open communication, we regularly organise meeting with the clients at our branches, divisional offices, and central office. These meetings provide a platform for our customers to share their ideas and for us to explore mutually beneficial solutions.

5,636

Number of complaints disposed of during the year

176

Number of complaints pending at the end of the year

THEN



NOW



Bank has supported rejuvenation of traditional water harvesting structure at Konerirajapuram, Kumbakonam at an expense of ₹ 69.53 Lakh.



Bank has invested ₹ 1.60 Crore for promoting Multiutility Community Forest at Oddanchattram, Dindigul spread across 117 acres.



Promoted Green and Climate Resilient Village at Manavadi, Karur with an investment of ₹ 1.27 Crore including water body restoration.

**Marketing and Branding**

# Our Marketing Odyssey

Launched a comprehensive campaign for 333 and 444 days deposit products encompassing social media promotion, strategic branding at Chennai metro stations, targeted radio campaigns across Andhra Pradesh, Telangana, Tamil Nadu and Karnataka and a significant investment of ₹ 50 Lakh in paid ads

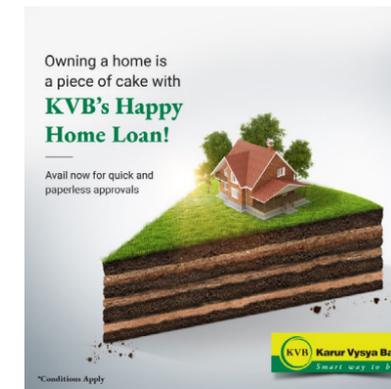
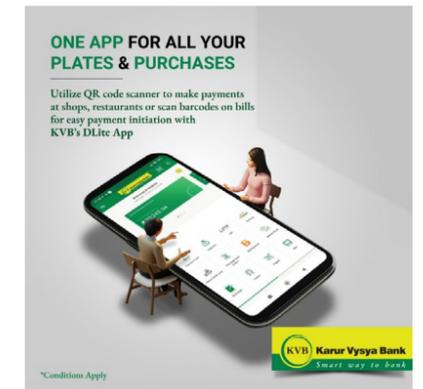
Initiated a dynamic campaign to promote our Agri Jewel Loan in key regions including Andhra Pradesh, Telangana, Tamil Nadu and Karnataka, and Kerala

Utilised Public Relations to communicate important events such as Financial Results, Branch openings, achievements, and awards

Maintained exclusive branding at Karur Railway junction for the fourth year

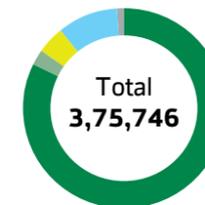
Extended brand presence across Sony Liv and TV channels through our principal sponsorship for the Bangalore Torpedoes in the PVL (Premier Volleyball League)

Marketing team created impactful marketing materials (brochures, pamphlets) for new CA SA products



**Social Media Followers**

Platform	Mar-24
Facebook	3,09,265
Instagram	9,572
Twitter	16,425
LinkedIn	37,174
YouTube	3,310



**Features that Propels Your Business into New Orbits of Success**

- Monthly Average Balance (MAB): Rs. 50,00,000/-
- Free Unlimited Transactions through KVB & Other Bank ATMs
- Free Total cash deposit up to 10 times of MAB subject to maximum Rs. 300 Lakh per month
- Banking Convenience through Net & Mobile Banking
- Free unlimited cash withdrawals at local branch and KVB ATMs
- Free NEFT & RTGS over Digital & Branch channels
- Personalised Relationship Management
- Anywhere Banking Convenience
- Free Business Debit Card with a bundle of offers
- Reward points on Debit Card usage
- Free monthly e-Statement
- Free Multi-City, at-par cheque books
- Nil Folio Charges
- Free Unlimited DO/PO
- Doorstep Banking at attractive terms

Business Banking Made Better

### KVB Galaxy Current Account

Your Universe of Exclusive Business Banking Solutions

Welcome to a league of achievers

**Let's Talk Business** | KVB whatsapp banking number: 9176994444 | www.kvb.co.in | customer.support@kvbmail.com | helpline no: 18002819198



# Natural Capital

**31%**

CSR Budget spends exclusively for environmental sustainability projects



## Cultivating a Sustainable Tomorrow

Karur Vysya Bank recognises the interconnectedness of environmental health and economic prosperity. We integrate responsible banking practices, prioritising the preservation of natural capital. This extends beyond finance to encompass vital ecosystems. We actively promote digitalisation to reduce our environmental impact through paperless solutions and increased efficiency. We also explore renewable energy sources to power our branches and reduce our carbon footprint, contributing to a sustainable future for all.

Strategies Linked

S2 S6

Risks

R2 R3 R5

### Resource Consumption

We emphasise optimum resource consumption as a crucial part of our daily operations. While our water and waste management needs are minimal, we actively promote digital integration and adoption across our operations. We also encourage customers to embrace digital communication channels, reducing reliance on print media. We are also introducing new metering systems to monitor and manage water usage efficiently.

### Reducing paper usage

PAPERLESS ACCOUNT OPENING THROUGH DIGITAL CURRENT ACCOUNTS

UTILISING E-MEMO APPLICATION FOR INTERNAL COMMUNICATION

ENHANCED AUTOMATION AND MACHINE LEARNING CAPABILITIES

### Responsible lending and green financing

We leverage innovative financial structures to mobilise resources for low-carbon transition opportunities, aligning with our adopted ESG policy that emphasises integrating sustainable practices.

KVB aims to minimise environmental impact through several initiatives:

**Financing Green Projects:** We provide access to capital for environmentally friendly initiatives that contribute to climate change mitigation, like those funded through our Green Deposits product. Launched in February 2024, Green Deposits allow customers to directly contribute to sustainable projects like renewable energy and clean transportation.

**Green Manufacturing Loans:** We are developing strategies to consider climate risk in lending decisions, particularly for the manufacturing sector within our portfolio.

**Expanding Green Products:** We are enhancing product offerings to encourage lending towards sustainable economic activities.

### Carbon Footprint

KVB utilises the internationally recognised Greenhouse Gas Protocol Standards to measure our annual carbon footprint, encompassing both Scopes 1 and 2 emissions from our operations. This commitment extends beyond KVB's internal operations, recognising the importance of client engagement in reducing their GHG footprint through the activities we finance. We acknowledge the complexities of assessing financed emissions but plan to incorporate Scope 3 emissions tracking in the future, showcasing our commitment to a net zero future.



### Energy Consumption

We are aware of the critical role energy consumption plays in our environmental footprint. We are committed to a comprehensive strategy that reduces our carbon emissions and costs, thereby fostering long-term sustainability.

### Investing in Energy Efficiency

Implementing energy management systems and deploying energy-efficient technologies across our branches and corporate offices.

### Embracing Renewable Energy

At KVB, we have set an ambitious goal-achieving 100% renewable electricity usage across all KVB locations by 2030. This commitment extends beyond simply purchasing renewable energy. We actively collaborate with partners to generate and procure clean energy within the regions we operate. In 2024,

we witnessed a significant increase in renewable electricity usage

- Installation of solar panels, inverters
- Installation of 38 KWP Grid-Connected Rooftop Solar Power Plant at Hyderabad Divisional Office

### Waste Management

Recognising the environmental and operational benefits of waste reduction, KVB prioritises responsible disposal practices. We adhere to India's e-waste management policy, ensuring proper recycling of electronic waste generated during equipment upgrades through authorised partners. Additionally, we minimise plastic usage and segregate all waste according to municipal guidelines (biodegradable and non-biodegradable) for responsible disposal. To manage wastewater effectively, we are installing a sewage treatment plant. These efforts contribute to a cleaner environment and a more sustainable future.

### Commitment to Biodiversity

Our commitment to environmental sustainability encompasses multifaceted approach. Through afforestation initiatives, we strive to expand green spaces, restore ecosystems, and combat deforestation, thereby nurturing biodiversity and mitigating climate change.

**Protecting Environment, Sustainable Development and Augmentation of Natural Resources**

### Promoting Green Cover through Mini Forest at Village Panchayats

We planted trees in two village panchayats in Karur to increase tree cover outside forest and help combat climate change while restoring natural vegetation.



### Climate Strategy and Mitigation

Our long-term strategy encompassed mitigating climate risks and seizing opportunities presented by a low-carbon future. We are developing a comprehensive, long-term climate strategy with key pillars:

#### Building Climate Resilience

KVB instituted an ESG due diligence framework, ensuring that ESG factors are thoroughly evaluated during the credit sanctioning process and it is reviewed periodically to align with regulatory guidelines issued from time to time.

#### Sustainable Operations

KVB remains committed to reducing our carbon footprint, adopting industry best practices for environmental stewardship.

#### Collaboration and Transparency

We will engage with stakeholders, including clients, regulators, and climate experts, to accelerate the low-carbon transition. We are committed to transparent reporting and follow frameworks like the RBI's discussion paper on Climate Risk and Sustainable Finance.

### Implementation of Solar-Powered Water Pumping facility for Village Councils

Installation of Grid Tied solar photovoltaic power plants in three village panchayats to promote green power solutions for pumping water. This leads to cheaper and alternative sources of energy, ensuring uninterrupted water supply to households and helps in saving electricity cost.

**12,900+**  
People benefited



### Rejuvenation of Water Harvesting

Rejuvenation of traditional water harvesting structure in Konerirajapuram, aimed at harvesting and storing rain water. This will not only recharge ground water but also contribute to environmental sustainability.

### Multi-utility Community Forest Project

Established Multi-utility Community Forest in Idayakottai, Dindigul, spread over an area of 117 acres and envisages community forest of 6 lakh trees, thematic forest, forest interpretation centre and a high-tech nursery.

**Governance Framework**

# The Oversight and Headship

At Karur Vysya Bank, we acknowledge that trust is the foundation of a thriving financial institution. We cultivate this trust by adhering to the highest standards of corporate governance. This commitment goes beyond mere compliance; it's woven into the fabric of our work culture. We believe that ethical behaviour, a robust risk management framework, and transparent reporting are not just cornerstones of good governance – they are the essential ingredients for sustainable growth and long-term success.



**Governance Structure**

**Board of Directors**

The Board of Directors upholds corporate governance integrity, formulates policies, provides strategic direction, and supervises management operations.

**36 years**

Average experience of Directors

**Board Committees**

We, at KVB, emphasise strong corporate governance through dedicated Board committees. These include Audit, Nomination and Remuneration, Risk Management, CSR, Customer Service, and Technology committees. Each committee plays a vital role in overseeing specific aspects of operations, ensuring compliance, and guiding strategic decisions. Composed of experienced directors, these committees uphold transparency, accountability, and support our commitment to excellence and stakeholder trust.

**Leadership Team**

The leadership team ensures the effective implementation of strategic and policy decisions endorsed by the Board and Committees, while staying updated on pertinent developments.

**Board's Role**

Our Board of Directors are in cognizance of the complexities in the banking environment and oversees strategic guidance and management accountability. Annually, the Board reviews business strategies and progress toward goals, safeguarding shareholder interests. Committed to diversity and regulatory compliance, our nine-member Board includes a mix of Independent and Non-Independent Directors, ensuring inclusive governance and informed decision-making.

**66.67%**

Independent Directors

**Accountability and Transparency**

Karur Vysya Bank upholds accountability and transparency through rigorous governance practices. We ensure clear oversight of operations, financial reporting, and strategic decisions by our Board of Directors and relevant committees. Regular audits and reviews maintain transparency in all dealings, fostering trust among stakeholders. Our commitment to accountability extends to complying with regulatory requirements and disclosing information promptly and accurately to shareholders and the public, reinforcing our dedication to ethical conduct and sustainable growth.

We have established several Board-level committees at our bank to ensure focussed oversight in key areas:

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

**Ethics, Code of Conduct and Policies**

At Karur Vysya Bank, we adhere to rigorous policies, codes, and standards to ensure ethical conduct, security, and regulatory compliance across our operations:

- **Ethics and Integrity:** We cultivate a culture that values ethics, honesty, and integrity throughout the organisation, promoting responsible decision-making and transparency.
- **Code of Conduct:** Our code establishes principles for ethical behaviour, integrity, and compliance with legal and regulatory requirements for all employees and stakeholders. We have also implemented a Code of Conduct and Ethics tailored for Directors and Senior Management. This framework serves to guide ethical decision-making, addressing issues promptly and promoting a culture of transparency and accountability. It establishes mechanisms for reporting unethical behaviour, reinforcing our commitment to integrity and ethical values. The Code reflects our dedication to operating the bank in the best interests of shareholders, creditors, employees, and all stakeholders, fostering trust and sustaining successful business operations.
- **Whistleblower Policy:** We maintain a policy that encourages the reporting of any unethical behaviour or wrongdoing confidentially, protecting whistleblowers from retaliation. The policy aims to detect any adverse incidents made by employees, enabling timely corrective actions to protect the bank. It ensures safeguards for employees reporting incidents and allows direct access to the Chairman of the Audit Committee. There were no instances seeking access to the Audit Committee of the Board during the year. For more information, the Whistle-Blower Policy can be found on the bank's website at <https://www.kvb.co.in/docs/whistle-blower-policy.pdf>
- **Customer Privacy and Data Security:** Stringent measures safeguard customer information, including robust data encryption, secure handling practices, and adherence to privacy laws.
- **Information Technology and Cybersecurity:** Comprehensive policies and protocols safeguard our IT infrastructure against cyber threats, ensuring the confidentiality, integrity, and availability of data.
- **Fraud Prevention and NPA Management:** Policies and practices are in place to monitor and mitigate fraud risks, as well as manage Non-Performing Assets effectively to protect the bank's financial health.

Board of Directors

Guiding  
Individuals  
Towards  
Success



**Dr. Meena Hemchandra**  
Non-Executive Independent  
(Part-time) Chairperson



**Shri B Ramesh Babu**  
Managing Director and  
Chief Executive Officer



**Dr. R Harshavardhan**  
Non-Executive  
Independent Director



**Murali Ramaswami**  
Non-Executive  
Independent Director



**CA Chinnasamy Ganesan**  
Non-Executive  
Independent Director



**Shri R Ramkumar**  
Non-Executive  
Non-Independent Director



**Shri K G Mohan**  
Non-Executive  
Independent Director



**R Vidhya Shankar**  
Non-Executive  
Independent Director



**J Natarajan**  
Executive Director

Committees of the Board

- Management Committee of the Board
- Audit Committee of the Board
- Risk Management & Asset Liability Management Committee

- NPA Management Committee
- Customer Service and Stakeholders Relationship Committee

- Nomination and Remuneration Committee
- Special Committee for Fraud Monitoring
- IT Strategy & Digital Transaction Monitoring Committee

- Corporate Social Responsibility & ESG Committee
- Review Committee for Wilful Defaulters and Non-Cooperative Borrowers
- Chairman/Chairperson (as on reporting date)

Senior Management Team

Team that Leads the Course



**B Ramesh Babu**  
Managing Director &  
Chief Executive Officer



**Natarajan J**  
Executive Director



**Immanuel Gnanaraj Daniel**  
General Manager  
Chief Human Resources Officer



**Murali L**  
General Manager  
Head - Internal Audit



**Ramshankar R**  
General Manager  
Chief Financial Officer



**Chandrasekaran M S**  
Chief General Manager  
Chief Operating Officer



**Sudhakar K V S M**  
Chief General Manager  
Chief Compliance Officer



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



**R V S Ramanjaneya Kumar**  
General Manager  
Head - Commercial Banking Group



**Nitin Rangaswami A**  
General Manager  
Head - Retail Assets



**Jatla Sivaramakrishna**  
General Manager  
Chief Risk Officer



**Sekar S**  
General Manager  
Chief Information Officer



**Shekhar Ramarajan**  
General Manager  
Head - Corporate &  
Institutional Group



**Mahendran K**  
General Manager  
Head - Precious Metals Division



**Vinoth Kumar S**  
General Manager -  
Retail Assets



**Ravi S**  
General Manager  
Head - Agricultural Business Group



**S T Gopal**  
General Manager  
Head - Retail Liabilities

Awards and Accolades

# Recognising Excellence

We have received multiple prestigious awards, highlighting our excellence in banking innovation, customer service, and financial performance. These accolades underscore our commitment in setting benchmarks in the industry and enhancing customer satisfaction through innovative solutions and superior service delivery.



Glimpses of Few New Branches

# Making Banking Convenient in New Locations



KVB Now in Ayodhya - Delhi Division



Selvapuram Branch - Coimbatore Division



Atchutapuram Branch - Visakhapatnam Division



Anna Nagar East Branch - Chennai Division



Khammam - Kaviraj Nagar Branch - Hyderabad Division



Vilathikulam Branch - Tirunelveli Division



Visalandhra Road Branch - Vijayawada



Pudukottai - North Branch - Trichy Division



Dobbaspeth Branch - Bengaluru Division



Poyyamani Branch - Karur Division

## Corporate Information

### REGISTERED & CENTRAL OFFICE

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

### JOINT STATUTORY CENTRAL AUDITORS

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

M/s Sundaram & Srinivasan,  
 Chartered Accountants, Chennai

### SECRETARIAL AUDITORS

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

### LIST OF DEPUTY GENERAL MANAGERS

Venkatesan R  
 Ramakrishna C  
 Akbar Dorai D  
 Giridharan S  
 Lakshmanan L  
 Malpani Bhavesh Hariprasad  
 Ganesan R  
 Lakshmana Murthy P  
 Mohan Kumar G  
 Muthu Kumar K P  
 Ramasamy G V  
 Saravanan S  
 Sridhar D  
 Vijayakumar P V  
 Monica Sharma  
 Chakkaravarthy N  
 Murali V  
 Shanmugavel S

### COMPANY SECRETARY & DEPUTY GENERAL MANAGER

Srinivasarao Maddirala

### SHARE TRANSFER AGENT

**Equity (i.e. INE036D01028):**  
 Link Intime India Private Limited,  
 "Surya" 35 Mayflower Avenue,  
 Behind Senthil Nagar,  
 Sowripalayam Road,  
 Coimbatore,  
 Tamil Nadu – 641028.  
 Tel: 0422 2539835, 2539836, 4958995  
 E-mail: [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in)  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
 CIN: U67190MH1999PTC118368

Venkata Kirankumar B  
 Vippala Ramachandrareddy  
 Ramu S  
 Manivasagam B  
 Venkateswarlu Mallineni  
 Aravindan T  
 Hariharan M  
 Hema S  
 Joseph Antony Arul Raj S  
 Krishnan V  
 Satish Kumar K  
 Suryanarayana Murthy K  
 Anandalakshmi S  
 Deepak Bhan  
 Ramesh Nerella  
 Saravanan G  
 Janarthanan P  
 Kasi Viswanathan P

## Directors' Report

### To the Members,

The Board of Directors of your Bank is immensely pleased to present the 105<sup>th</sup> Annual Report on the business and operations of the Bank together with the audited accounts for the financial year ended March 31, 2024.

### KEY PERFORMANCE INDICATORS

Your Bank has been able to achieve significant growth in all areas of operation and delivered a striking performance during the financial year 2023-24, which depict the aptness of the strategies implemented during the last few years. The essence of the performance for the financial year 2023-24 is as below:

Particulars	March 31, 2024 ₹ in Crore	March 31, 2023 ₹ in Crore
Deposits	89,112.72	76,637.59
Advances	74,423.22	64,168.09
Investments	22,840.45	19,411.72
Total Income	9,862.63	7,675.49
Total Expenditure	7,033.49	5,199.70
Operating Profit	2,829.14	2,475.79
Net NPA	297.97	468.15
<b>Net Profit</b>	<b>1,604.81</b>	<b>1,106.09</b>

### TOTAL BUSINESS

Your Bank's total business grew by ₹ 22,730.26 Crore and reached ₹ 1,63,535.94 Crore as on March 31, 2024, from ₹ 1,40,805.68 Crore as on March 31, 2023, registering a growth of 16.14%.

### DEPOSITS

The Gross Deposits grew by ₹ 12,475.13 Crore and reached ₹ 89,112.72 Crore as on March 31, 2024, from ₹ 76,637.59 Crore as on March 31, 2023, recording a growth of 16.28%.

The Term Deposits grew by ₹ 10,839.01 Crore and reached ₹ 62,027.67 Crore as on March 31, 2024, from ₹ 51,188.66 Crore as on March 31, 2023, registering a growth of 21.17%.

Your Bank's CASA balances grew by ₹ 1,636.13 Crore and reached ₹ 27,085.06 Crore as on March 31, 2024 from ₹ 25,448.93 Crore as on March 31, 2023, recording a growth of 6.43%. The CASA balance as on March 31, 2024 is constituted by Savings Bank deposits of ₹ 18,801.67 Crore and Other Demand Deposits of ₹ 8,283.39 Crore. The CASA ratio of the Bank as on March 31, 2024 stood at 30.39%.

### ADVANCES

During the year, your Bank's credit portfolio grew by ₹ 10,255.13 Crore and reached ₹ 74,423.22 Crore as on March 31, 2024, from ₹ 64,168.09 Crore as on March 31, 2023, registering a growth of 15.98%. Growth in Advances is majorly contributed by Commercial, Retail and Agriculture during the period under review along with cautious growth of 4.55% in the Corporate book. The details of the Advances portfolios for financial year 2023-24 and financial year 2022-23 along with their comparative growth is furnished in the table below:

### CLASSIFICATION OF ADVANCES PORTFOLIO

Particulars	March 31, 2024 ₹ in Crore	March 31, 2023 ₹ in Crore	y-o-y Growth %
Commercial	25,449.22	20,980.02	21.30%
Retail (Personal Banking)	17,661.49	15,012.17	17.65%
Agriculture	17,363.09	14,833.23	17.06%
Corporate	13,949.42	13,342.68	4.55%
<b>Total Advances</b>	<b>74,423.22</b>	<b>64,168.09</b>	<b>15.98%</b>

As on March 31, 2024, the Priority Sector Lending of your Bank reached ₹ 30,287.61 Crore and constituted 47.39% of its Adjusted Net Bank Credit (ANBC) as against the statutory requirement of 40%.

### AGRICULTURE ADVANCES

Your Bank's average Agriculture Advances, in terms of RBI guidelines, reached ₹ 12,269.61 Crore as on March 31, 2024 which constitute 19.72% of Average ANBC as against the regulatory stipulation of 18%. Average Advances to Micro Enterprises and Weaker Sections stood at 8.25% and 13.01% on Average ANBC respectively. Your Bank has continuously achieved and surpassed the statutory Agriculture target by its focused lending strategies to the Agriculture and its allied sectors.

### ASSET QUALITY

Your Bank has a dedicated vertical (Credit Monitoring and Recovery Department) that takes care of recovery. It plays a pivotal role in ensuring the health and stability of our bank's loan portfolio. In the face of economic fluctuations and market challenges, your Bank diligently manages Non-Performing Assets (NPAs) to minimize risks and optimize recovery strategies. High value NPA accounts are taken care by eight Asset Recovery Branches spread

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

The Gross NPAs of your Bank curtailed by ₹ 416.51 Crore and contained to ₹ 1,041.64 Crore as on March 31, 2024, from the level of ₹ 1,458.15 Crore as on March 31, 2023. Correspondingly, Net NPA of your Bank curtailed by ₹ 170.18 Crore and contained to ₹ 297.97 Crore as on March 31, 2024 from the level of ₹ 468.15 Crore as on March 31, 2023. In terms of percentage, your Bank's Gross Non-Performing Assets (Gross NPA) and Net Non-Performing Assets (Net NPA) well contained at 1.40% and 0.40% as against 2.27% and 0.74% of the previous year respectively. Further, your Bank's SMA30+ levels has been managed well and confined to 0.38% as against 0.56% of previous year. Your Bank has carried out focused recovery drive on a continuous basis which resulted in improved recovery performance during the past three years. The Provision Coverage Ratio stood at 94.85% and your Bank is continuously strengthening the ratio for the past five years. Your Bank will take all possible steps to curtail slippages and expedite recovery in existing SMA / NPAs.

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

## INVESTMENTS

Your Bank's investment portfolio grew by ₹ 3428.72 Crore and reached ₹ 22,840.44 Crore as on March 31, 2024, from ₹ 19,411.72 Crore as on March 31, 2023, registering a growth of 17.66%. The average investment for the financial year 2023-24 stood at ₹ 21,374.82 Crore. The investment portfolio's composition is consistent with the Investment Policy of the Bank and lays stress on liquidity and regulatory management besides providing gains.

Interest income earned on investments during the financial year 2023-24 was ₹ 1,331.01 Crore as against ₹ 1,099.13 Crore in financial year 2022-23. Profit made on sale of investments was at ₹ 39.76 Crore for the fiscal 2023-24. With a view to prevent large volatility, Modified Duration of overall portfolio including Held to Maturity (HTM) was maintained at a lower level of 2.93 years. Liquidity position was maintained at comfortable levels throughout the financial year 2023-24.

## FOREIGN EXCHANGE TRANSACTIONS

Your Bank's merchant turnover reached ₹ 25,297 Crore during the financial year 2023-24 as against previous year's achievement of ₹ 23,345 Crore. Bank's Export credit reached ₹ 1,554.30 Crore during the financial year 2023-24 as against previous year's position of ₹ 1,270.50 Crore. Total Income earned through foreign exchange transactions was ₹ 57.85 Crore for the financial year 2023-24 as against ₹ 65.12 Crore for the previous financial year. Exchange Profit of ₹ 30.44 Crore and Commission & others of ₹ 27.41 Crore forms part of total Income earned through foreign exchange transactions.

## INCOME

Your Bank's Interest Income grew by ₹ 1,687.39 Crore and reached ₹ 8,203.94 Crore for the financial year 2023-24 from ₹ 6,516.55 Crore for the financial year 2022-23, registering a growth of 25.89%. Net Interest Income of your Bank grew by ₹ 460.39 Crore and reached ₹ 3,809.20 Crore for financial year 2023-24 from ₹ 3,348.81 Crore for the financial year 2022-23, an increase of 13.75%. The growth in Net Interest Income is in tandem with the topline growth in loan books of the Bank. Further, your Bank's Non-Interest Income grew by ₹ 499.75 Crore and reached ₹ 1,658.69 Crore for the financial year 2023-24 from ₹ 1,158.94 Crore for the financial year 2022-23, an increase of 43.12%. The Yield on Advances and Investment stood at 9.93% and 6.23% respectively.

## EXPENDITURE

Your Bank's Interest expenditure increased by ₹ 1,227 Crore reached ₹ 4,394.74 Crore for the financial year 2023-24 as against ₹ 3,167.74 Crore for the financial year 2022-23. The Operating expenses also increased to ₹ 2,638.75 Crore during the financial year 2023-24 from ₹ 2,031.96 Crore of the previous financial year in line with the business growth and on account of one-time impact of employees' wage revision arising from the 12<sup>th</sup> bipartite settlement and various new initiatives taken by the Bank. Your Bank regularly monitored both its operating and establishment expenses during the year and tight controls were exercised on the expenditures.

Your Bank's Cost of deposits for the year increased by 92 bps to 5.19% during the financial year 2023-24, and in tune with the same, yield on advances also improved by 100 bps from 8.93% to 9.93%. Further, yield on investments improved by 43 bps to 6.23%. Hence, spread between yield on funds (8.67%) and cost of funds (5.23%) works out to 3.44%, as against 3.50% a year ago. Accordingly, Net Interest Margin (NIM) of your Bank improved by one bps to 4.19% over the previous year position of 4.18%.

## PROFIT

Your Bank's Operating Profit grew by ₹ 353.35 Crore and reached ₹ 2,829.14 Crore for the financial year 2023-24 from ₹ 2,475.79 Crore for the financial year 2022-23, registering a growth of 14.27%.

The Net Profit of your Bank surpassed the historical milestone of ₹ 1,500 Crore and reached ₹ 1,604.81 Crore for the financial year 2023-24 as against ₹ 1,106.09 Crore for the financial year 2022-23, registering a significant growth of 45.09%.

## APPROPRIATIONS

The Net Profit of ₹ 1,604.81 Crore along with ₹ 2.69 Crore brought forward from the previous financial year, aggregating to ₹ 1607.50 Crore, was appropriated as follows:

Appropriation – Transfer to Reserves	Amount ₹ in Crore
Statutory Reserve	401.30
Capital Reserve	0.85
Investment Reserve	142.90
Investment Fluctuation Reserve	74.11
Special Reserve	70.00
General Reserve	715.00
Balance carried to Balance Sheet (including Proposed Dividend of ₹ 193.05 Crore)	203.34

## DIVIDEND

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

Accordingly, considering the capital position of the Bank and the quantum of dividend pay-out permitted, Board of Directors of the Bank is pleased to recommend a Dividend of ₹ 2.40/- per equity share of face value of ₹ 2/- each i.e., 120%, for the financial year 2023-24. Your Bank has notified closure of Register of Members and Share Transfer Books from Friday, August 02, 2024 to Wednesday, August 14, 2024 (both days inclusive) for determining the names of members eligible for dividend on Equity shares. The Dividend pay-out is in accordance with Bank's Dividend Distribution Policy and is subject to the approval of the shareholders at the ensuing 105<sup>th</sup> Annual General Meeting and also any regulatory/statutory authorities, if required.

In accordance with Accounting Standards 4 - Contingencies and Events occurring after the Balance Sheet date - notified by the MCA on March 30, 2016, the proposed dividend amounting to ₹ 193.05 Crore has not been shown as an appropriation from the Profit and Loss account as of March 31, 2024 and correspondingly not reported under Other Liabilities and Provisions as at March 31, 2024 (is reported under balance of profit).

## SHARE CAPITAL

The Authorised share capital of the Bank stood at ₹ 200 Crore divided into 100 Crore equity shares with a face value of ₹ 2/- each as on March 31, 2024. During the financial year under review, there has been no change in the Authorised share capital of the Bank.

During the financial year under review, Bank has allotted 23,23,535 Equity Shares of face value ₹ 2/- each to the employees who exercised their options under KVB ESOS 2011 Scheme and KVB ESOS 2018 Scheme. Post allotment of the aforesaid equity shares, the Issued Share Capital increased from ₹ 160,54,38,794 to ₹ 161,00,85,864 comprising 80,50,42,932 equity shares with a face value ₹ 2/- each and the Paid-up Share Capital increased from ₹ 160,41,06,926 to ₹ 160,87,53,996 comprising 80,43,76,998 equity shares with a face value ₹ 2/- each. Other than the aforementioned, there is no change in capital structure of the Bank during the year under review.

The Bank's Net owned funds grew to ₹ 10,040.07 Crore as on March 31, 2024 from ₹ 8,584.05 Crore of the previous financial year. The Market Capitalisation of the Bank stood at ₹ 14,691.41 Crore as on March 31, 2024.

## EARNINGS PER SHARE/BOOK VALUE

Bank's Earnings Per Share (Basic) stood at ₹ 19.99 for the financial year 2023-24 as against ₹ 13.81 for the financial year 2022-23. The Book Value of shares was ₹ 122.42 per equity share of face value ₹ 2/- each (fully paid up) as on March 31, 2024 as against previous year position of ₹ 105.03.

## DEBT INSTRUMENTS & CREDIT RATING

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

Accordingly, Bank had exercised call option at 5<sup>th</sup> Coupon Payment date i.e., March 12, 2024 and redeemed the Basel III Compliant Unsecured, Redeemable Non-Convertible Tier II Bonds issued by the Bank and also duly paid the fifth coupon interest along with

redemption. The said redemption was in line with the terms of issue of such Bond and prior approval from Reserve Bank of India vide letter no. DOR.CAP.S6441/21-01-002/2023-24 dated

February 07, 2024. Bank has not issued any Debt instruments during the year under review.

Particulars	Rating Agency	Rating	Rating Action	Date of Revision
Basel III Tier II Bonds – Issue of ₹ 1,200 Crore where ₹ 487 Crore was utilized (The above said issue was redeemed on March 12, 2024. Subsequently, during the FY 2024-25, the Credit Rating agency has withdrawn its Rating consequent to repayment of principal).	ICRA	ICRA AA -(Stable)	Upgraded*	22.11.2023
	INDIA RATINGS & RESEARCH	IND A+/ Stable	Affirmed	02.02.2024
Certificate of Deposits Programme – ₹ 3,000 Crore	ICRA	ICRA A1 +	Reaffirmed	03.07.2023
		ICRA A1 +	Reaffirmed	06.10.2023
		ICRA A1 +	Reaffirmed	22.11.2023
		ICRA A1 +	Reaffirmed	21.02.2024
	CRISIL	CRISIL A1 +	Reaffirmed	12.05.2023
		CRISIL A1 +	Reaffirmed	12.07.2023
		CRISIL A1 +	Reaffirmed	05.10.2023
		CRISIL A1 +	Reaffirmed	30.11.2023
		CRISIL A1 +	Reaffirmed	15.02.2024

\*The rating was upgraded to ICRA AA- (Stable) from the previous rating ICRA A+ (Stable).

As per the rating schedules of respective Rating Agencies, Instruments with these ratings viz., ICRA A1+ and CRISIL A1+ are considered to have very strong degree of safety regarding timely payment of financial obligations. Such securities carry lowest credit risk.

ICRA AA-(Stable): Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.

IND A+/Stable: Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk.

## CAPITAL ADEQUACY

The Bank's Capital Adequacy Ratio stood at 16.67% as on March 31, 2024, as per BASEL III norms. This is well above the statutory limit of 11.50% (9% plus Capital Conservation Buffer of 2.50% is required to be maintained as of March 31, 2024) as prescribed by the Reserve Bank of India Guidelines.

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

## MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to provisions of the Regulation 34(2) (e) of SEBI LODR, the Management Discussion and Analysis Report for the year is forming part of this Annual Report.

## NETWORK OF BRANCHES

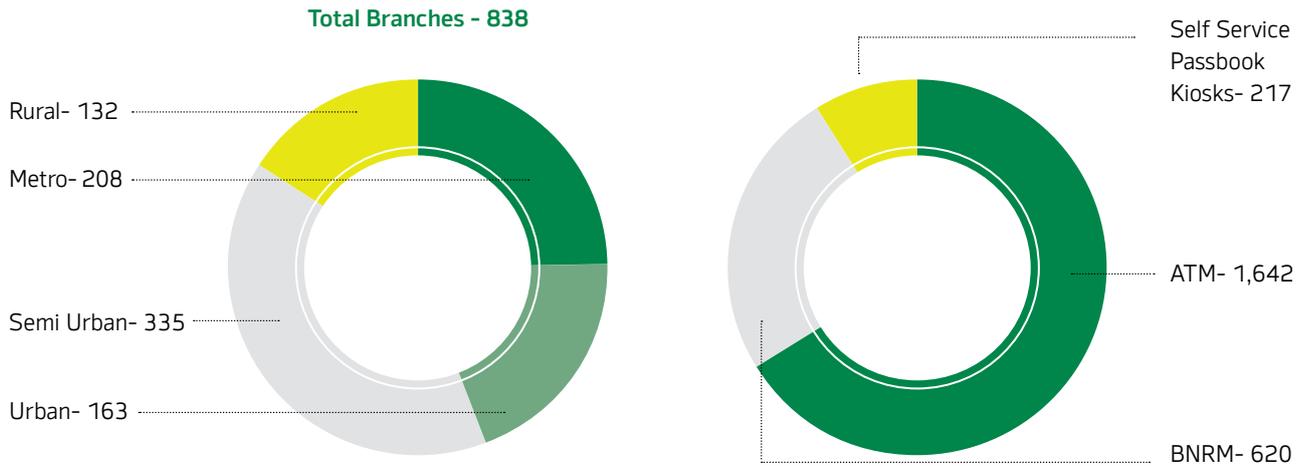
The selection of new branch and office locations follows a strategic approach focused on identifying high-potential areas. To assess the viability of potential centres, your Bank conducts a detailed analysis leveraging data from various forums and sites. Additionally, we rely on location-based surveys received from

respective Divisional Offices, which provide valuable insights. By combining these sources of information, we carefully shortlist the locations for opening new branches or offices, ensuring that our expansion efforts align with the growth prospects of each centre.

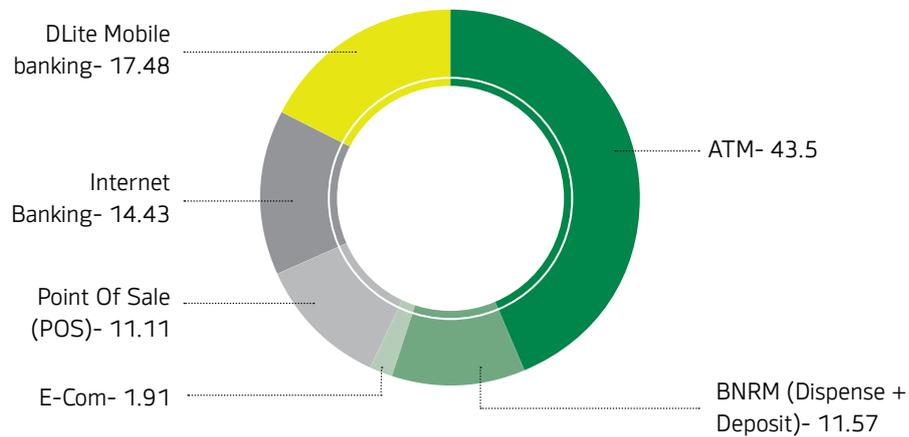
Your Bank has added Thirty Nine (39) Regular Branches, Five (5) KVB Smart units, One (1) Digital Banking Unit (DBU) and Two (2) Offices viz. Divisional Office at Tirunelveli and Digital Excellence at Chennai during the financial year 2023-24. Your Bank has 838 Branches as on March 31, 2024. The branch network including Corporate Business Units, Business Banking Units, Asset Recovery Branches, NEO, SMART, Digital Banking Units and Precious Metal Division totals to 877 as on March 31, 2024, excluding three Extension Counters and four Satellite Offices.

During the year under review, your Bank has installed 79 new Automated Teller Machines (ATM), 23 Bunch Note Recycler Machines (BNRM) and 26 Self Service Passbook Kiosks. As of March 31, 2024, 1,642 Automated Teller Machines (ATM), 620 Bunch Note Recycler Machines (BNRM) and 217 Self-Service Passbook Kiosks are providing uninterrupted Banking services to customers.

**Classification of branches and alternate channel**



**No. of Transactions through alternate channels FY 2023-24 (%)**



## CURRENCY CHEST

As on March 31, 2024, your Bank has eight Currency Chests across different locations in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka to supply adequate cash to Branches & ATMs in its respective areas and the Clean Note Policy of RBI is being adhered to. Currency Chests also support the branches maintain cash within the retention limit for smooth operations. Bank also conducted soiled note exchange melas and distribution of coins through Currency Chest linked branches.

## FINANCIAL INCLUSION

Financial Inclusion ensures availability of basic banking services and products to all, thereby reaching the unreached, un-banked and under-banked areas. Bank has been actively pursuing the agenda of Financial Inclusion with key interventions in offering appropriate financial products, using technology and financial literacy. Bank is providing various Business Correspondents (BCs) services & implementing comprehensive Financial Inclusion programme through effective utilisation of BCs in Sub Service Area (SSA). SSA is a cluster of few villages and is linked to one base branch of the Bank.

Your Bank has reached the underprivileged segment of the society and extended its focused financial services through 153 Bank Mitras in rural villages, 3 Bank Mitras in urban locations including 39 Ultra Small Branches. The Bank Mitra use Micro ATM for providing the banking services to the customers.

Your Bank continues to provide basic financial products including Basic Savings Bank Deposit Account (BSBDA), Social security schemes of Insurances like., Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pension product like., Atal Pension Yojana (APY) and thereby support the Government in implementation of various social welfare schemes.

### Pradhan Mantri Jan Dhan Yojana (PMJDY):

Your Bank has opened 1,624 PMJDY accounts during the year under review. The balances outstanding in the PMJDY accounts as on March 31, 2024 was ₹ 19.98 Crore. The Bank has issued 1,624 Rupay Debit Cards under PMJDY accounts during the year. Micro ATM devices are provided to Bank Mitras for facilitating payments, which are enabled for accepting Rupay Card transactions/Aadhaar enabled Payment system (AePs)/Third Party deposit, Balance enquiry, Mini statement. Bank Mitras have done 5.38 Lakh transactions, amounting to ₹ 60.01 Crore during the year under report which includes of DBT/Old Age Pension/MGNREGS transactions.

### Micro credit (SHGS Bank linkage):

Your Bank is providing credit facilities to Self-Help Groups (SHG) / Joint Liability Groups (JLG) to meet the credit needs of the poor.

As on March 31, 2024, the Bank has 41,813 JLG loans with outstanding of ₹ 162.82 Crore.

### Financial literacy:

Financial Literacy campaigns are intended to provide basic banking knowledge to people across various corners of the Society. Your Bank has been in the forefront in creating awareness to the rural masses on the financial services and products through the Financial Literacy Campaigns. During the FY 2023-24, your Bank has conducted 108 financial literacy campaigns in Rural, Semi Urban/Urban areas, including RBI Financial Literacy week campaign 2024.

## TECHNOLOGY INITIATIVES

Your Bank is always inclined to plan and implement the latest trends, technological advancements, and innovations. Such long-term projects are initially taken up as study projects. Based on their technical feasibility, these study projects are converted into regular action plan projects to benefit our customers. The bank has been integrating AI and ML into its operations to improve decision-making processes, risk assessment, and customer service. These technologies help in providing personalized banking experiences and optimizing operational workflows. Presently your bank is exploring adoption of Do It Yourself (DIY) journeys, Customer Relationship Management (CRM), ONDC (Open Network Digital Commerce) integration in DLite app and redesign of the DLite mobile banking interface.

Your Bank has implemented the following customer centric projects during the financial year 2023-24:

- **Mobile Banking and Internet Banking Initiatives** - Your bank has significantly upgraded its mobile and internet banking platforms, incorporating new features and enhancing security measures. These upgrades are designed to offer customers a more user-friendly and secure banking experience and digital loan processing systems that reduce turnaround times and simplify the application process for customers.
- **Mutual fund Solution** - Online mutual fund distribution solution is a digital platform that enables investors to purchase, manage, and redeem mutual fund investments through the Internet and Mobile banking. These platforms offer a convenient and user-friendly interface, allowing users to compare various mutual funds, access detailed performance analytics, and execute transactions seamlessly.
- **ICEGATE** - It allows customers to pay customs duty through KVB portal, streamlining and digitizing the process of international trade transactions.

- **Electronic Bank Guarantee with NeSL Tie Up** -The eBG system will replace the traditional paper-based process for issuing and managing bank guarantees, offering an electronic bank guarantee for our bank customers by using the Digital Document Execution (DDE) platform provided by NeSL (National e-Governance Services Limited).
- **Instant V-KYC in DLite** - Instant VKYC (Video Know Your Customer) in the DLite application is a streamlined process that allows users to complete their KYC verification quickly and remotely via a video call. This feature eliminates the need for physical paperwork and in-person verification, enhancing convenience and speed for users.
- **Voice Biometric Implementation in Mobile Banking** - Previously, we are offering three authentication modes for our customers to login to the DLite mobile application viz Login Pin, Finger print based biometric access and face authentication (only for IOS). Voice Biometric has turned up as an additional authentication mechanism wherein the customer's voice is used to verify the identity. This is an alternate for the authentication in addition to entering a text or password.
- **Green Deposit in Internet and Mobile Banking** - This feature would facilitate customers to open green deposit through Internet Banking and mobile banking. Green Fixed Deposits' are the term deposits where the deposit proceeds will be used to finance or re-finance assets supporting themes under United Nations Sustainable Development Goals (SDGs).
- **NPS Integration through DLite app** - This feature would facilitate customers to do enrolment in NPS through DLite - Mobile Banking. "NPS integration through DLite app" aims to enable users to manage their National Pension System (NPS) accounts directly through the KVB DLite mobile banking application, providing convenient access to pension fund management and related services.
- **DIGI Gold Loan Customization** - Kisan Express Overdraft Module - Customization for KVB Kisan Express Phase - I Integration enhancements on Digital Jewel Loan application. The digital gold loan offerings and integrating an overdraft module specifically designed for farmers under the Kisan Express scheme, enhancing their financial flexibility and accessibility to credit.

## INFORMATION SECURITY

The Board and Senior Management of your Bank have envisaged the risks associated with adoption of Information Technology and Digital Transformation initiatives to enhance customer service. Your Bank has established an Information Security Group headed

by Chief Information Security Officer (CISO), which is specialised in Information and Cyber Security risk management to protect the Bank's Information Assets.

The CISO is responsible for setting the strategic direction of Information Security initiatives within the bank, and reports to the Chief Risk Officer. Also, responsible for overall security Governance, Risk Management, Policy creation, Security Monitoring on 24x7x365 days, Cyber Incident response, and ensuring that your Bank complies with relevant laws and RBI regulations, relating to Cyber Security.

The CISO Office establish the Information Security Policy, Digital Payment Security controls policy and Cyber Crisis management plan which are approved by the Board and reviewed annually. The CISO office is committed to work towards aligning itself with the evolving threat landscape with dedicated People implementing Processes and Technology.

Your Bank is compliant with ISO/IEC 27001, which is the international standard for Information Security, duly certified by M/s TUV SUD since 2018. Accordingly, the CISO Office has defined documented ISMS procedures which includes the processes to be followed for Change Management and Incident Management. In respect of security issues arising due to any reason, the CISO Office has a robust process for Incident Response which requires Root Cause Analysis (RCA) for each incident and implementation of corrective actions to plug the gaps, if any. Your Bank is also established best practices of Baselines for the IT systems.

Your Bank's ISMS reinforces not only the Confidentiality, Integrity and Availability of information but also other security principles such as Authenticity, Non-Repudiation and Accountability. Thus, your Bank's ISMS ensures the following objectives:

- Safety and privacy of sensitive customer and Bank information.
- Prevent IT Assets and Information System from Unauthorized Access.
- Protect the Data / IT Systems from threats such as Phishing, Ransomware and other malware, malicious actors targeting cloud services and integrated systems in multiple locations over the Internet and zero-day attacks.
- Timely availability of Data / IT Systems to the authorised users.

To provide awareness on recent trends in Information security and understanding on the crucial role in safeguarding the data, Bank has been arranging Virtual training, Cyber awareness

workshops, Phishing campaigns, awareness Email and SMS, etc., to its employees and also circulating the awareness Email and SMS to its customers.

## CALL CENTRE

The Call Centre of your Bank is a one stop Contact point of the bank which addresses queries / requests from customers and works seamlessly round the clock. Contact Centre handles a wide range of customer interactions including incoming calls, outgoing calls, emails & chat. Contact centre serves a primary point of contact between customers and organisation, by providing support, information & other services. Contact Centre works on Dialer & CRM to record the customer interactions. This includes IVRS, ACD & CRM. The agents are the frontline employees who primarily interact with customers on behalf of the organization. They are trained to handle customer inquiries, resolve issues, provide information & deliver a positive and delightful customer experience.

### Inbound Contact Centre:

Inbound contact centre plays a critical role in managing customer interactions via both calls / e-mails round the clock, thereby ensuring excellent customer service, which helps to build strong relationship with customers.

Dedicated team is set to execute the requirements received from customers via calls / email by maintaining a stipulated TAT. The rightness of transactions executed by customers are verified by our employees by performing outbound calls based on the data available in the CrossFraud portal for fraud transaction monitoring. In addition, Inbound contact centre also performs Mobile number change verification calls for the changes in registered Mobile number requested through DLite app & Internet Banking by customers, obtaining feed-back for Door-step banking services initiated by the branches and outcall IVRS call back requests.

### Outbound Contact Centre:

Outbound Contact Centre engages in various functions which includes telesales, debt collection, reminder call, welcome call to customers. Welcome call: Outcall initiated to customers who have newly opened, CASA / loans & Credit cards in order to apprise them of the Product features & Benefits, and also address the customers enquiries on various products of the bank by Cross-selling & Upselling. Tele-collection activities are designed with a view to improve the collection efficiency and consist of two segments viz., Pre-due calling and Post-due Calling. Pre-due calling is initiated to remind the customers of their due date and the EMI amount which is due to be paid. This calling helps customer to ensure that the EMI's are serviced on time. Post Due Date calling is initiated to customers who have missed to pay their dues on the stipulated Due date. The intensity of outbound calls

for collection are segregated based on Severity of delinquency, No of Days Past Due, Track on repayment and customer's Relationship with bank. Tele Sales to generate Revenue and to service our existing and potential customers. Apart from this, adhoc activities are performed at our Call Centre as and when required by the management.

## CHANGE IN NATURE OF BUSINESS

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

## SYSTEM FOR INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

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

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

Internal Financial controls of the branches are verified by the statutory branch auditors during their branch audit and covered in the report. Statutory Central Auditors of the Bank audit the internal controls over financial reporting of the Bank and submit a separate report containing the salient features of their observations to the Board of directors.

## RISK MANAGEMENT

Risks are inherent in any business and banking is not an exception to this. Your Bank has adopted a multi-layered risk management process to identify, assess, monitor, and manage risks through the effective use of processes and information technology.

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

The Board is responsible for overseeing the overall risk management framework by approving various policies relating to the Risk functions and has delegated powers to Board Level Risk Management and Asset Liability Management Committee (RM & ALM) for monitoring the implementation of Risk Governance Framework, compliance to various policies & processes. The RM & ALM Committee ensures the same by closely monitoring & guiding the functions through Executive Level Credit Risk Management Committee, Market Risk Management Committee, Operational Risk Management Committee and 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. The Board is reviewing the performance of these executive level committees on half yearly basis.

Risk Management department examines various policies of the Bank to ensure risk management aspects are addressed in those policies. Risk department also maintains various risk management policies viz., Credit risk rating, Market risk, Liquidity risk, Operational risk, Risk culture, Strategic risk management, Reputational risk, Integrated risk management, Stress testing and ICAAP.

Bank's risk management objectives broadly cover proper identification, assessment, measurement, monitoring, controlling, mitigation and reporting of the risks across various business segments of the Bank. The risk management strategy adopted

by the Bank is based on a clear understanding of the risks and level of risk appetite, which is dependent on the willingness of the Bank to take risks in the normal and stressed course of business operations.

All material risks of the Bank emerging during its business are identified, assessed, monitored, managed, and mitigated with the effective control measures in place.

Bank is well capitalized; CRAR stands at 16.67% as on March 31, 2024. Capital provides the required buffer to manage and meet any unexpected risks / losses that materialize despite prudent and timely risk management actions. In view of the foregoing, apparently there are no material risks which threaten the existence of the Bank.

## VIGIL MECHANISM/WHISTLE-BLOWER POLICY

In compliance with RBI Guidelines, provisions of the Companies Act, 2013, SEBI LODR 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 and none of the whistle blowers have been denied access to the Audit Committee of the Board. 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>

Bank is encouraging the staff to share all kinds of unlawful/unethical instances/practices followed by any employees to take appropriate action upon review. Further, Bank is ensuring that the details shared are kept confidential and protection of staff who blown the whistle. In this regard, awareness programs are being provided to all employees as part of training session.

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

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

## RELATED PARTY TRANSACTIONS

All transactions entered into by your Bank with related parties are not material and repetitive in nature in ordinary course of business and on an arm's length basis. Omnibus approval is obtained from

the Audit Committee for transactions which are repetitive in nature and the same are reviewed on periodic basis. The Bank's policy on Related Party Transactions can be viewed at: <https://www.kvb.co.in/docs/related-party-transactions-policy.pdf>.

During the year, your Bank has not entered into any materially significant transactions with the related parties, which could lead to potential conflict of interest. Therefore, pursuant to Section 134(3)(h) of the Companies Act, 2013 with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions to be reported under Section 188(1) of the Companies Act, 2013 and Form AOC-2 is not applicable to the Bank.

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

The Bank has constituted a Board level Audit Committee in line with the requirements of the Companies Act, 2013, SEBI LODR and Reserve Bank of India guidelines, as amended from time to time. Board has accepted all the recommendations of the Audit Committee. The details of the composition of the Audit Committee 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.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

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

## **AUDITORS**

### **Statutory Auditors**

The present Joint Statutory Central Auditors of the Bank viz., M/s R G N Price & Co., Chartered Accountants (Registration No. FRN 002785S) and M/s Sundaram & Srinivasan, Chartered Accountants (Registration No. FRN 004207S) were appointed at the 102<sup>nd</sup> Annual General Meeting of the Bank held for

FY 2020-21 and continue to hold office till the conclusion of the ensuing AGM of the Bank to be held for FY 2023-24.

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 R G N Price & Co., Chartered Accountants (Registration No. FRN 002785S) and M/s Sundaram & Srinivasan, Chartered Accountants (Registration No. FRN 004207S) have already completed three years as Statutory Auditors of the Bank, they are liable to retire on the conclusion of the 105<sup>th</sup> 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 Crore 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, as the Bank continues to appoint minimum of two joint statutory auditors as per RBI guidelines, the Board of Directors, on the recommendation of the Audit Committee, finalised the list of Audit firms in the order of preference and recommended the same to RBI for its approval.

RBI vide its letter CO.DOS.RPD.NO.S532/08.12.005/2024-25 dated April 19, 2024 had approved the names of M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/W100166) and M/s. Varma & Varma, Chartered Accountants (Firm Registration No. 004532S) as Joint Statutory Central Auditors of the Bank for the FY 2024-25.

Accordingly, it is proposed to appoint M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/W100166) and M/s. Varma & Varma, Chartered Accountants (Firm Registration No. 004532S) 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 105<sup>th</sup> Annual General Meeting and the Members are requested to consider the said Appointment of Joint Statutory Central Auditors of the Bank.

### **Independent Auditors' Report**

The Joint Statutory Central Auditors of the Bank viz., M/s R G N Price & Co., Chartered Accountants (Registration No. FRN 002785S) together with M/s Sundaram & Srinivasan, Chartered Accountants (Registration No. FRN 004207S), have audited the accounts of the Bank for the financial year 2023-24 and their Report forms part of this Annual Report. Pursuant to Section 143(3) (i) of the Companies Act, 2013, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting,

which has been enclosed as "Annexure A" to Independent Auditor's Report.

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report for the financial year 2023-24.

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

### Secretarial Audit and secretarial compliance report

In line with Section 204 of the Companies Act, 2013 and Regulation 24A (1) of the SEBI LODR, your Bank has appointed M/s S.A.E. & Associates LLP, Company Secretaries, Chennai to undertake the Secretarial Audit of the Bank for the financial year 2023-24. The Bank produced all necessary records to the Secretarial Auditors for smooth conduct of their Audit. The Secretarial Audit Report for the financial year 2023-24 is annexed to this report as **Annexure – I**.

There are no qualifications, reservations or adverse remarks made by the Secretarial Auditors in their report for the financial year 2023-24.

Pursuant to regulation 24A (2) of the SEBI LODR and SEBI circular No. CIR/CFD/CMD1/27/2019 dated February 09, 2019, the Bank has obtained Secretarial Compliance Report, from the Secretarial Auditors of the Bank on compliance of all applicable SEBI Regulations and circulars/guidelines issued thereunder and the copy of the same was submitted to Stock Exchange within Sixty days from the end of the Financial Year.

### Implementation of Indian Accounting Standards (Ind AS)

Pursuant to RBI guidelines, Proforma IndAS statements have to be submitted on half-yearly basis and accordingly submitted to RBI. During the FY 2022-23, RBI had issued discussion paper on introduction of Expected Credit Loss Framework for provisioning by banks and the final guidelines are awaited. Further details are given in Schedule 18 – Notes to Account of the Balance Sheet.

### COMPLIANCE WITH SECRETARIAL STANDARDS

During the financial year 2023-24, your Bank is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

### STATUTORY DISCLOSURES

Disclosures relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to Section 134(3)(m) of the Companies Act, 2013 read with

Rule (8)(3) of the Companies (Accounts) Rules, 2014 are detailed as under:

### Conservation of Energy

Your Bank 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 in back offices across various cities to save electricity by energy conservation technology.

Your Bank owns a 850 kW Wind Turbine Generator in Govindanagaram, Theni District, Tamilnadu and the said wind mill has generated 13,81,209 units during the year under review. Bank is utilizing the power generated by Wind Turbine for its Central office at Karur and Divisional Office at Chennai. Roof top solar power plant (38 kW) has been installed at our Bank's own building at Hyderabad Divisional Office for utilization of renewable energy.

Your Bank has made a capital investment of ₹ 28,94,346/- and ₹ 45,10,400/- on Solar panels and LED Lights respectively during the financial year 2023-24.

### Technology Absorption

Your Bank has always used information technology extensively to deliver quality service to its customer, for more details please refer the section on Technology Initiatives of Directors Report forming part of the Annual Report.

### Foreign Exchange Earnings and Outgo

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

### MATERIAL EVENTS THAT HAVE OCCURRED AFTER THE BALANCE SHEET DATE

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

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

During the financial year 2023-24, no significant and material orders were passed by the Regulators or Courts or Tribunals against the Bank which impacts its going concern status and Bank's operations in future.

## MAINTENANCE OF COST RECORDS

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

## ANNUAL RETURN

The Annual Return for the financial year ended March 31, 2024, as required under Section 92 (3) and Section 134(3)(a) of the Companies Act, 2013 is available on the Bank's website at <https://www.kvb.co.in/investor-corner/annual-general-meeting/annual-return/>

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

There is no application or proceeding against the Bank under Insolvency and Bankruptcy Code, 2016 during the financial year under review.

However, Bank has been filing cases in NCLT under IBC, 2016 as a part of its recovery mechanism and the status of the cases as at the end of the financial year 2023-24 is furnished as below:

S No	Particulars	No of cases	Book Balance ₹ in Crore	Status
1	Cases filed by KVB against the Corporate Debtors under IBC	2	401.24	Under Liquidation
2	Cases filed by KVB against Individual Guarantors of the Corporate Debtors	15	500.44	Filed and pending

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

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

## PARTICULARS OF EMPLOYEES

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

## 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 Bank's objectives. Currently, the Bank has the following Schemes in compliance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations") erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014.

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

During the period under review, your Bank has granted 1,97,775 options under KVB-ESOS-2018 to Shri B Ramesh Babu, MD & CEO, Shri J Natarajan, Executive Director (while holding the position as President & COO) and Senior Management towards their variable pay as a part of non-cash component. The said variable pay is in accordance with Bank's Compensation policy read with Reserve Bank of India circular DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 04, 2019. Further, your Bank has allotted 44,326 Equity Shares to Shri B Ramesh Babu, MD & CEO and 37,609 Equity Shares to Shri J Natarajan, Executive Director (while holding the position as President & COO), under KVB ESOS 2018 during the year under review as a part of their non-cash component of variable pay for the financial year 2020-21 and 2021-22 in terms of compensation structure. Furthermore, your Bank has allotted 8,60,612 shares to Senior Management towards their variable pay as a part of non-cash component and 13,80,988 Equity Shares of face value ₹ 2 each to the employees who have exercised their options under KVB ESOS 2011 Scheme and KVB ESOS 2018 Scheme during the year under review.

Pursuant to Regulation 13 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, ("SEBI SBEB & SE") Bank's Secretarial Auditors, M/s S.A.E. & Associates LLP, Company Secretaries, have certified that the Bank's above mentioned Schemes have been implemented in accordance with the Resolutions passed by Shareholders for 2011 & 2018 Schemes and SEBI SBEB & SE. Disclosures as required under the said regulation are available on Bank's website at <https://www.kvb.co.in/investor-corner/other-disclosures/esos-disclosures/>

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the dividends remaining unclaimed for period of 7 years and all shares in respect of which dividend are not claimed for the last 7 consecutive years are liable to be transferred to

the Investor Education and Protection Fund ('IEPF'). The said requirement does not apply to shares in respect of which there is a specific Order of Court, Tribunal or Statutory Authority, restraining transfer of the shares. Further details are provided in the Corporate Governance Report that forms part of this Annual Report.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Articles of Association of the Bank drafted in 1916, provided for setting aside of one percent of the annual profits to a "Charity Account", which would be used to support the needy for their health and education requirements. The Bank continues with that tradition even today after 107 years in the modern avatar of Corporate Social Responsibility. A Corporate Social Responsibility (CSR) Committee has been constituted in accordance with the provisions of Section 135 of the Companies Act, 2013, read with the amended Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the year under review, your bank had CSR budget of ₹ 18.09 Crore, against which the Bank spent ₹ 18.39 Crore. Further in line with the CSR policy of the Bank, spends have been spread across the core focus areas viz., health, sanitation, clean drinking water, education, skill development, women empowerment, and environment protection, as defined in Schedule VII of the Companies Act, 2013.

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

### ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Your Bank is committed to sustainability and responsible banking through comprehensive ESG initiatives. Bank focus on reducing energy consumption with projects like windmill, LED lights and solar grid. Social responsibility efforts include improving gender diversity, supporting semi-urban and rural communities, and prioritizing cyber security and data privacy. Governance is strengthened by a majority of Independent Directors on our Board, aligning our ESG policy with sustainable banking practices and UN SDGs. Bank has integrated ESG considerations into our Credit Policy, established an ESG due diligence framework, and assessed ESG/Climate risk as low. Bank is in pursuit of IGBC certification and CSR initiatives highlight our dedication to environmental sustainability, renewable energy, and community development. Additionally, Bank prioritize employee well-being, ensuring a supportive and healthy work environment.

### BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

In terms of Regulation 34(2)(f) of the SEBI LODR read with SEBI circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated

July 12, 2023, the filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalisation) from the FY 2023 – 2024. It is to be noted that your Bank has published Business Responsibility and Sustainability Report from the financial year 2021-22 itself on voluntary basis in order to adapt to the regulatory requirements and build transparency among our stakeholders.

The Business Responsibility & Sustainability Reporting (BRSR) of the Bank for the financial year 2023-24 is annexed to this Report as **Annexure - IV**.

### 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, Twelve Board Meetings were conducted and the relevant periodicity for holding the meetings was complied. The schedule of the meetings of the Board is circulated in advance to the Members of the Board, for their consideration and approval. Details of the composition of Board, Meetings held and attendance of the Directors at such Meetings are provided in the Corporate Governance Report which forms part of Annual Report.

### BOARD EVALUATION

Pursuant to Section 134(3) (p) of the Companies Act, 2013, Regulation 17(10) of SEBI LODR and other applicable regulations, Board has carried out annual evaluation of its own performance (Board as a whole), Committees of the Board, Non- Executive Independent Directors including Chairperson and MD & CEO. Further Independent Directors in their Separate Meeting have carried out evaluation of Board as a whole and Non- Executive Non-Independent Directors. The manner of evaluation conducted during the financial year 2023-24 is furnished in the Corporate Governance Report that forms part of this Annual Report.

### CHANGES IN BOARD OF DIRECTORS OF THE BANK

Changes in Board of Directors of the Bank during the review period and till the date of this report are presented below;

#### Appointment

**CA Chinnasamy Ganesan (DIN: 07615862)**, was co-opted as an Additional Director of the Bank under "Non-Executive Independent Director" category by the Board in its meeting held on April 25, 2023, subject to the approval of the Shareholders of the Bank.

In terms of Regulation 17 (1C) of SEBI LODR, the listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors at the next general meeting or

within a period of three (3) months from the date of appointment, whichever is earlier.

Accordingly, the appointment of CA Chinnasamy Ganesan as Non- Executive Independent Director of the Bank, for a period of three (3) years with effect from April 25, 2023 to April 24, 2026 not liable to retire by rotation, was placed before the shareholders of the Bank for their approval through Postal Ballot having remote e-voting process and the same was approved by shareholders of the Bank on June 30, 2023.

CA Chinnasamy Ganesan has handled many Indian and Multi National Companies with respect to audits, advisory on international financial reporting, taxation, due diligence and other assurance services. He has more than 25 years of extensive knowledge and experience in carrying out bank audit and in training bank officials in financial reporting. He specialises in Financial Reporting (including Ind AS, IFRS and US GAAP), Company law matters, audit and taxation and was conferred Honorary Doctorate (“honoris causa”) in International Financial Reporting Standards for his extensive contribution to Ind AS and IFRS by a renowned foreign university. He is an active resource person for Regional Training Institute of Comptroller and Auditor General of India, Staff training college of Indian Bank, Indian Overseas Bank, Reserve Bank of India and several other banks.

**Shri R Vidhya Shankar (DIN: 00002498)**, was co-opted as an Additional Director of the Bank under “Non-Executive Independent Director” category by the Board in its meeting held on April 22, 2024, subject to the approval of the Shareholders of the Bank.

In terms of Regulation 17 (1C) of SEBI LODR, the listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors at the next general meeting or within a period of three (3) months from the date of appointment, whichever is earlier.

Accordingly, the appointment of Shri R Vidhya Shankar as Non- Executive Independent Director of the Bank, for a period of three (3) years with effect from April 22, 2024 to April 21, 2027 not liable to retire by rotation, was placed before the shareholders of the Bank for their approval through Postal Ballot having remote e-voting process and the same was approved by shareholders of the Bank on July 16, 2024.

Shri R Vidhya Shankar is a senior partner of M/s Ramani & Shankar, one of the oldest Law Firms in Western Tamil Nadu and much sought after lawyer in western Tamil Nadu for corporate litigations, transactions and opinions. He specialises in Corporate Law, including in corporate transactions, corporate restructuring, schemes and arrangements, corporate litigations, domestic and international arbitrations, capital market, FEMA compliances, cross-border transactions and general corporate advisory

services. He is representing Majority Sectors under the sectoral representation such as Law, Credit Recovery, Co-operation & Rural Economy and MSME on the Board.

### **Shri J Natarajan (DIN: 02710776)**

In the context of growing complexities of the banking sector and to establish an effective senior management complementing Managing Director and CEO’s position, Reserve Bank of India vide its circular RBI/2023-24/70 DOR.HGG. GOV. REC.46/29.67.001/2023-24 Appointment of Whole-Time Director(s) dated October 25, 2023, has advised to ensure the presence of at least two Whole Time Directors (WTDs), including the Managing Director and CEO, on the Bank’s Boards.

Based on the requirements of RBI circular, Nomination and Remuneration Committee and Board of Directors of the Bank has made the recommendation to the Reserve Bank of India seeking approval for appointment of Shri J Natarajan as Whole Time Director and designated as Executive Director of the Bank.

The Reserve Bank of India vide its letter No. DoR.GOV. No. S1076 /08.41.001 /2024-25 dated May 16, 2024, had accorded its approval for the appointment of Shri J Natarajan (DIN: 02710776) as Whole-time Director (Executive Director) of the Bank, for a period of One (1) year with effect from the date of his taking charge, along with the terms and conditions.

Pursuant to the RBI approval, Shri J Natarajan was co-opted as an Additional Director in the Category of Whole Time Director and designated as Executive Director of the Bank by the Board in its meeting held on May 22, 2024, for a period of one (1) year from the date of taking charge. He has taken charge on May 22, 2024 as Executive Director of the Bank.

In terms of Regulation 17 (1C) of SEBI LODR, the listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors at the next general meeting or within a time period of three (3) months from the date of appointment, whichever is earlier.

Accordingly, the appointment of Shri J Natarajan as Whole Time Director designated as Executive Director of the Bank for a period of one (1) year with effect from May 22, 2024, not liable to retire by rotation was placed before the shareholders of the Bank for their approval through Postal Ballot having remote e-voting process and the same was approved by the shareholders of the Bank on July 16, 2024.

Shri J Natarajan joined Karur Vysya Bank as a Trainee in the year 1982 and moved up to different levels including General Manager of the Bank in the year 2010, Chief General Manager of the Bank in the year 2017 and President of the Bank in the year 2019 reporting to MD&CEO of the Bank. He has extensive

work experience in Credit, Treasury, Finance, Human resources, Information technology, Merchant Banking etc., He was instrumental in Bank's digital lending journey and various other key initiatives in the Bank.

### Re-Appointment

**Shri B Ramesh Babu (DIN: 06900325)** was re-appointed as Managing Director & Chief Executive Officer of the Bank for the second term of three years (3) with effect from July 29, 2023, not liable to retire by rotation. The said re-appointment was approved by the shareholders of the Bank vide resolution dated June 30, 2023 through postal ballot on the terms and conditions recommended. Further Reserve Bank of India accorded its approval for the reappointment vide letter dated July 14, 2023.

**Dr Harshavardhan R (DIN: 01675460)** was re-appointed as Non- Executive Independent director of the Bank for second term of five years (5) effective from July 30, 2023 pursuant to the approval of shareholders through postal ballot having remote e-voting process on June 30, 2023, not liable to retire by rotation.

### Opinion of the Board regarding integrity, expertise and experience (including the proficiency) of the Independent Director appointed during the year:

In the opinion of the Board, the Independent Directors appointed during the year possess requisite qualifications, proficiency, expertise, track record, integrity, independence, vast and rich experience in their respective domains. Independent Directors appointed during the year have qualified the online proficiency self-assessment test for Independent Director's Databank/availed exemption, within the timelines prescribed.

### Retirement by rotation

**Shri R Ramkumar (DIN: 00275622)**, Non-Executive Non-Independent Director, retires by rotation at the ensuing 105<sup>th</sup> Annual General Meeting (AGM) and being eligible, offers himself for re-appointment in terms of Section 152 of the Companies Act, 2013. He hails from the promoter's family and was on the Board since June 25, 2018 and would be representing Minority Sector under sectoral representation such as Business Management, Finance, Human Resources. Approval of the shareholders is being requested for reappointment of Shri R Ramkumar as Non-Executive Non-Independent Director of the Bank, liable to retire by rotation.

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

### Retirement on completion of tenure

**Shri M V Srinivasamoorthi (DIN: 00694618)**, Non-Executive Non Independent Director of the Bank demitted office at the close of office hours on August 26, 2023, consequent to completion of his eight (8) years tenure in terms of Section 10A(2A)(i) of the Banking Regulation Act, 1949.

**Dr K S Ravichandran (DIN: 00002713)**, Non-Executive Independent Director of the Bank demitted office at the close of office hours on May 25, 2024 Consequent to completion of his eight (8) years tenure in terms of Section 10A(2A)(i) of the Banking Regulation Act, 1949.

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

Apart from the above, there were no changes in the Board of Directors of the Bank as on the date of this report.

### KEY MANAGERIAL PERSONNEL

The changes in Key Managerial Personnel of the Bank during the review period and till the date of this report are briefed below;

#### Appointment

**Shri M S Chandrasekaran** was appointed as Chief Operating Officer (COO) of the Bank in Chief General Manager cadre and categorized as Key Managerial Personnel with effect from October 16, 2023.

**Shri Dolphy Jose**, General Manager and Head of Consumer Banking of the Bank, is elevated to Chief General Manager and Head of Consumer Banking and categorized as Key Managerial Personnel of the Bank on October 16, 2023.

**Shri KVSM Sudhakar**, General Manager and Chief Compliance Officer, is elevated to Chief General Manager and categorized as Key Managerial Personnel of the Bank and continues as Chief Compliance Officer, with effective from April 01, 2024.

**Shri J Natarajan** (former President and Key Managerial Personnel of the Bank) was appointed as an Executive Director of the Bank on May 22, 2024 and he continues as Key Managerial Personnel of the Bank.

#### Re-appointment

**Shri B Ramesh Babu** was reappointed as MD & CEO of the Bank, who is a Key Managerial Personnel of the Bank, for the second term of three (3) years, with effect from July 29, 2023.

## Resignation

Shri Dolphy Jose, Chief General Manager and Head of Consumer Banking (Key Managerial Personnel) of the Bank had tendered his resignation for pursuing other career opportunities and relieved from the Bank on July 01, 2024.

Apart from the above, there were no changes in the Key Managerial Personnels as on the date of this report.

## CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES FOR APPOINTMENT/ REAPPOINTMENT OF DIRECTORS

Pursuant to provisions of Section 178(3) of the Companies Act, 2013 and relevant guidelines of RBI, the Nomination and Remuneration Committee (NRC) formulated the criteria for determining qualifications, positive attributes and independence of a Director to adhere the various provisions and guidelines as detailed below:

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

The terms and conditions of appointment of Independent Director are available on the website of the Bank at <https://www.kvb.co.in/docs/terms-and-conditions-of-appointment-of-independent-directors.pdf>. Your Bank's Nomination and Remuneration Committee (NRC) oversees matters of succession planning of its

Directors, Senior Management and also Key Managerial Personnel & the Board of the Bank and ensures that proper plans are put in place for orderly succession of appointment to the Board and to Senior Management of the Bank including KMPs.

## Policy on remuneration of directors

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

## DECLARATION BY INDEPENDENT DIRECTORS

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

## FAMILIARISATION PROGRAMMES OF INDEPENDENT DIRECTORS

The Independent Directors along with all other Directors are made familiar with their rights, roles and responsibilities in the Bank at the time of appointment and also on a recurrent basis. Details of familiarisation programmes attended by all Directors including Independent Directors are provided at <https://www.kvb.co.in/docs/disclosure-on-familiarisation-programmes-for-board-of-directors.pdf>, pursuant to regulation 46 of SEBI LODR. Other details on the same are also covered in Corporate Governance Report forming part of Annual Report.

## CORPORATE GOVERNANCE

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

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

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(C) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis;
- e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- f) The Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.

### AWARDS AND ACCOLADES

Your Bank received the following awards during financial year 2023-24, majority of the same for implementation of innovative technologies:

S.NO	NAME OF THE AWARD	AWARDED BY	CATEGORIES AWARDED
1	Best BNPL Company/Platform for the year	Kamikaze - B2B Media	Best BNPL Company/Platform for the year
2	14 <sup>th</sup> Edition DataCenter Summit and Awards 2023	UBS Forums	Design Management (Infrastructure Management) (WINNER)
3	India Banking Summit And Awards 2023	Synnex Group & India Banking Summit	Most Innovative Mobile Banking APP of the year (KVB DLITE APP)
4	CIO Power list 2023	Core-Media	CIO Power list 2023
5	The Best Performance of CASA-Runner up	Indian Chamber of Commerce	The Best Performance of CASA-Runner up
6	15 <sup>th</sup> Edition DataCenter Summit & Awards 2023	UBS Forum	CIO of the Year
7	18 <sup>th</sup> Annual Summit & Awards on Banking & Financial Sector Lending	Assocham	Best Product Service innovation-ITD -Runner Up
8	18 <sup>th</sup> Annual Summit & Awards on Banking & Financial Sector Lending	Assocham	Outstanding Financial Performance-Winner
9	18 <sup>th</sup> Annual Summit & Awards on Banking & Financial Sector Lending	Assocham	Best Risk and Cyber Security initiatives-Runner up
10	Governance Now- 6 <sup>th</sup> BFSI Conclave and Awards 2023	Sri Adhikari Brothers	Innovation in Financial Inclusion Technology
11	Quantic India - 4 <sup>th</sup> Annual BFSI Excellence Awards 2023	Quantic India	Data Center Modernisation initiative
12	2 <sup>nd</sup> Edition BFSI Leadership Awards 2024	Krypton	Best digitization in customer experience
13	Cloud & Data Centre Summit & Awards 2024	The brainalytics	CIO of the year
14	Cloud & Data centre Summit & Awards 2024	The brainalytics	Best Data centre Design and Development

S.NO	NAME OF THE AWARD	AWARDED BY	CATEGORIES AWARDED
15	IBA 19 <sup>th</sup> annual Technology Conference, Expo, & Citations 2022 - 2023	IBA	Best Digital Sales, Payment & Engagement (WINNER)
16	IBA 19 <sup>th</sup> annual Technology Conference, Expo, & Citations 2022 - 2023	IBA	Best IT Risk and Management (RUNNER)
17	IBA 19 <sup>th</sup> annual Technology Conference, Expo, & Citations 2022 - 2023	IBA	Best Financial Inclusion (SPL MENTION)
18	IBA 19 <sup>th</sup> annual Technology Conference, Expo, & Citations 2022 - 2023	IBA	Best Fintech & DPI Adoption (SPL MENTION)
19	IBA 19 <sup>th</sup> annual Technology Conference, Expo, & Citations 2022 - 2023	IBA	Best Technology Bank (SPL MENTION)
20	IBEX INDIA 2024 TECH AWARDS	IBEX	Excellence in banking innovation
21	MSME Banking Excellence Award-2023	Chamber of Indian Micro Small and Medium Enterprises	Best Bank in MSME Branding - Private Sector
22	MSME Banking Excellence Award-2023	Chamber of Indian Micro Small and Medium Enterprises	CSR Initiative & Business Responsibility - Private Sector
23	Business Today Banking and Economy Summit	Business Today	Best Small Indian Bank

## ACKNOWLEDGEMENTS

The Board of Directors takes this opportunity to convey 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 of India Limited, BSE Limited, Rating Agencies, Statutory Auditors, Secretarial Auditors, various State Governments & Union Territories and other regulatory authorities in India, for their valuable guidance and strong support.

The Board expresses its sincere thanks to the Bank's valued shareholders, debenture holders, esteemed customers,

all other stakeholders and well-wishers for their continued faith, confidence, and patronage on us and look forward for their continuous support.

Your Board expresses profound gratitude for the support extended by the Auditors, Lawyers, and other financial institutions. The Board also appreciates the entire staff for their sincere and dedicated contributions to the overall performance of the Bank during the year. The Board encourages their ongoing cooperation in achieving the goals of the Bank in the years ahead.

For and on behalf of the Board of Directors

**Dr Meena Hemchandra**

(DIN: 05337181)

Non-Executive Independent  
(Part-time) Chairperson

**B Ramesh Babu**

(DIN: 06900325)

Managing Director & CEO

Place: Karur

Date: July 18, 2024

## ANNEXURE I

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Karur Vysya Bank Limited (hereinafter called **the Bank**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2024 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 March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. The Bank does not have any Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Bank during the Review Period).
  - d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 (Not applicable as the Bank is not registered as a Registrar to an issue and as a Share transfer agent);
  - g) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time;
  - i) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 as amended from time to time; (Not applicable to the Bank during the Review Period).

(vi) Following other applicable laws:

- a) The Banking Regulation Act, 1949 and Rules, Notifications and Circulars issued by Reserve Bank of India from time to time;
- b) The Reserve Bank of India Act, 1934 to the extent applicable and Master Circulars, Notifications and Guidelines and other directions pertaining to commercial banking issued by Reserve Bank of India (RBI) from time to time;
- c) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- d) Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994 as amended from time to time;
- e) Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended from time to time (Not applicable as the Bank has not provided any services as Merchant Bankers during the Review Period. Further, the certificate obtained under this regulation was surrendered by the Bank on March 13, 2024);

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India relating to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).
- (ii) The Listing Agreements entered into by the Bank with National Stock Exchange of India Ltd.

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

#### **We further report that**

- (i) The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. During the period under review
  - a) CA Chinnasamy Ganesan was appointed as an additional director (Independent) with effect from April 25, 2023 and thereafter vide postal ballot

resolution passed on June 30, 2023 he was appointed as Non- Executive Independent Director for a period of 3 years with effect from April 25, 2023.

- b) Dr Harshavardhan R was re-appointed as Non-Executive Independent Director for second term of 5 years with effect from July 30, 2023 vide postal ballot resolution passed on June 30, 2023.
- c) Shri B Ramesh Babu was re-appointed as MD & CEO for second term of 3 years with effect from July 29, 2023 vide postal ballot resolution passed on June 30, 2023.
- d) Shri R Ramkumar, Non-Executive Non-Independent Director retired by rotation at the annual general meeting held on August 23, 2023 and was re-appointed.
- e) Shri M V Srinivasamoorthi, Non-Executive Non-Independent Director completed his tenure at the close of office hours on August 26, 2023.

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

- (ii) Adequate notice is given to all Directors to schedule the Board Meetings; notice, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before and at the meeting for meaningful participation at the meeting. Decisions of the Board/Committee meetings are in consensus and results are recorded in minutes with suggestions / directions, if any, made in respect of any agenda item.
- (iii) Based on the compliance system prevailing in the Bank, and after carrying out test checks of the relevant records and documents maintained by the Bank, we, further report that, there are adequate systems and processes commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- (iv) We further report that the Bank has responded to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found/deemed necessary.

**We further report that during the audit period:**

- (i) The Bank had allotted 23,23,535 equity shares under KVB ESOS 2011 and KVB ESOS 2018 on various dates which includes 44,326 equity shares to Shri B Ramesh Babu, MD & CEO and 37,609 equity shares to Shri J Natarajan, President.
- (ii) In terms of the RBI approval vide letter DOR.GOV. No.4742/08.41.001/2023-24 dated November 21, 2023, the Nomination and Remuneration Committee of the Bank in its Meeting held on December 05, 2023 has granted 41,650 options at an exercise price of ₹ 154.75 under KVB ESOS 2018 Scheme to Shri B Ramesh Babu, MD & CEO of the Bank, as a part of non-cash component of variable pay for the financial year 2022-2023.
- (iii) The Nomination and Remuneration committee in its meeting held on June 09, 2023 had granted 42,804 options at an exercise price of ₹ 110.70/- under KVB ESOS 2018 Scheme to Shri J Natarajan, President, as part of non-cash component of variable pay for the financial year 2022-2023.
- (iv) The Bank has received renewal of authorisation from RBI for Import of gold/silver for the financial year 2024-2025.
- (v) After obtaining approval from RBI on February 07, 2024 for redemption of 11.95%, 48,700 Unsecured, Non-Convertible, Redeemable Tier II Bonds of Face value ₹1 Lakh each, the Bank paid the principal redemption along with annual interest for the said bonds on March 12, 2024.

Place: Chennai  
Date: July 18, 2024

For S.A.E & Associates LLP  
Company Secretaries

**Sri Vidhya Kumar, Partner**

FCS. No. 11114, C.P. NO. 20181

FRN: L2018TN004700

Peer Review Certificate No. 2822/2022

UDIN: F011114F000768068

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

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

1. It is the Management's Responsibility to maintain secretarial records, and to devise proper systems to ensure compliance with the provisions of all applicable laws, rules regulations and standards and to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedures on test basis.
2. Our responsibility as the Secretarial Auditor is to express an opinion on these secretarial records, systems, standards, and procedures based on our audit.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Bank.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Place: Chennai  
Date: July 18, 2024

For S.A.E & Associates LLP  
Company Secretaries

**Sri Vidhya Kumar, Partner**

FCS. No. 11114, C.P. NO. 20181

FRN: L2018TN004700

Peer Review Certificate No. 2822/2022

UDIN: F011114F000768068

## ANNEXURE II

Disclosure pursuant to sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

S. No	Requirements	Disclosure																		
I.	The ratio of the remuneration of each director to the median remuneration of the employees of the financial year 2023-24	<table border="1"> <tr> <td>Dr Meena Hemchandra Non-Executive Independent (Part-time) Chairperson</td> <td>1.63x</td> </tr> <tr> <td>Shri B Ramesh Babu MD &amp; CEO</td> <td>27.58x</td> </tr> <tr> <td>Dr K S Ravichandran<sup>1</sup> Non-Executive Independent Director</td> <td>0.90x</td> </tr> <tr> <td>Shri R Ramkumar Non-Executive Non-Independent Director</td> <td>0.90x</td> </tr> <tr> <td>Shri K G Mohan Non-Executive Independent Director</td> <td>0.90x</td> </tr> <tr> <td>Dr Harshavardhan R Non-Executive Independent Director</td> <td>0.90x</td> </tr> <tr> <td>Shri Murali Ramaswami Non-Executive Independent Director</td> <td>0.90x</td> </tr> <tr> <td>CA Chinnasamy Ganesan<sup>2</sup> Non-Executive Independent Director</td> <td>0.84x</td> </tr> <tr> <td>Shri M V Srinivasamoorthi<sup>3</sup> Non-Executive Non-Independent Director</td> <td>0.37x</td> </tr> </table> <p><sup>1</sup>Demitted office on May 25, 2024, consequent to completion of tenure.  <sup>2</sup>Appointed on April 25, 2023.  <sup>3</sup>Demitted office on August 26, 2023, consequent to completion of tenure</p>	Dr Meena Hemchandra Non-Executive Independent (Part-time) Chairperson	1.63x	Shri B Ramesh Babu MD & CEO	27.58x	Dr K S Ravichandran <sup>1</sup> Non-Executive Independent Director	0.90x	Shri R Ramkumar Non-Executive Non-Independent Director	0.90x	Shri K G Mohan Non-Executive Independent Director	0.90x	Dr Harshavardhan R Non-Executive Independent Director	0.90x	Shri Murali Ramaswami Non-Executive Independent Director	0.90x	CA Chinnasamy Ganesan <sup>2</sup> Non-Executive Independent Director	0.84x	Shri M V Srinivasamoorthi <sup>3</sup> Non-Executive Non-Independent Director	0.37x
Dr Meena Hemchandra Non-Executive Independent (Part-time) Chairperson	1.63x																			
Shri B Ramesh Babu MD & CEO	27.58x																			
Dr K S Ravichandran <sup>1</sup> Non-Executive Independent Director	0.90x																			
Shri R Ramkumar Non-Executive Non-Independent Director	0.90x																			
Shri K G Mohan Non-Executive Independent Director	0.90x																			
Dr Harshavardhan R Non-Executive Independent Director	0.90x																			
Shri Murali Ramaswami Non-Executive Independent Director	0.90x																			
CA Chinnasamy Ganesan <sup>2</sup> Non-Executive Independent Director	0.84x																			
Shri M V Srinivasamoorthi <sup>3</sup> Non-Executive Non-Independent Director	0.37x																			
	Note:																			
	a) 'x' denotes the median remuneration of the employees in the Financial Year.																			
	b) Pursuant to approval of the RBI and shareholders of the Bank, Non-Executive Independent (Part-time) Chairperson is entitled to receive the fixed remuneration of ₹ 18 Lakh for the FY 2023-24.																			
	c) During the Financial Year 2024-25, upon adoption of the Financial Results for the FY 2023-24, the fixed remuneration to Non-Executive Directors [excluding Non-Executive (Part-Time) Chairperson] for the FY 2023-24 has been paid on pro-rata basis to the tenure in the Board with a maximum cap of ₹ 10,00,000/-.																			
	d) The ratio of remuneration for Non-Executive Directors including Non-Executive (Part-Time) Chairperson is calculated after considering the payment of fixed remuneration for the FY 2023-24. The payment of sitting fees for attending Board/Committee(s) was not considered for this calculation.																			
II.	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year 2023-24	<table border="1"> <tr> <td>Shri B Ramesh Babu, MD &amp; CEO</td> <td>47.23%</td> </tr> <tr> <td>Dr Meena Hemchandra Non-Executive Independent (Part-time) Chairperson</td> <td>Nil</td> </tr> <tr> <td>Shri J Natarajan, President</td> <td>48.93%</td> </tr> <tr> <td>Shri R Ramshankar GM &amp; CFO</td> <td>48.90%</td> </tr> <tr> <td>Shri Srinivasa Rao Maddirala, Company Secretary</td> <td>52.87%</td> </tr> </table>	Shri B Ramesh Babu, MD & CEO	47.23%	Dr Meena Hemchandra Non-Executive Independent (Part-time) Chairperson	Nil	Shri J Natarajan, President	48.93%	Shri R Ramshankar GM & CFO	48.90%	Shri Srinivasa Rao Maddirala, Company Secretary	52.87%								
Shri B Ramesh Babu, MD & CEO	47.23%																			
Dr Meena Hemchandra Non-Executive Independent (Part-time) Chairperson	Nil																			
Shri J Natarajan, President	48.93%																			
Shri R Ramshankar GM & CFO	48.90%																			
Shri Srinivasa Rao Maddirala, Company Secretary	52.87%																			
	Note:																			
	a) The compensation rate for Dr. Meena Hemachandra has remained the same in Financial Year 23-24 from her joining as chairperson on July 25, 2023.																			
	b) There was no revision in fixed remuneration for Non-Executive Directors during the FY 2023-24.																			
	c) In the Financial year 2023-24, consequent to re-appointment the base remuneration of MD & CEO has increased. The base remuneration of President has been revised during the year. Further increase of remuneration to MD & CEO and President is also due to payment of variable pay & an increase in ESOP perquisites due to vesting.																			
	d) In the Financial year 2023-24, the CFO is converted to the CTC model, hence there is an increase in Base remuneration & an increase in ESOP perquisites due to vesting.																			
	e) The declared compensation for FY 2022-23 for the Company Secretary reflected compensation for the part period under IBA structure and a part period on conversion to CTC cadre. The increase in compensation for FY 2023-24 includes annual increment and perquisites income including ESOP.																			

S. No	Requirements	Disclosure
III.	The percentage increase in the median remuneration of employees in the financial year	0.05%
IV.	The number of permanent employees on the rolls of the Bank	8889
V.	Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	1. The Average percentage increase in the remuneration paid to Non-Managerial Personnel is 14.45%.  There has been an exception to the previous increase in non-managerial remuneration due to the BPS settlement / Joint note.  2. The Average percentage increase in the remuneration paid to Managerial Person is 48.41%  Increase in Managerial remuneration is due to an increase in the base remuneration, variable pay and perquisites of the MD & CEO and President.
VI.	Affirmation that the remuneration is as per the remuneration policy of the Bank	The Bank has Board approved Compensation Policy, which is in line with the RBI Guidelines.  We Affirm that the remuneration paid to employees is as per the Compensation Policy of the Bank.

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

Six employees employed throughout the year were in receipt of remuneration ₹ 1.02 Crore per annum or more, and there are no employees employed for the part of financial year 2023-24 who are in receipt of remuneration of ₹ 8.50 Lakh per month or more.

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

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

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

**General Note:**

Remuneration paid to employees includes salary paid, taxable reimbursements, Bank Contribution towards pension, PF, and NPS and other taxable perquisites (Includes ESOP) for Financial Year 2023-24.

## Annexure III

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

## 1. Brief outline on CSR Policy of the Company

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

## 2. Composition of CSR & ESG Committee

Sl. No.	Name of the Director	Designation/ Nature of Directorship	No. of meetings of CSR & ESG Committee Held during the year	No. of meetings of CSR & ESG Committee attended during the year
1.	Shri B Ramesh Babu, Chairman of the Committee	Managing Director & Chief Executive Officer	5	5
2.	Shri M V Srinivasamoorthi @	Non-Executive Non-Independent Director	5	1
3.	Dr. K S Ravichandran	Non-Executive Independent Director	5	5
4.	Shri Murali Ramaswami #	Non-Executive Independent Director	5	4
5.	Dr R Harshavardhan *	Non-Executive Independent Director	5	2

@ Member of the committee till 26.08.2023

# Member of the committee from 27.08.2023

\* Member of the committee from 23.01.2024

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

Composition of CSR & ESG Committee - <https://www.kvb.co.in/CSR-ESG/>

CSR Policy - [https://www.kvb.co.in/docs/csr\\_policy.pdf](https://www.kvb.co.in/docs/csr_policy.pdf)

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

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

During the period under review, Bank had no projects falling under the said purview of impact assessment.

Further in line with the CSR Policy of the Bank, any project carried out by the Bank directly or through implementing agencies, with a budget of ₹ 50 Lakh and above, where not less than 12 months have elapsed after the completion of the execution of the Project, shall be subject to Impact assessment by the Bank. During the period under review Bank doesn't have any such projects falling under the said requirement as per the policy.

Hence impact assessment is not applicable.

5	(a)	Average net profit of the company as per section 135 (5):	₹ 9,67,38,67,790.97
	(b)	Two percent of average net profit of the company as per section 135(5) :	₹ 19,34,77,355.82
	(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial year	NIL
	(d)	Amount required to be set off for the financial year, if any* :	₹ 1,25,75,028.91
	(e)	Total CSR obligation for the financial year [(b)+(c)-(d)]	₹ 18,09,02,326.91

\*The budget exceeded in the financial year 2022-23 has been considered for set-off during FY 2023-24.

6	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	₹ 18,38,63,176.92
	(b)	Amount spent in administrative overheads	NIL
	(c)	Amount spent on impact assessment, if applicable	NIL
	(d)	Total amount spent for the financial year [(a)+(b)+(c)]	₹ 18,38,63,176.92

**(e) CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year (in ₹)	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount*	Date of transfer	Name of the Fund	Amount	Date of transfer
8,05,61,582.80	10,33,01,594.12	30.03.2024	NA	NA	NA

\*Amount transferred to Unspent CSR account pertains to ongoing projects.

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

S.No	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135*	18,09,02,326.91
(ii)	Total amount spent for the Financial Year	18,38,63,176.92
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	29,60,850.01
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	29,60,850.01

\*After setting off the exceeded budget ₹ 1,25,75,028.91 of financial year 2022-23.

**7. Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to unspent CSR account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount spent in the financial year (in ₹)	Amount transferred to any fund specified under schedule VII as per section 135 (6), if any		Amount Remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2022-2023	6,97,70,762.60	6,97,70,762.60	3,82,83,012.00	0.00	-	3,14,87,750.60	NIL
2	2021-2022	3,02,37,215.00	86,90,300.00	55,93,806.00	0.00	-	30,96,494.00	NIL
3	2020-2021	3,21,84,757.00	28,73,290.00	28,73,290.00	0.00	-	0.00	NIL

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

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

**B Ramesh Babu**

Managing Director & CEO  
 Chairman of the CSR & ESG Committee



# **Business Responsibility and Sustainability Reporting**

# Annexure IV to Directors' Report

## SECTION A : GENERAL DISCLOSURES



### I. Details of the listed entity

#### S. Required Information

S. No		
1	Corporate Identity Number (CIN) of the Listed Entity	L65110TN1916PLC001295
2	Name of the Listed Entity	THE KARUR VYSYA BANK LIMITED
3	Year of incorporation	1916
4	Registered office address	No.20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002, Tamilnadu
5	Corporate address	No.20, Erode Road, Vadivel Nagar, L.N.S., Karur - 639002, Tamilnadu
6	E-mail	<a href="mailto:kvb_sig@kvbmail.com">kvb_sig@kvbmail.com</a>
7	Telephone	04324-269441
8	Website	<a href="http://www.kvb.co.in">www.kvb.co.in</a>
9	Financial year for which reporting is being done	2023-24
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange
11	Paid-up Capital	₹ 1,60,87,53,996.00
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report.	Mr. Chandrasekaran M S, Head BRSR, Chief General Manager & Chief Operating Officer, Telephone No: +914324-269233, Email Id: <a href="mailto:coo@kvbmail.com">coo@kvbmail.com</a>
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	On a standalone basis
14	Name of Assurance Provider	Not Applicable
15	Type of Assurance obtained	Not Applicable

### II. Products / Services

#### 16 Details of business activities (accounting for 90% of the turnover):

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

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

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

### III. Operations

#### 18 Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not applicable	838	838
International	Not Applicable	Nil	Nil

## Annexure IV

### 19 Market Served by the entity:

#### a. Number of locations

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

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

Nil

#### c. A brief on type of customers

Our services cater to a diverse range of customer categories authorized by the RBI. This encompasses Resident Indians, Non-Resident individuals, Sole Proprietors, Partnership Firms, LLPs, Body Corporates, Trusts, Clubs, Societies, as well as clients engaged in Demat Trading, enrolled in the National Pension System (NPS), the Atal Pension Yojana (APY).

## IV. Employees

### 20 Details as at the end of Financial Year:

#### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No. C	% (C/A)
<b>Employees</b>						
1	Permanent (D)	6,715	5,121	76.26%	1,594	23.74%
2	Other than Permanent (E)	196	169	86.22%	27	13.78%
<b>3</b>	<b>Total employees (D+E)</b>	<b>6,911</b>	<b>5,290</b>	<b>76.54%</b>	<b>1,621</b>	<b>23.46%</b>
<b>Workers</b>						
4	Permanent (F)	2,174	1,245	57.27%	929	42.73%
5	Other than Permanent (G)	0	0	0	0	0
<b>6</b>	<b>Total workers (F+G)</b>	<b>2,174</b>	<b>1,245</b>	<b>57.27%</b>	<b>929</b>	<b>42.73%</b>

#### b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No. C	% (C/A)
<b>Differently Abled Employees</b>						
1	Permanent (D)	6	5	83.33%	1	16.67%
2	Other than Permanent (E)	0	0	0	0	0
<b>3</b>	<b>Total differently abled employees (D+E)</b>	<b>6</b>	<b>5</b>	<b>83.33%</b>	<b>1</b>	<b>16.67%</b>
<b>Differently Abled Workers</b>						
4	Permanent (F)	7	5	71.43%	2	28.57%
5	Other than Permanent (G)	0	0	0	0	0
<b>6</b>	<b>Total differently abled workers (F+G)</b>	<b>7</b>	<b>5</b>	<b>71.43%</b>	<b>2</b>	<b>28.57%</b>

## Annexure IV

### 21 Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.50%
Key Management Personnel	6	0	0.00%

### 22 Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Permanent Employees	14.86%	12.89%	14.25%	8.00%	10.68%	8.59%	9.35%	12.84%
Permanent Workers	1.00%	1.33%	1.12%	0.21%	2.36%	1.12%	3.68%	4.52%	4.03%

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

### 23 (a) Name of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
			Nil	

## VI. CSR Details

24 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) YES

(ii) Turnover (in ₹) 98,62,62,96,875.97

(iii) Net worth (in ₹) 98,02,82,43,498.24

## VII. Transparency and Disclosure Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	NO	-	-	-	NA	NA	NA
Investors (other than shareholders)	Investor's grievances are redressed either directly by investors Relations cell of the bank or through Bank's Registrar and Transfer Agent, M/s LinkIn Time India Pvt Ltd, Coimbatore.	4	0	Resolved	4	0	Resolved
Shareholders	Complaints received on SCORES/ ODR Portal (a centralized web based complaint redress system of SEBI) are attended within timelines.	3	0	Resolved	17	0	Resolved

## Annexure IV

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	Internal Grievance Redressal Committee redresses human rights grievances/complaints	12	11	NA	8	Nil	Nil
Customers	Yes ( <a href="https://www.kvb.co.in/docs/grievance-redressal-policy.pdf">https://www.kvb.co.in/docs/grievance-redressal-policy.pdf</a> )	5,092	166	NA	3,813	224	Nil
Value Chain Partners	No	Nil	Nil	NA	NA	NA	NA
Other	Yes	465	10	NA	617	31	Nil

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

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Human rights practices	Risk	<b>Risk-</b> Practices on human rights ensure stability, fairness, productivity and predictability of the workforce. Parameters on human rights such as fair working environment, equal opportunities, remuneration, and freedom of association without ethnic discrimination will impact the performance of the bank on the social front from the employee's perspective.	Training and awareness of all the employees and workers and clauses on Human rights in stakeholder agreements and contracts. The Bank has effective grievance mechanisms in place and conducts regular training programs on human rights for their employees.	<b>Negative-</b> Ineffective grievance redressal mechanism affects the bank's commitment towards human rights protection. This leads to a disorganized workforce and would increase the legal costs arising due to employee disputes and negative financial impacts on the bank.
2	Data privacy	Risk & Opportunity	<b>Risk-</b> The absence of data security systems could pose a threat to customer-centric sensitive data. Being in the banking industry, customer data privacy is of the utmost priority. The Bank operates and deals with a deluge of confidential client information and customer data for daily business transactions; hence, data breaches can significantly hamper business continuity operations. Unauthorized users, outside parties spying on the network, and inside users divulging information put the integrity and privacy of data at risk.	To mitigate cyber-security risks, robust data management systems to detect and monitor suspicious transactions need to be incorporated. The Bank has defined Information Security & Cyber Security policies which cover Data Privacy. The Customer's data shall be protected during the data processing, transit and storage. For each of these processes, the Bank ensures that it provides an adequate level of protection to the data.	<b>Positive-</b> Robust systems safeguard data and enhances digital transaction services while safeguarding the interests of customers, thereby improving top-line growth.  <b>Negative-</b> Inability to focus on data security issues would directly impact the business productivity and would result in loss of data.

## Annexure IV

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
			<p><b>Opportunity-</b> Well-structured and efficient data and cyber security systems safeguard the privacy of customers, prevents fraud as well as underpin and enrich digital technology services. Cyber-security protection ensures the continued privacy and security of business investments while maintaining the availability, consistency and immutability of customer account data.</p>		
3	Compliance	Risk	<p><b>Risk-</b> The risk of non-compliance exposes the organization to legal penalties and financial losses resulting from failure to comply with industry laws and regulations. Failure to adhere to the laws would directly affect the bank's revenue, and valuations and could lead to a loss of reputation and business opportunities. More compliant companies tend to have improved performances and better process efficiency. Compliance gives assurance and provides a broader insight to the investors.</p>	<p>Strong oversight over the bank's compliance regularly. The Bank has a compliance policy in place and adherence to all the applicable laws and regulations. The bank has a code of conduct &amp; ethics, anti-money laundering, whistle-blower, vigilance and fraud risk management policies to safeguard the interests of the investors and other stakeholders.</p>	<p><b>Negative-</b> Non-compliance would lead to loss of reputation and consequently affect the business activities. Banks that are compliant with the regulatory laws have a better ability to manage risks and build a better sense of fairness and loyalty among employees</p>
4	Ethical behavior	Risk	<p><b>Risk-</b> Compromising ethical standards would highly impact the reputation and integrity of the organization. There is an increased risk of decreased productivity and business revenue growth due to the tarnished image of the organization. The investors could negatively respond to the firm's unethical behaviour and could thereby influence their willingness to invest further. This could indirectly lead to lower performance levels of the employees, increased turnover and challenging employee recruitment.</p>	<p>Effective policies and mechanisms need to be in place to promote a culture of integrity and conduct as well as address the evolving risks and challenges. The bank has a code of ethics policy to ensure and maintain ethical practices at the workplace.</p>	<p><b>Negative-</b> Unethical behaviour could directly impact the reputation of the bank. It could also lead to loss of morale and employee productivity thereby affecting the top-line growth of the organization.</p>

## Annexure IV

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Employee engagement & benefits	Risk & Opportunity	<p><b>Risk-</b> The absence of employee development programs and provision for employee benefits could directly affect the morale of employees thereby affecting their productivity.</p> <p><b>Opportunities-</b> Structured employee development and engagement programs accelerate the work satisfaction of the company thereby enhancing the performance and the bank's topline. Enhanced collaboration among the team members leads to better communication, trust, a talent pipeline, a shared understanding of the company's goals and priorities and improved employee retention. An empowered and organized workforce is more stable, predictable and productive which reduces resource shocks and generates productivity gains.</p>	Various engagement programs and leadership talks have been carried out. The bank's Engagement Calendar is updated this year to celebrate various events and festivals with the enthusiastic participation of employees, with monetary rewards for outstanding performance in the events. Learning & Development Page has a major boost in content with Blogs, a Podcast, a Knowledge Centre, Inspiring Stories and Videos, Recommendations for Books, and Self-Nomination for courses that have been introduced. The Learning & Development page is now accessible on mobile to access anywhere and anytime.	<p><b>Positive-</b> A strong workforce with higher engagement, retention rate and diversity in the workforce brings new perspectives, experiences, and ideas which enable innovation, enhances performance enables a positive culture in the organization, and highlight the Bank's efforts toward creating a conducive work environment.</p> <p><b>Negative-</b> The inability to meet workforce expectations may result in adverse impacts on workforce productivity, morale and the bank's growth plan in the long run.</p>

### SECTION B : MANAGEMENT AND PROCESS DISCLOSURES



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

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1 a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y

## Annexure IV

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
c. Web Link of the Policies, if available	<a href="https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/">https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/</a>								
2 Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3 Do the enlisted policies extend to your value chain partners? (Yes/No)	No	No	No	No	No	No	No	No	No
4 Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) adopted by your entity and mapped to each principle.	GRI standard, Corporate Governance Voluntary, Guidelines, 2009, Organization for Economic Co-operation and Development (OECD) Principles of Corporate Governance	GRI Standard, ISO 14001	GRI Standard ISO 45001, Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work	-	GRI Standard, Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work	GRI Standard, ISO 14001, PAS 2060:2014 ISO 45001, ISO22301, SASB, TCFD	GRI Standard	GRI Standard, CSR disclosures under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended	GRI Standard, ISO 27001, ISO 27701, SASB

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5 Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>Strategic Objectives and Timelines: KVB is dedicated to setting ambitious yet achievable targets that reflect our commitment to corporate responsibility and sustainable development. Our strategic objectives include:</p> <p>Inclusive Banking Expansion: By 2025, we aim to extend our banking services to an additional 500,000 individuals from underserved communities, with 100 new branches.</p> <p>Environmental Impact Goals: We plan to reduce our carbon footprint by 30% by 2026 through increased reliance on renewable energy sources and enhancing our digital infrastructure.</p> <p>Professional Growth Plans: A continuous learning framework will be established by the end of 2025, ensuring that all employees are equipped with the skills needed for the future of banking.</p> <p>Digitalization Drive: We are on track to achieve 80% digital onboarding for new customers by the close of 2025, streamlining processes and improving service delivery.</p> <p>These commitments are integral to our vision of a progressive, environmentally conscious, and inclusive banking future. We pledge to maintain transparency and accountability as we work towards these milestones.</p>								

## Annexure IV

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6 Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Please refer to our ESG Section in our latest Integrated Report of FY 2023-24								
<b>Governance, leadership and oversight</b>									
7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	<p>Karur Vysya Bank remains steadfast in its commitment to environmental and social stewardship, which is deeply ingrained in our corporate identity. Building on our proactive initiatives, we have integrated ESG considerations into our operational and policy framework. In the previous year, we have made significant advancements by implementing the Business Responsibility and Sustainability Report (BRSR) framework, thereby increasing our transparency and adherence to regulations.</p> <p>Our dedication to ESG excellence goes beyond mere compliance; it is about contributing to broader macroeconomic sustainability objectives. KVB is determined to be a force for positive change, ensuring that our growth is ethical and inclusive. As we progress, we will continue to innovate and establish benchmarks in sustainable banking.</p> <p>In the current year, Karur Vysya Bank has continued to make significant strides in our ESG journey. Our environmental initiatives have been enhanced by strategic investments that reduce our carbon footprint and promote green energy and finance. The introduction of 'KVB Green Deposits' is a prime example of our commitment to eco-friendly financial products, allowing our customers to participate in our environmental efforts.</p> <p>We have incorporated a section dedicated to ESG considerations into our Credit Policy, which is periodically updated to reflect the latest RBI regulations. Moreover, we have instituted an ESG due diligence framework, ensuring that ESG factors are thoroughly evaluated during the credit sanctioning process.</p> <p>This year, we are intensifying our ESG efforts by setting quantifiable targets and expanding the application of ESG principles across all business practices. With the expertise of our dedicated ESG consultant, we are refining our strategies to ensure that our business decisions are in line with sustainable practices. We have implemented robust mechanisms for tracking and reporting key environmental data, such as carbon emissions and energy consumption, to foster accountability and continuous improvement.</p> <p>On the social front, we have broadened our initiatives and deepened our impact through various campaigns and activities. Our emphasis on financial literacy, gender diversity, and the empowerment of marginalized communities highlights our commitment to social progress and financial inclusion.</p> <p>In terms of governance, we have strengthened our practices by developing and obtaining Board approval for a comprehensive ESG policy. This policy acts as a cornerstone for integrating ESG principles into our risk management and compliance procedures, ensuring that we not only meet but also surpass regulatory expectations.</p> <p><b>Environmental Initiatives:</b></p> <ul style="list-style-type: none"> <li>• <b>Green Building Certification:</b> Progress towards achieving the Indian Green Building Council (IGBC) certification for the Central Office building.</li> <li>• <b>Renewable Energy Initiatives:</b> Installation of solar panels and inverters at the Hyderabad Divisional office, including a 38 kwp grid-connected rooftop solar power plant.</li> <li>• <b>KVB Green Deposits:</b> Introduction of eco-friendly financial products to encourage customers to support environmental efforts.</li> </ul>								

## Annexure IV

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9																																																																											
	<p><b>Social Initiatives:</b></p> <ul style="list-style-type: none"> <li>• <b>CSR and ESG Efforts:</b> Focus on environmental sustainability, renewable energy, ecological balance, women empowerment, reducing inequalities, community/rural development, and disaster relief.</li> <li>• <b>Employee Grievance Redressal:</b> 'KVB SAMADHAN' portal for addressing employee grievances related to various work conditions and discrimination.</li> <li>• <b>Prevention of Sexual Harassment Policy:</b> Establishment of an Internal Complaints Committee in compliance with the Prevention, Prohibition and Redressal Act, 2013.</li> <li>• <b>Mass Communication Program:</b> 'PRAMOD' program is designed to reenergize the organization and direct efforts towards strategic business milestones.</li> </ul> <p><b>Governance Initiatives:</b></p> <ul style="list-style-type: none"> <li>• <b>Comprehensive ESG Policy:</b> Development and Board approval of a policy that integrates ESG principles into risk management and compliance processes.</li> <li>• <b>Credit Policy Integration:</b> Incorporation of a section addressing ESG factors into the Credit Policy, subject to periodic revisions based on RBI regulations.</li> <li>• <b>ESG Due Diligence Framework:</b> Establishment of a framework to ensure ESG factors are considered during the credit sanctioning process.</li> </ul> <p>Karur Vysya Bank is dedicated to advancing these initiatives, ensuring that our growth is responsible, inclusive, and aligned with our core values of sustainability and principled governance. We are proud to lead the way in integrating ESG into every facet of our operations.</p>																																																																																			
8	<p>Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</p> <p>Shri Chandrasekaran M S, Head BRSR, Chief General Manager and Chief Operating Officer</p>																																																																																			
9	<p>Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.</p> <p>Yes. As part of corporate governance, the ESG implementation is monitored by the board. All the policies are approved by the Board of Directors or CSR &amp; ESG committee of the Board of Directors as applicable.</p>																																																																																			
10	<p>Details of Review of NGRBCs by the Company:</p> <table border="1"> <thead> <tr> <th rowspan="2">Subject of Review</th> <th colspan="9">Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee</th> <th colspan="9">Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)</th> </tr> <tr> <th>P1</th> <th>P2</th> <th>P3</th> <th>P4</th> <th>P5</th> <th>P6</th> <th>P7</th> <th>P8</th> <th>P9</th> <th>P1</th> <th>P2</th> <th>P3</th> <th>P4</th> <th>P5</th> <th>P6</th> <th>P7</th> <th>P8</th> <th>P9</th> </tr> </thead> <tbody> <tr> <td>Performance against above policies and follow up action</td> <td colspan="9">Board of Directors</td> <td colspan="9">Annually</td> </tr> <tr> <td>Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances</td> <td colspan="9">Board of Directors</td> <td colspan="9">Annually</td> </tr> </tbody> </table>									Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)									P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9	Performance against above policies and follow up action	Board of Directors									Annually									Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Board of Directors									Annually								
Subject of Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee										Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)																																																																									
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9																																																																		
Performance against above policies and follow up action	Board of Directors									Annually																																																																										
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Board of Directors									Annually																																																																										
11	<p>Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency</p> <p>Yes. The policies have been reviewed by CareEdge Advisory. They have mapped the existing policies and procedures against the requirements of BRSR and accordingly suggested the improvements to bridge it with the BRSR requirements.</p>																																																																																			

## Annexure IV

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

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

### # Principle-wise policies

	P1	Compliance Policy, Whistle Blower Policy / Protected disclosure scheme (PDS), Anti Money Laundering Policy, Code of Conduct & Ethics for Directors and Senior Management of the Bank, Code of Conduct for Direct Selling Agents, Policy on Related Party Transactions, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI), Policy on criteria for determining Materiality of events, Fraud Risk Management Policy, Staff Accountability Policy, Corporate Governance Policy Vigilance Policy, HRD Policy , Policy on Outsourcing of Financials, Code of Bank's Commitment to Customers , Code of Bank's Commitment to Micro and Small Enterprise, Customer Rights Policy, Grievance Redressal Policy, Customer Relation Policy /Customer Protection Policy/ Customer Liability Policy.
	P2	IT Policy - e-Waste Management, IT Policy – Procurement, New Product Policy, Policy on Outsourcing of Financials, Policy on e - waste Management.
	P3	Vigilance Policy, HRD Policy, Code of Bank's Commitment to Customers, Customer Rights Policy, Compensation / Remuneration policy, Grievance Redressal Policy, Policy of General Management of Branches, Policy / Scheme on Insurance benefits, Leave policy, Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace.
	P4	Financial Inclusion Policy, Code of Bank's Commitment to Micro and Small Enterprise, Customer Rights Policy, Credit Policy, Corporate Social Responsibility Policy, Policy on deposit, Retail Credit Policy, Digital Credit Policy, Communication Policy, Customer Relation Policy /Customer Protection Policy/ Customer Liability Policy
	P5	Vigilance Policy, HRD Policy, Compensation / Remuneration policy, Grievance Redressal Policy, Policy on Prevention of Sexual Harassment, Policy on Safety for Women at Workplace, Policy on Human Rights
	P6	IT Policy - e-Waste Management, Financial Inclusion Policy, Business Continuity Plan and Disaster Recovery Policy (BCPDR), Policy on Outsourcing of Financials, Corporate Social Responsibility Policy, Policy on e-Waste Management
	P7	Compliance Policy, Anti Money Laundering Policy, Code of Conduct for Direct Selling Agents, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI), Citizen's Charter – A Charter for Customer Service, Code of Bank's Commitment to Customers, Code of Bank's Commitment to Micro and Small Enterprise
	P8	IT Policy - Procurement, Policy on Outsourcing of Financials, Code of Bank's Commitment to Micro and Small Enterprise, Corporate Social Responsibility Policy, Communication Policy.
	P9	New Product Policy, Business Continuity Plan and Disaster Recovery Policy (BCPDR) Information Systems Security Policies, Citizen's Charter – A Charter for Customer Service , Code of Bank's Commitment to Customers , Customer Rights Policy, IT Policy, Grievance Redressal Policy, Communication Policy, Customer Relation Policy /Customer Protection Policy/ Customer Liability Policy.

## Annexure IV

### SECTION B : PRINCIPLE WISE PERFORMANCE DISCLOSURE



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

#### PRINCIPLE 1

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

#### Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	9	During the year, members of the board had attended Program on Governance for Directors on Board of Banks, Certification Program in IT & Cyber Security, Program on Data Protection, Data Privacy and Data Localization, Program on Artificial Intelligence & Machine Learning, Advanced Leadership Program conducted by CAFRAL, Familiarization Program for Independent Directors and FIBAC 2023.	100.00
Key Managerial Personnel	9	During the year, KMP's had attended various training programs and conference covering key areas such as SIBOS 2023, Advanced Leadership Program conducted by CAFRAL, 51 <sup>st</sup> National Convention of Company Secretaries, FIBAC 2023, Certification Program in IT & Cyber Security.	83.33
Employees	386	During the year, all employees were assigned with various training programs in classroom and virtual mode. Apart from this, employees were nominated for various webinars and E-Learnings. The programs include on Products, Processes, Risk, Compliance & Control, Negotiation Skills and Behavioural Science. As per Annex - I	99.71
Workers	87		95.63

## Annexure IV

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

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Principle 1	RBI	3,30,100	Penalties related to Branches/ Currency chests inspection remarks, Discrepancies in Soiled Note Remittance from CC, Cash out in ATMs.	No
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

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

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

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	Not Applicable

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

The Bank has established several policy tools that address KVB's intolerance for bribery and corruption. The fundamentals of moral business practises are reiterated in the code of conduct for Board and Senior Management. The Bank has a separate Whistle-blower policy that gives staff the ability to voice issues and concerns, which helps to reinforce the vigilance surrounding this. The policy also ensures non-retaliation towards employees the complaint. The web link for the policies

<https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/>

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

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

## Annexure IV

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

	FY 2023-24 (Current Financial Year)		FY 2022-23 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

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

Not Applicable

### 8 Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Number of days of accounts payable	38	35

### 9 Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24	FY 2022-23
		(Current Financial Year)	(Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers/ distributors as % of total sales	NA	NA
	b. Number of dealers / distributors to whom sales are made	NA	NA
	c. Sales to top 10 dealers/distributors as % of total sales to dealers / distributors	NA	NA
Shares of RPTs in	a. Purchases (Purchases with related parties/ total purchases)	NA	NA
	b. Sales (Sales to related parties/ total sales)	NA	NA
	c. Loans & advances (Loans & advances given to related parties / total loans and advances)	NA	NA
	d. Investments (Investments in related parties / total investments made)	NA	NA

## Annexure IV

### Leadership Indicators

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

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

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

Yes. The bank has a policy on Code of Conduct & Ethics for Directors and Senior Management. The policy is hosted on the website of the bank

<https://www.kvb.co.in/docs/code-of-conduct-and-ethics-for-directors-and-senior-management.pdf>

### PRINCIPLE 2

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

### Essential Indicators

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

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R & D	0	0	The surge in CAPEX from 2023 to 2024 has brought about numerous positive changes. Investments in ATMs, cash deposit machines, Internet banking, mobile banking channels, and kiosks help reduce paper usage. Environmentally, these investments minimize paper usage and energy consumption, promoting a greener planet. Socially, they narrow financial disparities, enhance customer satisfaction, and stimulate economic participation.
Capex	7.94%	5.60%	

2 a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) No. The Bank integrates environmental, social, and economic considerations into its procurement decisions and processes to promote sustainability, responsible sourcing, and positive social and environmental impacts.

b. If yes, what percentage of inputs were sourced sustainably? Not Applicable

#### 3 Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for:

(a) Plastics (including packaging)	Not Applicable
(b) E-waste	The bank adheres to its E-Waste management policy for the disposal of all E-waste upon reaching the end of its lifecycle. There is no practice of reuse or recycling of E-waste directly by the bank.
(c) Hazardous waste	Not Applicable
(d) Other waste	Nil

## Annexure IV

- 4 Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No. Extended Producer Responsibility (EPR) does not apply.

### Leadership Indicators

- 1 Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not Applicable					

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

Name of Product / Service	Description of the risk / concern	Action Taken
Not Applicable		

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

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Not Applicable		

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

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled (MT)	Safely Disposed
Plastics (including packaging)	Not Applicable					
E-waste	The bank adheres to its E-Waste management policy for the disposal of all E-waste upon reaching the end of its lifecycle. There is no practice of reuse or recycling of E-waste directly by the bank.					
Hazardous waste	Not Applicable.					
Other waste	Not Applicable					

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

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

## Annexure IV

### PRINCIPLE 3

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

### Essential Indicators

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

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	5,121	5,121	100.00%	5,121	100.00%	0	0.00%	5,121	100.00%	NIL	NIL
Female	1,594	1,594	100.00%	1,594	100.00%	1,594	100.00%	0	0.00%	NIL	NIL
<b>Total</b>	<b>6,715</b>	<b>6,715</b>	<b>100.00%</b>	<b>6,715</b>	<b>100.00%</b>	<b>1,594</b>	<b>23.74%</b>	<b>5,121</b>	<b>76.26%</b>	<b>NIL</b>	<b>NIL</b>
<b>Other than Permanent employees</b>											
Male	169	168	99.41%	168	99.41%	NIL	NIL	NIL	NIL	NIL	NIL
Female	27	27	100.00%	27	100.00%	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total</b>	<b>196</b>	<b>195</b>	<b>99.49%</b>	<b>195</b>	<b>99.49%</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

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

Category	Total (A)	% of workers covered by									
		Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent workers</b>											
Male	1,245	1,245	100.00%	1,245	100.00%	0	0.00%	1,245	100.00%	NIL	NIL
Female	929	929	100.00%	929	100.00%	929	100.00%	0	0.00%	NIL	NIL
<b>Total</b>	<b>2,174</b>	<b>2,174</b>	<b>100.00%</b>	<b>2,174</b>	<b>100.00%</b>	<b>929</b>	<b>42.73%</b>	<b>1,245</b>	<b>57.27%</b>	<b>NIL</b>	<b>NIL</b>
<b>Other than Permanent workers</b>											
Male	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Female	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

#### c Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Cost incurred on well-being measures as a % of total revenue of the company	0.63%	0.36%

## Annexure IV

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

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	99.85%	100%	Y	99.74%	100%	Y
Gratuity	99.85%	100%	Y	100%	100%	Y
ESI	NIL	NIL	NIL	NIL	NIL	NIL
Others - Please specify	NIL	NIL	NIL	NIL	NIL	NIL

### 3 Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

The bank follows RBI guidelines about the provision of ramps in the branches and braille keypads at ATMs

### 4 Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

No

### 5 Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 6 Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes,
Other than Permanent Workers	"KVB SAMADHAN" is a staff Grievance Redressal Mechanism introduced for redressing the grievances of employees relating to work conditions, Pay and benefits, leave allotment, workload, managerial decisions, staff benefits, sexual discrimination at the workplace etc., and the same can be filed by an aggrieved employee in KVB SAMADHAN portal. Immediately after submission of the grievance by the employee, a complaint number will be generated by the system and acknowledged by HRD. The Staff Grievance Redressal Officer at the Central Office will ensure resolution of the matter within 10 days.
Permanent Employees	
Other than Permanent Employees	

## Annexure IV

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

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>	<b>6,715</b>	<b>3,307</b>	<b>49.25%</b>	<b>4,953</b>	<b>3357</b>	<b>67.78%</b>
Male	5,121	2,586	50.50%	3,869	2639	68.21%
Female	1,594	721	45.23%	1,084	718	66.24%
<b>Total Permanent Workers</b>	<b>2,174</b>	<b>2,173</b>	<b>99.95%</b>	<b>2,449</b>	<b>2423</b>	<b>98.94%</b>
Male	1,245	1,244	99.92%	1,413	1393	98.58%
Female	929	929	100.00%	1,036	1030	99.42%

### 8 Details of training given to employees and workers:

Category	FY 2023-24				FY 2022-23					
	Total (A) No. (B)	On Health and safety measures		On Skill upgradation		Total (D) No. (E)	On Health and safety measures		On Skill upgradation	
		% (B/A)	No. (C)	% (C/A)	% (E/D)	No. F	% (F/D)			
<b>Employees</b>										
Male	5,290	2,773	52.48%	5,258	99.51%	4,153	130	3.13%	4,105	98.84%
Female	1,621	770	47.50%	1,609	99.26%	1,162	15	1.29%	1,122	96.56%
<b>Total</b>	<b>6,911</b>	<b>3,543</b>	<b>51.21%</b>	<b>6,867</b>	<b>99.45%</b>	<b>5,315</b>	<b>145</b>	<b>2.73%</b>	<b>5,227</b>	<b>98.34%</b>
<b>Workers</b>										
Male	1,245	116	9.32%	1,221	98.07%	1,413	6	0.42%	1,382	97.81%
Female	929	177	19.05%	834	89.77%	1,036	2	0.19%	927	89.48%
<b>Total</b>	<b>2,174</b>	<b>293</b>	<b>13.48%</b>	<b>2,055</b>	<b>94.53%</b>	<b>2,449</b>	<b>8</b>	<b>0.33%</b>	<b>2,309</b>	<b>94.28%</b>

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

Category	FY 2023-24			FY 2022-23		
	Total (A)	No.(B)	% (B/A)	Total (C)	No.(D)	% (D/C)
<b>Employees</b>						
Male	5,290	4,791	90.57%	4,153	3,277	78.91%
Female	1,621	1,549	95.56%	1,162	801	68.93%
<b>Total</b>	<b>6,911</b>	<b>6,340</b>	<b>91.74%</b>	<b>5,315</b>	<b>4,078</b>	<b>76.73%</b>
<b>Workers</b>						
Male	1,245	1,225	98.39%	1,413	1,388	98.23%
Female	929	841	90.53%	1,036	938	90.54%
<b>Total</b>	<b>2,174</b>	<b>2,066</b>	<b>95.03%</b>	<b>2,449</b>	<b>2,326</b>	<b>94.98%</b>

## Annexure IV

### 10 Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?	The Bank is committed to maintaining a safe and hygienic work environment for all employees at its branches and back offices. The bank ensures the following conditions for the well-being of its staff: 1. Maintaining cleanliness and hygiene to ensure a healthy workplace.
b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	2. Providing adequate ventilation, along with optimal temperature and humidity control. 3. Creating an environment that is free from dust, harmful gases, fumes, and other pollutants. 4. Ensuring proper humidification standards by artificially regulating the air's humidity, along with effective ventilation and air cooling. 5. Offering accessible drinking water facilities that meet safety standards. 6. Upholding standards to prevent overcrowding, ensuring ample space for both employees and customers.
c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)	These measures reflect the bank's dedication to fostering a work environment that prioritizes the health and comfort of its employees and clients.
d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	No

### 11 Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	NIL	Nil
	Workers		
Total recordable work-related injuries	Employees	NIL	Nil
	Workers		
No. of fatalities	Employees	NIL	Nil
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees	NIL	Nil
	Workers		

### 12 Describe the measures taken by the entity to ensure a safe and healthy work place.

The Bank is unwavering in its commitment to providing a work environment that is safe, hygienic, and conducive to health. The bank ensures compliance with all relevant health and safety regulations, thereby reducing the likelihood of accidents, injuries, and health risks. Through ongoing engagement and training, employees are empowered to enhance health and safety practices, such as fire drills and rescue operations, and to identify and address any related issues. KVB offers comprehensive health insurance coverage and benefits to all employees, regardless of their position. As a result, the likelihood of employee complaints regarding working conditions is exceedingly low.

### 13 Number of Complaints on the following made by employees and workers:

	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	-	Nil	Nil	-
Health & Safety	Nil	Nil	-	Nil	Nil	-

## Annexure IV

### 14 Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	No assessment has been done
Working Conditions	

### 15 Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

NA

### Leadership Indicators

#### 1 Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, in case of any death of the employee, the Company provides a compensatory package and employment to the member of the family based on certain criteria.

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

The Bank maintains an internal system to uphold these standards. Upon engaging a vendor, a comprehensive agreement is executed, incorporating clauses that mandate adherence to all statutory provisions applicable to the task at hand. Should any non-compliance be detected subsequently, the contract will be subject to termination, and the vendor will face actions in accordance with the terms stipulated in the agreement.

#### 3 Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
	Employees	0	0	0
Workers	0	0	0	0

#### 4 Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

The Bank is committed to recruiting highly qualified individuals based on merit and consistently invests in upskilling its workforce to stay abreast of the evolving business landscape. This approach ensures that the team remains competitive and capable of meeting the dynamic challenges of the industry.

#### 5 Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	The Bank has not undertaken any such assessments
Working Conditions	

#### 6 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable

## Annexure IV

### PRINCIPLE 4

### Businesses should respect the interests of and be responsive to all its stakeholders

#### Essential Indicators

#### 1 Describe the processes for identifying key stakeholder groups of the entity

The bank recognizes that its activities have a wide-reaching impact, affecting various individuals and institutions. In line with this understanding, KVB has adopted a comprehensive approach to stakeholder engagement, acknowledging the following groups as key stakeholders:

- **Employees:** Valued as the backbone of the bank, whose dedication and hard work drive the organization's success.
- **Customers:** The primary focus of KVB's services, whose satisfaction and trust are paramount.
- **Investors/Shareholders:** The financial pillars who support the bank's growth and share in its successes and challenges.
- **Regulatory Bodies:** The authorities that ensure the bank operates within the legal and ethical frameworks of the industry.
- **Communities:** The wider society that is influenced by the bank's operations and corporate social responsibility initiatives.

The Bank is committed to maintaining open channels of communication with these stakeholders, fostering relationships based on mutual trust and the pursuit of shared value creation. This engagement is crucial for the bank's sustainable growth and the fulfilment of its corporate responsibilities.

#### 2 List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group

Sr. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
1	Employees	No	<ul style="list-style-type: none"> <li>- On the floor and virtual connect</li> <li>- Regular manager interaction</li> <li>- Various talent engagement initiatives by HR, such as training, team activities, wellness initiatives</li> </ul>	Ongoing basis	<p>The Bank follows an open-door policy on engagement with its employees. Most of these engagements cover areas, such as</p> <ul style="list-style-type: none"> <li>- Training and development</li> <li>- Addressing any work-related concerns</li> <li>- Managing work-life balance</li> </ul>
2	Customers	Yes, if they qualify under the age and income criteria	Multiple channels through physical and digital means	Ongoing basis	<p>The Bank maintains a constant relationship with its customers throughout the entire life cycle of its loan products. The bank also uses various channels to keep its customers updated on its new services and products rolled out by The Bank</p>

## Annexure IV

Sr. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
3	Investors/ Shareholders	No	Email, newspaper advertisement, website, investor meetings & conferences, intimation to stock exchanges, annual/ quarterly financials	Quarterly/Annually & Need basis	To keep investors/shareholders updated about Bank's business activities
4	Regulatory bodies	No	Email, one-on-one meetings, video-conference	Need Basis	To ensure The Bank complies with all regulations imposed by regulatory bodies. Engage with them on policy consultation and participate in larger economic objectives by participating in various Government initiatives and programs, such as PMAY and SGB
5	Communities	The Bank considers women, communities living in rural areas, farmer communities and low-income group individuals as vulnerable & marginalised stakeholders	Meetings, engagement through NGOs	Ongoing basis	Reach out to socially and economically disadvantaged people and assist them meet their basic needs, such as education, sanitization, hygiene and livelihood.

### Leadership Indicators

**1 Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Bank maintains a regular process for stakeholder consultation and input. The Bank also makes sure that the strategic decision-making process takes stakeholder comments into account. For instance, The Bank surveys its customers each year to determine how satisfied they are with its services. The feedback is an essential component in creating new goods and services as well as improving current ones.

**2 Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

The Bank has always taken a responsible approach to interacting with stakeholders and seeking their input on how to improve its goods and services. The Bank has conducted the comprehensive exercise in collaboration with an ESG consultant to identify key priority areas spanning environment, social, and governance topics as a next step.

## Annexure IV

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

The Bank is committed to the Government's initiative to make financial services more accessible and affordable in underserved regions. Through the financial inclusion program, the bank offers assistance to the less privileged communities, particularly in rural and semi-urban areas.

In the fiscal year 2023-24, the bank organized 108 Financial Literacy campaigns, including the RBI Financial Literacy Week 2024. A total of 1624 PMJDY accounts were opened under the BSBD Accounts Category in the same fiscal year, reflecting the successful impact of these campaigns in attracting more account openings.

As a responsible corporate citizen, Bank is contributing to the social and economic development of the community under Corporate Social Responsibility. With defined core focus areas for implementation of its projects, the bank actively supports initiatives in the areas of sanitation, healthcare, education, and environment. The Bank is now actively taking forward projects to conserve nature, the bank is providing support for restoration of water bodies and increasing the green cover through tree plantation and multiutility community forest in multiple locations. With the increasing importance to promote livelihood bank supports skill development courses in the areas of hospitality & geriatric care, particularly for women & youth, focusing on economically deprived sections and a better future to them. The bank has supported sustainable energy solutions at villages through solar water pumping at village panchayats. Also, clean drinking water is a matter that is engaging the attention of the Bank. In the area of education, focus is on reaching out to children in rural & tribal areas and providing necessary infrastructure support in the form of classroom, furniture and toilets to the government schools enhance the quality of education to the students. The bank is always extending support to government hospitals by providing required medical equipment to strengthen & address emerging medical needs. The Bank is looking forward to establishing integrated sustainable villages and work on a model that involves the local community so that the infrastructure provided by the Bank under CSR will thereafter be maintained by the locals and thus made sustainable.

#### PRINCIPLE 5

#### Businesses should respect and promote human rights

#### Essential Indicators

### 1 Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	6,715	15	0.22%	4,953	2	0.04%
Other than permanent	196	0	0.00%	362	0	0.00%
<b>Total Employees</b>	<b>6,911</b>	<b>15</b>	<b>0.22%</b>	<b>5,315</b>	<b>2</b>	<b>0.04%</b>
<b>Workers</b>						
Permanent	2,174	NIL	NIL	2,449	0	0.00%
Other than permanent	NIL	NIL	NIL	0	0	0.00%
<b>Total Workers</b>	<b>2,174</b>	<b>NIL</b>	<b>NIL</b>	<b>2,449</b>	<b>0</b>	<b>0.00%</b>

## Annexure IV

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

Category	FY 2023-24 Current Financial Year				FY 2022-23 Previous Financial Year					
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. F	% (F/D)
<b>Employees</b>										
Permanent	64% of the total employees are covered under IBA pattern of pay structure and remaining 36% of employees covered under CTC pay structure and the same were much more than the minimum wages as prescribed by respective State government under Shops and Establishments Act/ Scheduled employment of respective state.									
Male										
Female										
<b>Other than permanent</b>										
Male										
Female										
<b>Workers</b>										
<b>Permanent</b>	All Workman Cadre employees 100% are covered under IBA Pattern of Pay structure (All India Settlement)									
Male										
Female										
<b>Other than permanent</b>										
Male										
Female										

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

#### a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	7	10,00,000	1	18,00,000
Key Managerial Personnel#	6	1,01,09,734.23	0	0
Employees other than BoD and KMP	6,072	10,11,612.37	1,805	5,36,811.40
Workers	1,280	8,96,052.66	953	9,73,772.98

\*Fixed Remuneration paid to Non-Executive Directors for the FY 2023-24 is considered for Median Remuneration. Sitting fees paid to Non-Executive Directors for attending Board/Committee meetings is not considered for this calculation.

# MD and CEO is included in Key Managerial Personnel.

#### b. Gross wages paid to females as & of total wages paid by the entity, in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Gross wages paid to females as % of total wages	25.13	24.76

### 4 Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

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

## Annexure IV

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

Yes, the bank has Grievance redressal mechanism - SAMADHAN

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

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	NIL	NIL	NIL	Nil	Nil	NA
Discrimination at workplace	NIL	NIL	NIL	Nil	Nil	NA
Child Labour	NIL	NIL	NIL	Nil	Nil	NA
Forced Labour/ Involuntary Labour	NIL	NIL	NIL	Nil	Nil	NA
Wages	NIL	NIL	NIL	Nil	Nil	NA
Other Human rights related issues	NIL	NIL	NIL	Nil	Nil	NA

**7 Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	NIL	Nil
Complaints on POSH as a % of female employees / workers	NIL	Nil
Complaints on POSH upheld	NIL	Nil

**8 Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**

The bank has internal complaints committee to address the issues related to discrimination and harassment cases.

**9 Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

YES

**10 Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	NIL
Forced/involuntary labour	NIL
Sexual harassment	NIL
Discrimination at workplace	NIL
Wages	NIL
Others – please specify	NA

**11 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

NA

## Annexure IV

### Leadership Indicators

**1 Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

The Prevention of Sexual Harassment (POSH) policy is under the Prevention, Prohibition and Redressal Act, 2013- Internal Complaints Committee Constituted – All grievances related to sexual harassment at the workplace will be covered under the Sexual Harassment Policy

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

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

**3 Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes

**4 Details on assessment of value chain partners:**

% of value chain partners (by value of business done with such partners) that were assessed	
Sexual Harassment	
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	Nil
Wages	
Others – please specify	

**5 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

NA

## Annexure IV

### PRINCIPLE 6

**Businesses should respect and make efforts to protect and restore the environment**

### Essential Indicators

**1 Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2023-24 (Current Financial Year) (Giga Joules)	FY 2022-23 (Previous Financial Year) (Giga Joules)
<b>From renewable sources</b>		
Total electricity consumption (A)	4,972.64	4,119.05
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>4,972.64</b>	<b>4,119.05</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D) (GJ)	1,03,537	85,992.74
Total fuel consumption (E) (GJ)	6,940.85	5,741.27
Energy consumption through other sources (F)	0	0
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>1,10,478</b>	<b>91,734.01</b>
<b>Total energy consumed (A+B+C+D+E+F)</b>	<b>1,15,450.49</b>	<b>95,853.06</b>
<b>Energy intensity per rupee of turnover</b> (Total energy consumed/ revenue from operations)	11.70	12.49
<b>Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total energy consumed / Revenue from operations adjusted for PPP)	The Bank has India operations only, hence not applicable	The Bank has India operations only, hence not applicable
<b>Energy intensity in terms of physical output</b>	-	-
<b>Energy intensity (optional) - per employee</b>	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No Independent Assessment has been done

**2 Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable

## Annexure IV

### 3 Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water (tanker)	-	-
(iv) Seawater / desalinated water	-	-
(v) Water from municipal corporation	-	-
(vi) Water Bottles / Aquaguard (Ltr X number of bottle) (KL)	4,466.15	3,645.12
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>4,466.15</b>	<b>3,645.12</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>4,466.15</b>	<b>3,645.12</b>
<b>Water intensity per rupee of turnover</b> (Total water consumption / Revenue from operations)	0.45	0.47
<b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total water consumption / Revenue from operations adjusted for PPP)	The Bank has India operations only, hence not applicable	The Bank has India operations only, hence not applicable
Water intensity in terms of physical output	-	-
Water intensity (optional) – per employee	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No Independent Assessment has been done

### 4 Provide the following details related to water discharged:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	NA	NA
No treatment		
With treatment – please specify level of treatment		
(ii) To Groundwater	NA	NA
No treatment		
With treatment – please specify level of treatment		
(iii) To Seawater	NA	NA
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties	NA	NA
No treatment		
With treatment – please specify level of treatment		
(v) Others	NA	NA
No treatment		
With treatment – please specify level of treatment – Reused at site	NA	NA
<b>Total water discharged (in kilolitres)</b>	<b>NA</b>	<b>NA</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No Independent Assessment has been done

## Annexure IV

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

No, owing to the nature of business, the Company has not implemented a mechanism for Zero Liquid Discharge

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

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
NOx	Not Applicable		
Sox			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No Independent Assessment has been done

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

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	514.32	425.43
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	20,419.87	18,870.63
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Per rupee of turnover (in Crore)	2.12	2.51
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	-	The Bank has India operations only, hence not applicable	The Bank has India operations only, hence not applicable
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>	-	-	-
<b>Total Scope 1 and Scope 2 emission intensity (optional) – per employee</b>	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No independent assessment has been done

## Annexure IV

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

“Yes.

The Bank owns an 850 KW Wind Turbine Generator at Govindanagaram, Theni District, Tamil Nadu. The Bank is utilizing the power generated by the Wind Turbine Generator for its Registered & Central Office at Karur and also the premises of the Divisional Office in Chennai. The bank’s installation of an 850 KW Wind Turbine Generator and a 38 kWp grid-connected rooftop solar power plant at the Hyderabad Divisional office are testaments to its dedication to renewable energy. Also, the bank has undertaken several CSR initiatives with positive direct environmental impact in the protection of the environment and its sustainability such as restoration of wetland ecosystems, Desilting Check Dams and Construction of Spring Stops, and donation of battery-operated vehicles for garbage collection to name a few.”

Please refer to our FY 2023-24 Integrated Report for more details

### 9 Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	-	-
E-waste (B)	115.67	2.50
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste (Oil-soaked cotton waste, DG filters, paint cans, chemical cans, paint residue, oil sludge, DG chimney soot, coolant oil and used oil) . Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H) – Solid Waste	115.67	2.50
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>115.67</b>	<b>2.50</b>
<b>Waste intensity per rupee of turnover</b> (Total waste generated / Revenue from operations)	0.01	0
<b>Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total waste generated / Revenue from operations adjusted for PPP)	The Bank has India operations only, hence not applicable	The Bank has India operations only, hence not applicable
Waste intensity in terms of physical output	-	-
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled		20
(ii) Re-used		Nil
(iii) Other recovery operations		Nil
<b>Total</b>		<b>20</b>
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
<b>Category of waste</b>		
(i) Incineration		Nil
(ii) Landfilling		
(iii) Other disposal operations		
<b>Total</b>		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No Independent Assessment has been done

## Annexure IV

- 10 Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes**

The Bank Bank adheres to a stringent e-waste management policy for the disposal of electronic waste resulting from the upgrade or replacement of IT components such as computers, modems, printers, and UPS systems. All outdated IT hardware is sold to vendors who are certified in e-waste management by the Government of India. Additionally, the bank employs a buy-back model, engaging with original equipment manufacturers (OEMs) who are well-regarded in the market to take back the replaced items, ensuring responsible recycling and disposal practices. This approach underscores the bank's commitment to environmental sustainability and responsible resource management.

- 11 If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
Not Applicable, as the Bank does not have offices in/around ecologically sensitive areas			

- 12 Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

- 13 Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

S. No	Specify the law / regulation/ guidelines which was not complied with	Provide details of the noncompliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Yes. The Bank ensures full compliance with all relevant environmental laws, regulations, and guidelines in India. This includes adherence to the Water (Prevention and Control of Pollution) Act, the Air (Prevention and Control of Pollution) Act, and the Environment Protection Act and Rules. The Bank has reported no instances of non-compliance with these laws during the reporting year, demonstrating the bank's commitment to environmental stewardship and regulatory adherence.				

## Annexure IV

### Leadership Indicators

#### 1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area	NA
(ii) Nature of operations	NA

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	Not Applicable	Not Applicable
(ii) Groundwater	Not Applicable	Not Applicable
(iii) Third party water	Not Applicable	Not Applicable
(iv) Seawater / desalinated water	Not Applicable	Not Applicable
(v) Others	4,466.15	3,645.12
<b>Total volume of water withdrawal (in kilolitres)</b>	4,466.15	3,645.12
<b>Total volume of water consumption (in kilolitres)</b>	4,466.15	3,645.12
<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	0.45	0.47
Water intensity (optional) – the relevant metric may be selected by the entity	Not Applicable	Not Applicable
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water	Not Applicable	Not Applicable
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable
(ii) Into Groundwater	Not Applicable	Not Applicable
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable
(iii) Into Seawater	Not Applicable	Not Applicable
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable
(iv) Sent to third-parties	Not Applicable	Not Applicable
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable
(v) Others	Not Applicable	Not Applicable
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable
<b>Total water discharged (in kilolitres)</b>	Not Applicable	Not Applicable

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No Independent Assessment has been done

## Annexure IV

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

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)			
<b>Total Scope 3 emissions per rupee of turnover</b>			
<b>Total Scope 3 emission intensity</b> (optional) – per employee			

The Banks commitment to combating Climate Change remains steadfast. This year, we are intensifying our efforts to ensure a healthier planet and a fair transition for all. We are dedicated to reducing our own GHG emissions and empowering our clients to do the same through the activities we finance.

Our goal is to achieve net zero Green House Gas (GHG) emissions by 2050, in line with the Paris Agreement. We are committed to aligning the emissions from our lending and investment portfolios with a net-zero pathway.

We understand the complexities involved in setting and achieving these targets, given the diverse sectors, geographic variations, and evolving industry standards. KVB plans to focus on tracking Scope 3 emissions in future.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No Independent Assessment has been done

### 3 With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

### 4 If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative

Not Applicable

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

Yes, The disaster recovery / business continuity plan is duly approved by the Board. Critical systems/applications are identified and quarterly disaster recovery testing / Drills are performed. The challenges/ observations during the drill activity are noted and used for fine-tuning our systems and procedures.

### 6 Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard

Not Applicable

### 7 Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable

## Annexure IV

### PRINCIPLE 7

**Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

#### Essential Indicators

**1 a. Number of affiliations with trade and industry chambers/ associations.**

We have two such associations at present

**b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State / National)
1	Indian Banks Association (IBA)	National
2	Fixed Income Money Market and Derivatives Association (FIMMDA)	National
3	Foreign Exchange Dealers Association of India (FEDAI)	National
4	The Associated Chambers of Commerce & Industries (ASSOCHAM)	National
5	Confederation of Indian Industry (CII)	National
6	Federation of Indian Chambers of Commerce and Industry (FICCI)	National
7	Southern India Banks' Staff Training College	National
8	National Institute of Bank Management	National
9	Indian Institute of Banking and Finance	National

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

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

#### Leadership Indicators

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

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
	The Bank through trade bodies and associations puts forth several suggestions with respect to the economy in general and the financial sector in particular				

## Annexure IV

### PRINCIPLE 8

### Businesses should promote inclusive growth and equitable development

#### Essential Indicators

- 1 Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable. The bank had no projects falling under the purview of Social Impact Assessment in the reporting financial year.					

- 2 Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not Applicable						

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

The Bank has a CSR committee that carries out CSR activities that will bring direct benefits to the marginalized, disadvantaged, poor, and deprived sections of the community. The CSR Committee shall take a half-yearly review of the CSR strategy and implementation progress and may recommend new focus areas and projects as and when required to the Board. The Board of Directors shall review the progress of CSR activities at least half yearly. The Committee interacts with the community to understand and address their concerns. After interacting with the community bank plans on how the issues can be sorted out. If the bank feels that the issue can be addressed by the community financially, bank provides assistance, otherwise, the issue is being notified to the relevant government authorities.

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

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directly sourced from MSMEs/ small producers		
Directly sourced within India		Not Applicable

- 5 Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Rural	6.88%	6.91%
Semi-urban	34.07%	35.39%
Urban	21.29%	21.10%
Metropolitan	37.76%	36.59%

## Annexure IV

### Leadership Indicators

- 1 Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

- 2 Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
1	TamilNadu	Virudhunagar	2,00,37,500.00
2	Telangana	Adilabad	2,65,006.70

- 3 (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)  
No.
- (b) From which marginalized /vulnerable groups do you procure? Not Applicable
- (c) What percentage of total procurement (by value) does it constitute? Not Applicable

- 4 Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/ No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable				

- 5 Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

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

- 6 Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Karur Texcity CASI monthly medical camp Activity	5,288	100%
2	Provision of DESKIT- School Bag Convertible into Study Table to Government School Children.	150	100%
3	Provision of Battery-operated Garbage Collection Vehicle to Gobichettipalayam Municipality	6,500	NA
4	Provision of Smart Board and Science Lab at Government Ashram High School, Adilabad.	408	100%
5	Provision of Anaesthesia Boyel's Apparatus to Government Hospital, Pallipalayam, Namakkal	135	100%
6	Maintenance for Walk 'n' Jog (12 months April 2022 to March 2023)	72,000	NA

## Annexure IV

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
7	Renovation of Community Infrastructures for Better Access in Poonampalayam Village Panchayat Manachanallur Taluk, Tiruchirapalli	1,064	100%
8	Setting up of Creative Learning Lab for Children with Specific Learning Disabilities	45	100%
9	Promoting E-Library at Govt. ADW Girls Hostel	2,760	100%
10	Burns to Shine	31	100%
11	Promotion of Solar Powered Water Pumping facility to Village Panchayat	12,900	NA
12	Rejuvenation of Water Harvesting Structure at Konerirajapuram	3,375	NA
13	Provision of Napkin Incinerator and Napkin Vending Machine at Govt. Arts College, Coimbatore	2,000	100%
14	Provision of RO Water plant at Adhiparashakthi School, Melmaruvathur	2,500	NA
15	Support to Mother Special Children School with required materials	35	100%
16	Dialysis Procedure to Poor People in Dialysis centre at Sri Shanmukhananda Charitable Community Healthcare Hospital	2,400	100%
17	Provision of RO Water Plants in 2 Government Schools	427	100%
18	Provision of Water Tank & Paver Block Floor to Panchayat Union Primary School, Pavithram, Karur	30	100%
19	Provision of Education facilities (Computer & Smart TV) to Panchayat Union Primary School, Andankovil Pudhur, Karur	70	100%
20	Provision of Cardiacare Medical Equipment to Government Primary Health Centre, Singalandapuram, Namakkal	65	100%
21	Provision of Disaster Relief kits to the heavy rain affected Thoothukudi and Tirunelveli districts	3,000	100%
22	Project ASPIRE - Advancing Sustainable Panchayat Villages through Integrated Rural Ecosystem	16,808	100%
23	A Women Centric Approach for Sustaining Lands, Lives and Livelihoods	6,680	100%
24	Skilling of Youths to Enhance Employability Skills	400	100%
25	Supporting Educational Centres of Children with Special Needs	93	100%
26	Revival of Traditional Water Bodies in Rameswaram	400	100%
27	Training of Rural Youth on Geriatric Care.	100	100%
28	Self-employment Skill Training program to Women.	150	100%
29	Provision of Desks and Benches in Government Schools at Coimbatore	360	100%
30	Provision of roof-top based Solar Water Heating System to 3 Hostels at Mother Teresa Women's University, Kodaikanal	300	100%
31	Provision of medical equipment to Elder Care Centre, RK Foundation, Secunderabad	35	100%
32	Provision of medical equipment and UV Plant to Government Medical College Hospital, Karur.	1,540	100%
33	Setting up of Physical Library in Govt. Tribal Residential Schools & ITIs at different locations	2,545	100%
34	Hearing Clinic's Equipment and Providing Hearing Aids for Ashray Akruiti Special School's Students	50	100%
<b>Total Number of Beneficiaries</b>		<b>1,47,144</b>	

## Annexure IV

### PRINCIPLE 9

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

#### Essential Indicators

**1 Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

“The bank has a Grievance redressal policy; the consumer complaints are addressed as per the policy. The policy is hosted in the website of the bank -

<https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/>

**2 Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage of total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	
Recycling and/or safe disposal	

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

	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	NIL	NIL	NA	Nil	Nil	NA
Advertising	NIL	NIL	NA	Nil	Nil	NA
Cyber-security	NIL	NIL	NA	Nil	Nil	NA
Delivery of Products	NIL	NIL	NA	Nil	Nil	NA
Quality of Products	NIL	NIL	NA	Nil	Nil	NA
Restrictive Trade Practices	NIL	NIL	NA	Nil	Nil	NA
Unfair Trade Practices	1	0	NA	1	0	NA
Other (Customer complaints)	5,556	176	NA	4,429	254	NA

**4 Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls		Not Applicable
Forced recalls		

**5 Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

The Bank upholds a robust cybersecurity policy and has achieved ISO/IEC 27001 certification from M/s TUV SUD. This certification is the international benchmark for information security risk management. Additionally, the bank maintains a stringent data privacy policy for the protection of Aadhaar holders' information, which is publicly accessible on the bank's official website under the regulatory disclosures section. These measures underscore the bank's commitment to safeguarding client data and ensuring the highest standards of cybersecurity.

<https://www.kvb.co.in/regulatory-disclosures/fair-practices-banking-codes-overview/banking-codes-policies/>

## Annexure IV

- 6 Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services**

Not Applicable.

- 7 Provide the following information relating to data breaches:**

- a. Number of instances of data breaches: Nil
- b. Percentage of data breaches involving personally identifiable information of customers: Nil
- c. Impact, if any, of the data breaches: Nil

### Leadership Indicators

- 1 Channels / Platforms where information on products and services of the entity can be accessed (provide web link, if available).**

<https://www.kvb.co.in/>

- 2 Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

Customers are informed of alerts via SMS, social media channels, website displays, and emails with security awareness messages.

- 3 Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services**

Essential service interruptions and discontinuations are announced to customers on notice boards in bank offices.

- 4 Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

The Bank prioritizes transparency and clear communication regarding our products, recognizing the importance of these values in our customer-centric industry. In compliance with the Reserve Bank of India's regulations, we provide detailed and transparent information about our products on our website and at our branches. This includes comprehensive descriptions of product features, service charges, and any additional fees that may be applicable. Interest rates for various deposit and loan schemes are promptly updated on our website whenever changes occur. The bank ensures that customers are well-informed about their eligibility, the interest rates, and service charges related to consumer credit products. Additionally, customers are notified via SMS about any charges or fees applied to their accounts. To gauge customer satisfaction, the bank has also conducted surveys to continually enhance our service quality.

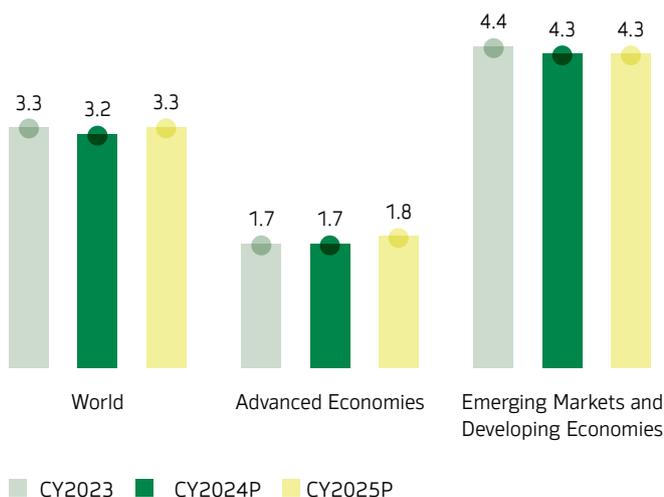
# Management Discussion & Analysis

## Global Economy Overview

The global economy proved more resilient than expected during the year 2023, despite significant interest rate hikes by central banks to curb inflation. This resilience was supported by strong economic activity and adaptability to changing financial conditions. Stability was evident through steady job growth and rising incomes, driven by robust consumer demand, increased government spending, and higher labour force participation.

The global economic growth grew by 3.3% in 2023 and this growth rate is expected to remain steady through 2024 and 2025. However, several factors, including high borrowing costs, reduced fiscal support, long-term effects of the COVID-19 pandemic, geopolitical tensions, and slow productivity growth, contribute to a less optimistic forecast. Global inflation is projected to decrease gradually from 6.8% in 2023 to 5.9% in 2024, and further decline to 4.5% in 2025.

### World Economic Growth (%)



Source: International Monetary Fund (IMF) July 2024 report  
P: Projected

### Outlook

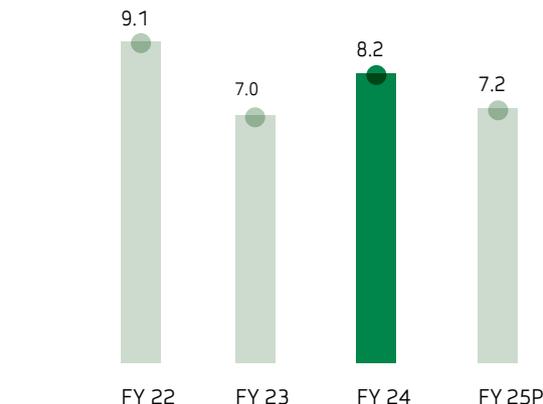
Though the global economic outlook is expected to stay stable, geopolitical tensions and high government debt could lead to disruptive fiscal policies. These challenges suggest a cautious approach to global economic growth, highlighting the need for strategies to overcome these barriers and promote broader economic development.

## Indian Economy Overview

The Indian economy has shown remarkable resilience in recent years, despite facing global uncertainty. Structural factors such as improved physical infrastructure, advancements in digital and payment technologies, better ease of doing business, increased labour force participation, and improved quality of fiscal spending have driven India's growth potential during FY 2023-24. The economic growth has also gained momentum from improved business sentiments and the robust financial positions of banks and corporations.

The RBI's proactive and calibrated policies on monetary, regulatory, and supervisory fronts have effectively maintained and strengthened macroeconomic and financial stability. The National Statistics Organisation (NSO) of India has forecasted a growth rate of 8.2% for the Indian economy in FY 2023-24, surpassing the 7.0% growth recorded in FY 2022-23.

### India's GDP Growth (%)



Source: NSO estimates dated May 31, 2024  
RBI MPC (Monetary Policy Committee) report dated June 07, 2024

The growth momentum in FY 2023-24 has been driven by positive macroeconomic indicators such as improved labour market conditions, increased urban demand, and greater government focus on capital expenditure. Additionally, innovative technology solutions, including digital payments like UPI, formal credit through account aggregator networks, and online platforms have significantly enhanced financial inclusion in India. Economic growth has been accelerating, surpassing most forecasts, while inflation has been on a downward trend during FY 2023-24. Core

inflation, excluding food and fuel, has softened across goods and services, reflecting the impact of monetary policy actions and declining commodity prices. The headline inflation softened to 5.4% during FY 2023-24 and is projected to further move down to 4.5% during FY 2024-25.

### Outlook

Going forward, the RBI is anticipated to uphold tight liquidity conditions while ensuring sufficient liquidity to sustain credit demand. The RBI has anticipated a GDP growth rate of 7.2% for the country during FY 2024-25. The key high-frequency indicators, such as automobile sales and Goods & Services Tax (GST) revenues, have also consistently demonstrated strong progress, thus contributing to a positive overall economic outlook.

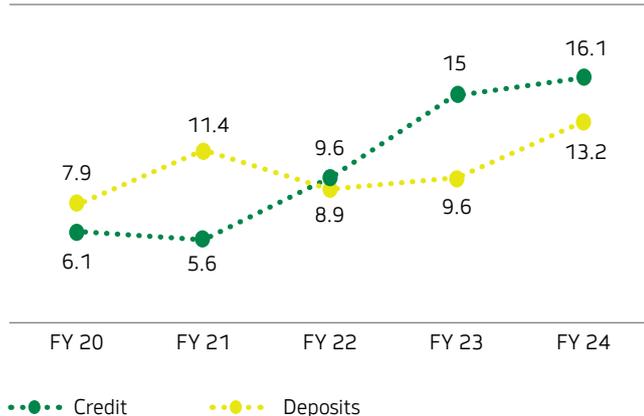
### Industry Overview

#### Indian Banking Industry

Bank Credit grew by 16.1% year-on-year (YoY) for FY 2023-24 as compared to the previous year growth of 15.7%. The increase is mainly attributable to growth in personal loans along with Non-Banking Financial Companies (NBFCs), while the industrial sector witnessed muted growth during the year. The Bank credit growth maintained a higher growth rate and significantly outpaced deposit growth in FY 2023-24.

The banking sector has implemented comprehensive governance and risk management practices to meet the evolving demands of the Indian economy. The banking sector registered strong growth, primarily driven by increased credit to the retail and services sectors. Improved net interest income and reduced provisioning have led to a rise in overall profitability.

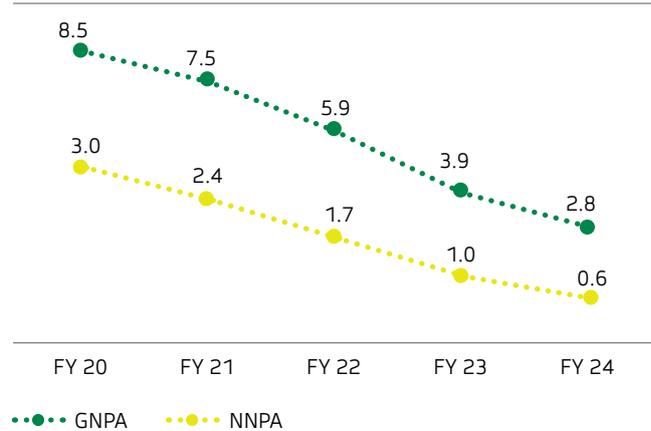
#### Bank Credit Growth & Deposit Growth Trend (in y-o-y %)



Source: M/s CareEdge

The GNPA ratio of overall banking system decreased to 2.8% as of March 2024 while the Net Non-Performing Assets (NNPAs) decreased to 0.6%, marking an all-time low. This decline was attributed to reduced slippages, effective recoveries throughout the year and consistent write offs.

#### Banking System: Enhanced Asset Quality and Stronger Balance Sheets



Source: RBI

### Government Initiatives

The Interim Union Budget for FY 2024-25 has placed a strong emphasis on inclusive growth, welfare, and fiscal responsibility, with a focus on maintaining consistent policies. The efforts have been concentrated on increasing investments in physical and social infrastructure to stimulate overall growth. Following are the key announcements made in the Interim Budget for FY 2024-25:

- Continuing the 50-year interest-free loan scheme to states, with an outlay of ₹ 1.3 trillion for capital expenditures for FY 2024-25 and allocating ₹ 75,000 Crore as a 50-year interest-free loan to facilitate milestone-linked reforms by state governments are expected to further boost growth in the banking industry.
- The capex target for FY 2024-25 has been set at ₹ 11.11 Lakh Crore, up by 11% comprising 3.4% of GDP. Capital expenditure has witnessed a strong compound annual growth rate (CAGR) of 27% over the past five years, with a notable focus on sectors like housing, roads, railways, defence and solar. An increase in capital outlay would support credit growth in the banking sector.
- The budget has aligned seamlessly with India's vision of technological advancement and innovation, earmarking a significant ₹ 1 Lakh Crore for technology financing.

- The initiative to provide free electricity to One Crore Indian households by installing rooftop solar units, offering up to 300 free units of electricity per month will open up new business opportunities in renewable energy segment.

### Regulatory Landscape

- The RBI's MPC has maintained the policy REPO rate at 6.5% throughout FY 2023-24, reinforcing its stance of withdrawal of accommodation. The stability in REPO rates is expected to boost investor confidence, encourage borrowing, and stimulate economic activity.
- RBI launched a pilot program to assess the viability of a 'Public Tech Platform for Frictionless Credit'. This initiative aims to streamline and enhance credit delivery by lenders through digital credit appraisal, ultimately promoting financial inclusion in India.
- Central bank started allowing e-Rupee transactions through UPI, on test basis in few cities and collaborating with banks to create e-Rupee wallets and payment systems, which would enable the customers and merchants to use their existing digital wallets without requiring new setups.
- In response to rising trends in unsecured lending, RBI implemented corrective measures including a 25% increase in the risk weight assigned to credit card receivables and personal loans, requiring the Banks to allocate additional capital while extending such loans.
- Banks have been permitted to offer the borrowers flexibility to adjust or modify their credit limits within the approved range based on individual customer profiles and banking behaviour. Customising credit limits not only reduces maintenance fees for borrowers but also mitigates the risk of fraud.
- RBI has implemented a revised regulatory framework for commercial banks' investment portfolios, aimed at aligning regulatory guidelines with global standards and best practices. The updates include introducing a symmetric treatment of fair value gains and losses, defining a clearly identifiable trading book under Held For Trading (HFT), removing the previous 90-day ceiling on holding periods under HFT, abolishing ceilings on Held-To-Maturity assets, and enhancing disclosures related to the investment portfolio. Effective from April 1, 2024, these revisions outlined by RBI will be applicable to all commercial banks, excluding Regional Rural Banks (RRBs).

### Growth Propellers

- With the expanding income of the Indian middle class, there is a growing potential for increased savings among the people and this is expected to create a sizeable market for banks and financial institutions. Robust demand for financial services, coupled with ongoing innovation in banking services, will drive adoption and usage.
- By prioritising mobile-centric customer experiences, banks can streamline banking processes. Services such as Anywhere Banking, WhatsApp Banking, AI chatbots, and user-friendly mobile applications enable banks to extend their financial services while improving customer satisfaction. The surge in online shopping and the growth of e-commerce platforms present banks with an opportunity to capitalise on the increasing trend of digital transactions.

### Industry Outlook

The bank credit growth is expected to be in the range of 14.0%-14.5% by the end of FY 2024-25 according to M/s CareEdge. Deposit growth is expected to play a critical role to avoid any lag in credit growth. India's robust economic and demographic position, along with the expansion of rural penetration and the establishment of an open banking ecosystem, favourably position the banking sector for future expansion and substantial growth. However, elevated interest rates and global uncertainties could negatively impact credit growth during this period.

### Company Overview

#### Company Background

Karur Vysya Bank (hereafter referred to as 'KVB' or 'our Bank') has built a strong reputation as a trusted banking institution over more than a century. Established in 1916 by Shri M. A. Venkatarama Chettiar and Shri Athi Krishna Chettiar, KVB has successfully met the financial needs of merchants and agriculturists. Over the years, our Bank has transformed into a leading financial conglomerate, excelling in Treasury, Corporate/ Wholesale Banking, Commercial Banking, Agriculture, and Retail Banking. We have consistently pioneered use of technology to enhance customer service while retaining personal touch with customers.

As of March 31, 2024, KVB's network includes 838 branches and 2,262 ATMs/BNRMs across India, serving over eight million customers. Our wide range of customised products and services continues to meet diverse customer needs.

## SWOT analysis

### Strengths

- Cost-effective and reliable deposit base
- Strong brand recognition and reputation
- Wide-reaching branch network across South India
- Experienced and well-trained workforce
- Consistent financial performance
- Commitment to customer satisfaction
- Diverse range of business segments

### Weakness

- Concentration in specific regions
- Limited presence in the retail sector
- Limited visibility outside South and West markets

### Opportunities

- Steady growth in the domestic market
- Increased usage of digital banking channels
- Rural growth and opportunities in untapped markets
- Scaling business through alternate channels
- Leveraging existing liability base for cross-selling opportunities

### Threats

- Increased competition from larger banks in rural areas
- Contraction in Net Interest Margins (NIMs) affecting operational efficiency
- Vulnerability to adverse economic, political, and social developments
- Concerns regarding data breaches

### Mitigations for Weaknesses and Threats

**Regional Concentration & Low Visibility Beyond South and West Markets:** The bank will enhance its digital presence, expand non-branch distribution channels, and focus on partnerships for lending to acquire customers in unpenetrated markets. Additionally, the bank is considering increasing its presence in other potential markets and leveraging its niche market presence for maximum advantage.

Initiatives to improve digital penetration and co-lending through NBFCs/Fintechs are helping the bank to expand its footprint in regions where its network is not well-established.

**Lower Presence in the Retail Segment:** The bank has already opened an exclusive retail asset branch to grow its retail assets, especially housing loans. Furthermore, the bank is strengthening non-branch distribution models (DSA, DST, FOS) to increase the sourcing of retail loan products. The bank is also setting up Retail Assets Centres for faster processing of retail loans and to enhance customer experience. These measures are expected to improve the bank's presence in the retail segment.

An exclusive sales vertical has been established for accelerated acquisition of New-to-Bank customers in the liabilities segment through an increase in the Feet on Street (FOS). The bank has adopted a segmented approach with exclusive sales teams focussing on mass segments, HNIs, NRIs, salary segments, trade, and forex customers. The bank is also forging alliances through the Corporate BC model to tap potential centres in Tamil Nadu, Andhra Pradesh, Telangana, and Karnataka.

### Rising Competition from Bigger Banks in the Hinterland:

The bank has a strong understanding of small and medium customers and has built years of relationships and experience in offering optimal banking solutions to these entities. To face the competition, the bank is benchmarking its products and pricing in line with competitors. Additionally, there will be a greater focus on retaining existing clients through strategies that improve products per customer and loyalty programs.

The bank is adopting an omni-channel approach to enhance client experiences and attract new customers. It is enhancing its digital capabilities and continuously improving customer experience across all channels, focussing on ease of banking.

**Challenges in Improving Operational Efficiency Due to Contraction in NIMs:** The bank is focussing on improving CASA deposits through a dedicated acquisition team targeting corporate salary segments, TASC segments, and government business segments. Credit verticals will also focus on high-yielding assets without compromising asset quality.

**Exposure to Negative Economic, Political, and Social Developments in the Southern Region:** The bank continuously monitors and assesses potential risks arising from socio-economic-political developments in the Southern Region and proactively works out appropriate mitigation measures.

**Data Breaches:** The bank has implemented several controls to prevent or detect data breaches, including:

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

## Financial Overview

During FY 2023-24, our Bank exhibited robust performance, surpassing the milestone of ₹ 1,500 Crore in Net Profit. We recorded a Net Profit of ₹ 1,605 Crore, marking the highest post-tax income ever achieved in our history. The total business reached ₹ 1,63,536 Crore, marking a significant 16% increase from the previous financial year.

(in ₹ Crore)			
Particulars	FY 2022-23	FY 2023-24	% Change
Total Business	1,40,806	1,63,536	16
Net Interest Income (1)	3,349	3,809	14
Other Income (2) <sup>®</sup>	1,159	1,659	43
Other Income (excluding one off item)	1,159	1,502	30
Total Income (1+2) <sup>#</sup>	4,508	5,468	21
Net Income from Advances and Others	3,313	3,854	16
Net Income from Treasury Operations	1,195	1,614	35
Operating Expenses	2,032	2,639	30
Operating Profit	2,476	2,829	14
Provisions	1,039	729	(30)
Profit Before Tax	1,437	2,100	46
Tax	331	495	50
Net Profit	1,106	1,605	45

<sup>#</sup>Total Income is the sum of Net Interest Income and Other Income

<sup>®</sup> As per RBI Master Direction-(Transfer of Loan Exposures) Directions, 2021 SR investments more than 8 years have to be classified as Loss assets - Non Performing Investments (NPI). As per RBI Direction on Financial Statements - presentation and disclosure (30.08.2021) depreciation on investments have to be classified under other income. During the year, we have reversed ₹ 157 Crore of such SR investments provision resulting in increase in other income and treated the same amount as provision for NPI under provisions. However, there is no effect on net profit.

Bank's Total Deposits grew by 16% during FY 2023-24 over the previous year to reach ₹ 89,113 Crore, driven largely by increase in Term Deposits by 21% to ₹ 62,028 Crore. The Demand and Savings Deposits grew by 11% and 4% respectively and the total CASA moved to ₹ 27,085 Crore from the previous year level of ₹ 25,449 Crore.

Our Bank's total advances witnessed 16% year-on-year growth, with most of the credit verticals equally contributing to this expansion. We will continue to concentrate specifically on expanding our retail segment and small-ticket commercial advances. This initiative involves establishing specialised units dedicated to these segments.

## Total Advances during FY 2023-24

(in ₹ Crore)			
Vertical	FY 2022-23	FY 2023-24	% Change
Commercial	20,980	25,449	21
Retail (Personal Banking)	15,012	17,662	18
Corporate	13,343	13,949	5
Agriculture	14,833	17,363	17
Advances	64,168	74,423	16

## Capital Management

Our Bank maintains a robust capital position, with an overall capital adequacy standing at 16.67%, significantly exceeding the minimum requirement of 11.5% mandated by the RBI. As of the end of FY 2023-24, the ratio of Risk Weighted Assets (RWA) to Total Assets reached 58%.

## Financial and operating ratios

Our Bank registered decent growth in Net Interest Income and Other Income, contributing to the growth in Total Income. We witnessed significant improvements in our key metrics, including Return on Assets, increasing to 1.63% from 1.27% in FY 2022-23, Return on Equity rising to 15.98% from 13.13% in FY 2022-23 and EPS to ₹19.99 from ₹13.81.

	FY 2022-23	FY 2023-24	% Change
Book Value (₹)	105.03	122.42	16
Cost of Deposits (%)	4.27	5.19	21
Yield on Advances (%)	8.93	9.93	11
Yield on Funds (%)	7.81	8.67	11
Cost of Funds (%)	4.30	5.23	21
Net Interest Margin (%)	4.18	4.19	0.24
Cost to Income (%)	45.08	48.26	7

## 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 13.13% as on March 31, 2023, to 15.98% as on March 31, 2024, owing to growth in 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

Our Bank's Net Profit for FY 2023-24 increased by 45% to ₹ 1,605 Crore from ₹ 1,106 Crore recorded in the previous FY 2022-23. Increased business growth resulted in increased total income and this coupled with lower provisions increased the Net Profit during the year. The same is reflected in the Return on Assets (ROA), Return on Equity (ROE), and Earnings Per Share (EPS).

### Medium and Long-term Strategy of the Bank

While discussing our bank's strategy not only for the current financial year but also the next five years, our Bank is clear that it needs:

To put the customer at the centre of any decision.

A wide offerings basket across different segments.

To become more digital.

To grow our presence in the underpenetrated markets given the advantage of having 56% of our branches in semi-urban and rural areas.

The Bank will pursue its strategy through the following methods:



People

- Nurturing in-house talent.
- Induct fresh talent, where required, to complement in house capacity.
- Continuous capacity building of human resources in specialised areas such as Credit, Treasury, Forex, Risk Management, Collections and Recovery.
- Digital enablers to sales force at the field level.
- Talent acquisition through lateral hires wherever required.
- Talent management through appropriate retention measures.



Processes

- Digital adoption of processes to ensure that entire customer journey is through technology for delivering seamless personalised customer-centric experience with minimum lead time.
- Improved decision-making and operational excellence by leveraging data, business intelligence and advanced analytics.
- Study the changes in consumption patterns of customers, with customisation of financial products to suit the requirement of every profession/segment dominant in our command area.
- Adoption of technologies including Robotic Process Automation and Artificial Intelligence.



Practices

- Strong governance and oversight.
- Developing a good compliance culture.
- Zero tolerance for non-adherence to process and compliance.
- Comprehensive risk management practices.
- Concentrating on niche areas for growth.
- Focussing more on the southern states of Tamilnadu, Telangana and Andhra Pradesh for improvement in market share.



Planning

- Optimise use of financial resources.
- Improved efficiency of capital deployment.
- Ensuring adequate funding at competitive rates.



Partnerships

- Co-lending partnerships with NBFCs.
- Fintech partnerships for sourcing to provide customers with delightful experience across multiple channels.
- Meeting entire financial requirements of customers by having all the required tie-ups and ensure one-stop solution for all our customers.

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The Bank's strategy is to deliver consistent financial performance, by providing superior services to the targeted group. The Bank will:

Offer our clients financial solutions/products/services, with continuous focus on southern and western markets and target retail and commercial business customers.

Provide efficient and competitive services leveraging digital channels with a focus to improve the market share of the Bank and follow policies to attract young customers and to sustain the granular growth by optimising the balance sheet, improving CASA to 33% levels, and improve ROA above 1.50% levels.

## Business Verticals Overview



### Commercial Banking Group (CBG)

#### Overview

As an MSME-friendly Bank, we have successfully embarked on a digital lending journey to support our MSME customers within the evolving digital ecosystem. Our Bank has developed a wide range of commercial loan products in digital form, complemented by a best-in-class underwriting process. This digital transformation aims to enhance accessibility, streamline the lending process, and provide efficient, tailored financial solutions to MSMEs. The commercial business segment grew by 21% over the previous year, reaching a portfolio size of ₹ 25,449 Crore as of March 31, 2024, and accounted for about 34% of our Bank's advances.

CBG introduced KVB Unsecured Business Term Loan in August 2023. This product has been launched to cater to the needs of our existing current account customers who have been with us for over two years and have not yet availed working capital or standalone term loans from our Bank. This initiative aims to provide these customers with tailored financial solutions, leveraging their established relationship with our Bank.

#### Outlook

Our Bank is aiming for significant growth in the coming fiscal, especially in MSME Business. Additionally, we will benchmark our products to ensure competitiveness. Moreover, we are in the process of revamping our Warehouse Receipt Loan for traders, utilising electronic Negotiable Warehouse Receipts (e-NWRs).

### Key Highlights

The working capital limit based on GST without audited financial statements have been increased from ₹ 50 Lakh to ₹ 100 Lakh.

Bank Guarantees through electronic mode (e-BG) has been an initiative where Bank guarantees are issued electronically for minimising frauds and eliminating the need for paper. To facilitate e-BG issuance, our Bank has partnered with National E-Governance Services Limited (NeSL), which will also serve as the central repository for e-BGs.

We are also closely working with GePNIC portal, an e-Procurement software system developed by the National Informatics Centre to meet the procurement and tendering needs of government departments and organisations. Our Bank's portal will manage the e-BG requirements for the MSME customers.

Under Co-lending Partnership Program, our Bank has partnered with a leading NBFC for extending Loan Against Property (LAP) and the digital underwriting integration has been completed in March 2024. The business from this arrangement would grow in FY 2024-25.

We have engaged with several business chambers by participating in their events, including the Confederation of Indian Industry (CII), FICCI, and ASSOCHAM. Additionally, our Bank participated in the Economic Times MSME Day event during the year.



## Consumer Banking Department (CBD)

Our Bank has brought both Personal Banking Liabilities Group and Personal Banking Assets Group under one umbrella as “Consumer Banking Department” to have better synergies between the two verticals with an aim to accelerate growth in its Retail Business.

To have better synergy and leverage the best practices, NEO has been brought under CBD - Retail Assets from April 01, 2024. Both Branch Channel and Open Market Channel would function under Retail Assets.

### Retail Assets

Our Bank’s Retail Loan portfolio grew by approximately 18% over the year, with a net increase of about ₹ 2,650 Crore. This brought the Retail Advances portfolio to ₹ 17,662 Crore, making up about 24% of our Bank’s total advances. This growth was driven by dedicated tracking of efficiency ratios and productivity metrics across various products. Our Bank’s consumer lending policies have been benchmarked against industry standards, with adjustments made to align with our Bank’s risk appetite and enhance business performance.

The Retail Assets team has established partnership with an NBFC to co-lend in checkout finance (BNPL Loans) on the Amazon platform. Additionally, the team is actively engaging with various fintech companies and NBFCs across different consumer lending products to stimulate growth.

The following table illustrates the performance of key products in Retail Assets during FY 2023-24:

Product	Portfolio Size (in ₹ Crore)	Growth over FY 2022-23 (%)
Home Loans	7,563	13
Mortgage Loan (LAP)	4,116	27
Other Loans	1,148	13

The CBD (Assets) maintains a cautious growth target in retail credit card business due to the unsecured nature of the segment and our Bank’s limited experience. The issuance of retail credit cards was limited to Existing to Bank (ETB) customers based on our relationship and internal policies of our bank. However, recognising the potential in this segment due to low credit card penetration in the country, the vertical plans to grow the credit card business through partnerships (co-brands) and secured cards.

CBD (Assets) also offers Pre-approved Personal Loans to ETB customers, enabling selected customers to receive disbursements within minutes through an end-to-end digital process with minimal documentation.

### Key Highlights

CBD (Assets) expanded its distribution footprint by increasing the number of Direct Selling Agents (DSAs) and Direct Sales Teams (DSTs).

The product offerings have been benchmarked against industry standards and peers to ensure they are competitive and relevant.

### Outlook

The CBD (Assets) would explore various new segments for better yields and target different customer categories with new products. The vertical will also focus on driving specific products like business loans and retail gold loans with a dedicated team. Additionally, we plan to increase partnerships with key players in other markets to enhance their pan-India footprint.

### Retail Liabilities

#### Overview

The CBD (Liabilities) has established exclusive sales teams to focus on New to Bank (NTB) client acquisitions. Concurrently, efforts have been made to strengthen the branch network to deepen relationships with Existing to Bank (ETB) customers by addressing their needs. In addition, the department has created a dedicated Government and Institutional Business team to focus on high-value Current Account and Savings Account (CASA) and term deposit segments. The vertical is also enhancing product support functions to launch new products and refine existing ones to remain competitive and meet customer expectations.

#### Total Deposits during FY 2023-24

	(in ₹ Crore)		
	FY 2022-23	FY 2023-24	% Change
Demand Deposit	7,454	8,283	11
Savings Deposit	17,995	18,802	4
CASA	25,449	27,085	6
Term Deposit	51,189	62,028	21
Total Deposit	76,638	89,113	16

**Key Highlights**

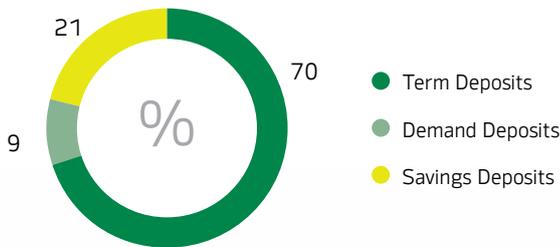
During FY 2023-24, our Bank's liability franchise witnessed 16% growth by reaching ₹ 89,113 Crore, primarily driven by a 21% year-on-year increase in term deposits. Despite some conversion to term deposits, demand deposits and savings bank deposits grew by 11% and 4%, respectively.

Our Bank has launched 24 new CASA products tailored to different customer segments, each offering top-tier features to aid in expanding and enhancing our existing product lineup significantly. Our Bank's CASA deposits reached ₹ 27,085 Crore during the year. In FY 2023-24, our Bank opened 5,73,275 new CASA accounts.

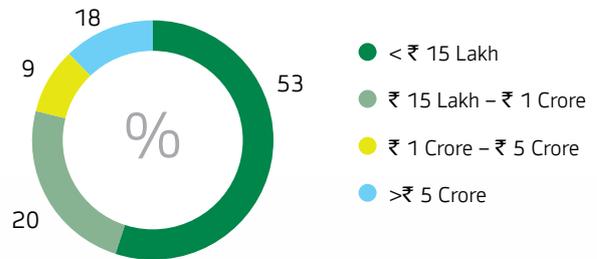
Implementation of Mutual Fund solutions, integration with Icegate portal for customs duty payment, offering Green Deposits in Internet & Mobile banking portal and instant v-KYC in Mobile Banking App has enhanced customer convenience to a great extent.

Our Bank's digitisation efforts included simplifying customer onboarding, streamlining re-KYC processes, offering various debit card options for different CASA customer segments, enabling CASA product portability with the option to retain account numbers, and facilitating seamless onboarding of current account customers through the Spice portal.

**Deposits by Mix**



**Term Deposits by Category**



~82% of Term Deposits are < ₹ 5 Crore

**Unified Payments Interface (UPI)**

In terms of UPI transactions, our Bank surpassed a new benchmark with a transaction value of ₹ 2.60 Lakh Crore during FY 2023-24.

**Point of Sale (PoS)**

During FY 2023-24, the income earned from the PoS business was about ₹ 26 Crore, and the float income from the accounts mapped to PoS is estimated at about ₹ 39 Crore.

**DIGITAL PUSH**

**Debit Cards**

On the card front, our Bank issued about 9.90 Lakh debit cards during FY 2023-24. Throughout the year, these cards facilitated about 743 Lakh transactions, totalling to about ₹ 31,658 Crore.

**FASTag**

Since the inception of the technology, our Bank has issued about 5.40 Lakh FASTags. For FY 2023-24, the income earned from FASTags stood at ₹ 8.40 Crore, and the float funds available with our Bank through FASTag float balances and security deposits exceed ₹ 30 Crore.

### Demat Services

Our Bank has been registered with the National Securities Depository Limited (NSDL) as a Depository Participant (DP), enabling it to offer demat services to participants in the security market. Additionally, our Bank has partnered with M/s IDBI Capital Markets and Securities Ltd., M/s Religare Securities Ltd., M/s SMC Global Securities Ltd., and M/s Geojit Financial Services Limited to provide trading account facilities.

### Government-Sponsored Schemes and Pension Schemes

We offer a range of government-sponsored schemes, from pension schemes to insurance schemes, to meet the diverse social security needs of people. The details of various schemes offered by our Bank are as follows:

**Pradhan Mantri Jan Dhan Yojana (PMJDY):** During FY 2023-24, a total of 1,624 RUPAY cards were issued under the PMJDY scheme. Our Bank has opened 1,16,048 PMJDY accounts with outstanding balance of ₹ 19.98 Crore as on March 31, 2024.

**Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY):** PMJJBY is a life insurance scheme renewable annually, providing coverage for death due to any cause. It is available to individuals aged 18 to 50 years (with coverage up to age 55) holding a savings Bank account and consenting to auto-debit. A total of 74,976 customers have been enrolled under this scheme.

**Pradhan Mantri Suraksha Bima Yojana (PMSBY):** PMSBY is aimed at covering those not covered by other insurance plans. Available at a highly affordable premium of ₹ 20 per year, it's open to individuals aged 18 to 70 years with a savings bank account, consenting to auto-debit before May 31 for the coverage period of June 01 to May 31, annually. We have enrolled 1,49,575 customers under this scheme.

**Atal Pension Yojana (APY):** APY is a pension scheme for Indian citizens, primarily benefiting unorganised sector workers. Our subscribers receive a guaranteed pension of ₹ 1,000 to ₹ 5,000 upon reaching 60 years, depending on their contributions. We enrolled 3,504 customers under this scheme during FY 2023-24.

**Sovereign Gold Bond (SGB):** SGB is a government security denominated in grams of gold, offering an alternative to physical gold ownership. Investors pay the issue price in cash, and bonds are redeemed in cash upon maturity. We sourced about 135 KGS of gold worth ₹ 82.40 Crore in 4 tranches with 4,160 applications.

**National Pension System (NPS):** NPS is a pension cum investment scheme providing old age security, regulated by the Pension Fund Regulatory and Development Authority (PFRDA). Bank offers online NPS account openings through K-fintech (CRA) and has covered 778 customers as of March 31, 2024.

### Outlook

Our Bank is poised to strengthen its distribution model to rapidly drive NTB acquisition through various channels. The

various channels include an exclusive sales vertical, a dedicated Government & Institutional Business Vertical, partnerships with FinTechs, and collaboration with Corporate Business Correspondents to reach areas with limited Bank presence. Additionally, our Bank aims to achieve accelerated growth in CASA deposits and enhance fee income by distributing third-party products.

Our Bank is focussing on cross-selling and up-selling its range of products across deposits, credit, and investments, to ensure the retention of valued customers. Our Bank expects to improve products per customer through deeper relationships within Existing to Bank (ETB) Books, utilising analytics-driven data, and enhancing cross-vertical coordination.



### Corporate and Institutional Group (CIG)

#### Overview

The CIG vertical operates with 9 Corporate Business Units (CBUs) in Ahmedabad, Bengaluru, Chennai, Coimbatore, Delhi, Hyderabad, Madurai, Mumbai, and Vijayawada. Each CBU is headed by an AGM/DGM, who is supported by Relationship Managers and Credit Analysts.

The CIG portfolio constitutes 19% of our Bank's total advances and had a growth of 5% during the year. Striking a balance between maintaining healthy margins and pursuing strategic growth opportunities is a challenge that the Bank had to navigate last year. Considering the above, the bank had consciously shed corporate advances to the extent of ₹ 1,574 Crore during the year due to low yields and exit marked accounts to maintain healthy margins as well as quality of portfolio, and hence growth appears muted. CIG placed greater emphasis on emerging mid-corporate segments for fresh exposures, resulting in significant improvements in asset quality by maintaining Special Mention Accounts (SMAs) and minimising account slippages.

#### Key Highlights

Corporate portfolio grew to ₹ 13,949 Crore.

Average ticket size remained granular, around ₹ 39 Crore.

Implementation of Loan Origination System (LOS) to streamline processes and enhance efficiency.

Enhanced yield by exiting low-yield advances.

Minimal levels of SMA

## Outlook

Looking forward, our Bank's strategy for the CIG segment focusses on expanding our portfolio with loans and advances ranging from ₹ 25 Crore to ₹ 75 Crore. We are actively identifying opportunities across the value chain to support both forward and backward integration initiatives. We are also targeting new customers with a minimum investment grade rating, aiming to strengthen our market presence.

The Indian government's initiatives such as "Atmanirbhar Bharat", "Gati Shakti", "Bharatmala", and "Sagarmala Pariyojna" are expected to boost manufacturing and infrastructure development, thereby increasing demand for bank credit. We are well-positioned to leverage our institutional expertise and these government initiatives, offering industry-specific financial solutions tailored to meet customer needs. In addition, the ongoing global integration will significantly impact future foreign trade and forex business for banks. We remain committed to maintaining high asset quality in our corporate portfolio through vigilant monitoring and proactive management of stressed assets. Such approach ensures sustainable growth and resilience in our CIG segment as we navigate the evolving economic landscape.



## Agricultural Banking Group (ABG)

### Overview

Agriculture credit plays a vital role in the Indian economy, serving as the main source of income for most people in rural areas. To ensure a sustainable increase in farmers' income, it is crucial to adopt a farmer-centric approach with a strong focus on agriculture and farmers' welfare.

During FY 2023-24, the ABG loan books grew to ₹ 17,363 Crore, marking a 17% increase from the previous year. This growth was fuelled by substantial disbursements, including Short-term loans to Agriculture and Allied activities, as well as through customised and innovative disbursement solutions tailored to the farming community.

ABG accounts for approximately 23% of our Bank's total advances. Our Bank successfully achieved all targets and sub-targets under Priority Sector Lending throughout FY 2023-24. Additionally, the ABG Vertical actively contributes to financial inclusion through strategic interventions, leveraging technology, and promoting financial literacy. ABG has effectively reached out to underprivileged segments of society, bridging the gap and empowering communities with financial access.

### Key Highlights

Vertical's loan books grew by ₹ 2,530 Crore during FY 2023-24.

Sourcing of KVB-Jan Dhan Accounts through BCs was successfully pilot tested and commenced implementation in the state of Tamil Nadu.

100% digitalisation of the Agri gold loan process made effective from March 21, 2024 and completed automation of margin call triggers.

A separate sales channel has been introduced under the Agri Vertical, by engaging Agri Relationship Managers to service clients and maintain customer relationship and centrality.

Our Bank has been at the forefront of raising awareness about financial services and products among the rural population through Financial Literacy Campaigns. During FY 2023-24, our Bank conducted 108 financial literacy campaigns in rural, semi-urban, and urban areas, including the RBI Financial Literacy Week campaign in 2024.

### Outlook

Going forward, there are significant opportunities for credit lending, including lending to food and agro industries, agro-produce exporters, and corporates. Additionally, there are prospects in fin-tech lending, on-lending to agriculture, and lending to groups and clusters such as Farmer Producer Organizations (FPOs), Farmer Producer Companies (FPCs), and Joint Liability Groups (JLGs). These opportunities will enable us to further support and grow the agricultural sector while enhancing our Bank's portfolio and customer base.

As we move forward, our Bank is implementing several strategic initiatives to enhance our agricultural banking services. We are transitioning the processing of Agri Term loans to a LOS platform to streamline operations and reduce errors. Additionally, Agri Officers and Agri Relationship Managers will be equipped with extended tabs to facilitate E-KYC savings account openings, making the process more efficient and convenient. We will also introduce e-stamping for Agri Gold loans and Agri Kisan Credit Card (KCC) loans, expediting loan approvals and enhancing

security. In addition, we will implement enhanced controls for the recovery of other Agri advances, aiming to improve recovery rates and reduce non-performing assets. These initiatives reflect our commitment to leveraging technology to improve service delivery and support the agricultural sector effectively.



## NEO

### Overview

NEO was established in June 2019 to create a unit with standalone distribution, credit and collection channel targeting NTB customers and distributing products with competitive features. The NEO portfolio primarily includes mortgage loans. Additionally, it includes home loans, rent finance, loans against POS receivables, unsecured business loans, and co-lending loans.

NEO manages both secured and unsecured segments with distinct sub-verticals for home loans, mortgage loans, assignment of receivables, and unsecured business loans. The business is sourced through various channels, including standalone channels, channel partners, and connector channels.

NEO operates by aligning all products, processes, and procedures with market practices and incorporating innovations. This approach caters to multiple segments and helps maintain a strong market presence across various geographies.

### Key Highlights

Witnessed 48% growth through the open market channel.

Added two new branches - one in Chennai Annasalai and another in Vijayawada Visalandhra Road.

To have better synergy and leverage the best practices, NEO has been brought under Retail Assets from April 01, 2024. Both Branch Channel and Open Market Channel would function under Retail Assets.



## Transaction Banking Group (TBG)

### Overview

The TBG specialises in Cash Management Services (CMS), offering collections, receivables and payment products for corporates of all sizes. Our electronic, receivables platform supports virtual accounts and bulk payments, streamlining financial operations. TBG's comprehensive Supply Chain Finance (SCF) programs address working capital needs within the supply chain, benefiting businesses across various industries. We have formed strategic partnerships with leading FinTech companies, expanding our reach and providing innovative financial services. Additionally, TBG is active on all three RBI-licensed Trade Receivables Discounting System (TReDS) platforms, reinforcing our commitment to excellence.

### Key Highlights

SCF has emerged as a sought-after financial solution, playing a pivotal role in optimising cash flows, and strengthening supply chains for companies. As of March 31, 2024, the TBG SCF portfolio has grown to about ₹ 971 Crore (forms part of CIG and CBG Vertical figures), marking a 34% increase compared to March 2023. The Factoring and TReDS portfolio contributed ₹ 295.84 Crore (forms part of CIG and CBG Vertical figures) to the overall portfolio.

We had expanded our FinTech referral partnerships to five, with additional arrangements anticipated in future. These new collaborations are expected to significantly boost the growth of our SCF portfolio.

Automation is being implemented to provide seamless MIS reports to CMS and SCF customers and corporates. We are currently implementing API integration with OEMs and referral partners to facilitate seamless data exchange, enhancing operational efficiency. Concurrently, the CMS version upgrade initiative has also been initiated to improve functionality and performance.

### Outlook

The SCF portfolio in India is expected to grow well. We are coordinating with our Digital Transformation and Processing Cell to enable LOS services for SCF products. New products under SCF, such as Receivable Finance for Hospital Insurance Receivables and MSME-to-MSME Purchase Order Funding, are

currently being studied and will be implemented soon. In the next few years, working capital financing for SMEs are expected to predominantly shift to supply chain finance and trade finance structures. Deep Tier Vendor Finance has been gaining significant traction and momentum. Due to growing demand from both the industry and the market, our Bank's SCF portfolio is poised for continued expansion.



### Precious Metal Division (PMD)

#### Overview

During FY 2023-24, the Precious Metal Division (PMD) witnessed moderate growth in bullion business turnover, showcasing decent performance across all products in gold and silver offered to clients in the gem and jewellery sector. With required skill set and experience in handling clients across India, our division is well-equipped with established systems and processes to efficiently manage this business segment. Additionally, we have obtained renewal of authorisation from the RBI for the import of gold and silver for FY 2024-25.

#### Key Highlights

Our Bank is among the select few bullion Banks serving customers with Tariff Rate Quota (TRQ) for the import of Gold under the Comprehensive Economic Partnership Agreement (CEPA) between India and the UAE government.

Our Bank caters to exporters of all sizes, ranging from large enterprises to small businesses, ensuring accessibility and support for the entire spectrum of exporters.

#### Outlook

Our Bank has expanded its client base and geographic reach to target improved business turnovers and revenues in the upcoming years. Our experienced team is known for being highly supportive and responsive, with minimal turnaround time. The division's unique selling point lies in the strong business relationships established with clients, and we anticipate decent growth in the future. PMD is dedicated to increasing consignment supplies, penetrating new markets, strengthening customer relationships, and boosting turnover while offering products tailored to client needs within the regulatory framework.

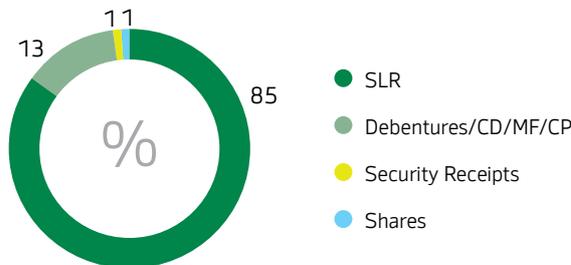


### Treasury

#### Overview

The scope of treasury management function of our Bank is quite vast and it has been evolving over the years. The Treasury Department's scope includes various activities, including investments in Central and State Government securities, Debt instruments of Banks, Financial Institutions, other companies, Commercial Papers, Certificate of Deposits, Equity Shares, Mutual Funds, Derivatives, Forex, etc. The department recognises the close connection between business strategy and organisational goals, ensuring optimal performance while managing associated risks effectively. In response to rising yields, during the previous financial year, our Bank effectively managed interest rate volatility by maintaining a lower duration in the Available for Sale (AFS) portfolio. Additionally, there was no incremental growth in the provision for the depreciation of investments. Our Bank's investment portfolio adheres to our investment policy, emphasising liquidity, regulatory compliance, and profitability.

#### Investment Composition



#### Key Highlights

Our Bank's investment portfolio grew to ₹ 22,840 Crore, marking a year-on-year growth of 17% in FY 2023-24. The yield on investments increased by about 43 basis points compared to the previous FY 2022-23, with the average duration of the portfolio being less than 3 years.

The Treasury Vertical has actively pursued trading and investment activities in debt, equity, and foreign exchange within the established framework, aiming to maximise interest income and profit.

## Outlook

Our Bank's low-duration strategy during the period of rising interest rates has created an opportunity to re-price maturing investments at higher rates. This is expected to boost interest income and portfolio yield in the coming year. The RBI's new master directions on the classification, valuation, and operation of investment portfolios allow banks to invest in Non-SLR securities under the HTM category. This change enables our Bank to invest in high-quality Non-SLR securities and earn higher interest income without the risk of mark-to-market fluctuations.

The vertical maintains strong relationships with existing clients while actively exploring the opportunities to offer tailored services and products to all valuable clients. Additionally, there is a unified effort to onboard new customers to enhance brand visibility and presence in the market.



## Collections & Asset Quality

### Overview

Our Bank prioritises financial stability and maximising profitability by implementing rigorous measures aimed at protecting asset quality, minimising slippages, and enhancing recovery efforts. These measures include proactive monitoring systems, prompt restructuring options for stressed borrowers, empanelling and streamlining of recovery agencies, and the simplification of legal and recovery frameworks.

Additionally, our Bank has initiated the systemisation of the recovery process through third-party solutions to effectively track recovery positions and accelerate the recovery process. This systemisation ensures data processing from the onset of stress in an account until its upgrade or closure, facilitating proactive identification of potential defaults, prompt resolution actions, and efficient recovery processes. Ultimately, such efforts contribute to the reduction of slippages and improvement in recovery rates.

We have effectively maintained robust asset quality, supported by several key factors such as portfolio diversification, systemic credit approval processes, regular post-disbursement monitoring, implementation of remedial actions, and enhanced recovery measures. These strategic initiatives have empowered us to proficiently manage risks and maintain a resilient asset portfolio.

Our steady efforts to minimise slippages, including the establishment of specialised collection teams, effective monitoring, and data-driven analysis, have significantly enhanced our capability to maintain a healthy asset portfolio. There has been a significant decline in both Gross Non-Performing Assets

(GNPAs) and Net Non-Performing Assets (NNPAs) at our Bank. As of March 31, 2024, the SMA 30+ accounted for 0.38% of the Advances portfolio.

We regularly monitor Early Warning Signals and verify RBI's Central Fraud Registry (CFR) Portal and Central Repository of Information on Large Credits (CRILC) portal to ascertain listing of any of our customers, particularly those under Multiple Banking Arrangements (MBA)/Consortium arrangements, by other Banks. We conduct monthly reviews of account statements, stock statements, and other related documents to identify any anomalies or irregular operations. We also keep a daily watch on instances of frauds reported in the news media. We utilise specialised Asset Recovery Branches (ARBs) to speed up recovering assets, while also utilising branch channels and Divisional Offices to achieve our goal.

The department rigorously identifies and classifies NPAs in accordance with regulatory guidelines and a thorough risk assessment is conducted to understand the root causes of NPAs, evaluating factors such as borrower financial health, market conditions, and collateral valuation. Tailored recovery strategies are formulated to maximise the retrieval of defaulted loans, including restructuring, recovery through legal channels, asset reconstruction, or strategic debt restructuring.

The High value NPA accounts are managed by eight Asset Recovery Branches spread across India for effective recovery. We have also engaged recovery agencies to assist the Asset Recovery Branches to reach the end customers and for continuous follow-up. Our tailored recovery strategies are formulated to maximise the retrieval of defaulted loans, including restructuring, recovery through legal channels, asset reconstruction, or strategic debt restructuring. The adoption of innovative technologies and streamlined processes improved the operational efficiency, facilitating prompt NPA resolution and decision-making.

### Outlook

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

- Enhancing communication with customers through personalised reminders, clear payment instructions, and proactive follow-ups to address concerns.
- Implementing streamlined collection processes, leveraging automation and digital channels for efficient payment tracking and reminders.
- Collaborating with the Credit verticals and collections team to align efforts, share customer insights, and prevent future delinquencies through proactive account management.

- Regularly reviewing the collection performance, analysing trends, and making necessary adjustments to optimise collection strategies and outcomes.
- Providing ongoing training to the recovery team on negotiation skills, customer empathy, and effective dispute resolution to enhance their performance.

We will prioritise accelerating NPA recovery, enhancing legal and recovery frameworks to address challenges in the recovery process. We plan to implement new IT initiatives aimed at enhancing monitoring to improve transparency and efficiency in recovery operations. We will leverage data analytics and predictive modelling for more accurate recovery prediction and strengthen our partnerships with external agencies to expedite NPA resolution and maximise recovery outcomes.

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
GNPA (%)	8.78	7.94	6.03	2.27	1.40
NNPA (%)	3.96	3.46	2.31	0.74	0.40
Provisioning Coverage Ratio (PCR) (%)	68.90	72.70	80.27	92.14	94.85
Credit Cost (%)	2.93	1.47	1.26	1.45	0.65



### Marketing and Branding

Ensuring that our brand stays top-of-mind is essential for continual business growth. To achieve this, we maintain a consistent presence and promotion across various media channels. While our Bank is already widely recognised, we have also implemented a strong branding strategy to remain competitive. Our Bank emphasises on being tech-savvy, offering excellent digital products and services, while also prioritising traditional customer values. Our DLite app and digital loan processes are highly regarded and promoted through print, TV, and digital media. Social media platforms are utilised to engage with younger customers, with regular posts showcasing our products. Additionally, we have focussed on promoting our MSME services to demonstrate our commitment to meeting diverse customer needs.

### Business Outlook

Moving forward, our main priorities entail sustaining the consistent performance achieved over the past three years and promoting the long-term growth and development of our business. Our focus remains on maintaining a balanced loan portfolio and sustained profitable growth. We plan to expand our branch network, enhance our non-branch channels, and continue our efforts in digital innovation. Additionally, we seek to forge robust partnerships with NBFCs and Fintechs for co-lending and sourcing. With a strong emphasis on sustainable profitability and efficient operations, we are confident in our ability to deliver value to our stakeholders. We blend tradition, technology, and teamwork to navigate and adapt to evolving regulatory and business landscapes. Our focus remains on prioritising the critical needs and aspirations of our customers and stakeholders.

### Review of Operations Verticals



#### Customer Service

Our Bank has a long-standing reputation for providing personalised customer service. To further enhance the customer experience and improve service delivery, the following measures have been implemented:

- Enhanced the maximum limit for Net Banking transactions under RTGS, NEFT and IMPS for improving the digital transactions growth.
- We launched TAB-based full KYC conversion for the DLite OTP based non-face to face accounts with e-sign option to improve the conversion percentage and to facilitate completion of full KYC at their preferred date and time.
- To facilitate transactions through contact-less mode, Bank has commenced issuance of contactless RUPAY variant debit cards.



#### Data Centre – DRS functions

Our Bank has a Board-approved Business Continuity and Disaster Recovery (BC & DR) Policy aimed at ensuring uninterrupted banking services for customers. Both the Data Centre (DC) and Disaster Recovery Site (DRS) are equipped with state-of-the-art infrastructure and located in different seismic zones. Our Bank maintains standby setups for critical applications in the DRS, enabling seamless business operations even in the event of a disaster at either site.

The transformation of the Data Centre is a pivotal ongoing process for our Bank, incorporating new technologies such as virtualisation, cloud computing, image processing, artificial intelligence, open-API, eKYC, open-source platforms, VPN, and storage-based backup solutions. These initiatives are rolled out following rigorous compliance with cybersecurity frameworks mandated by regulators.

Our Bank has structured its IT team into three main pillars: IT Management, IT Application, and Technology, aimed at enhancing

project governance and professionalism. The Technology pillar oversees the management of the Data Centre and Disaster Recovery Site, ensuring robust technology infrastructure for our Bank.

The Data Centre focuses on maintaining application uptime and end-user availability, while the Disaster Recovery Site is dedicated to ensuring business continuity during unforeseen circumstances. Regular Disaster Recovery drills are conducted to ensure preparedness for maintaining uninterrupted business operations.

### Key Highlights

#### Enhancements in CBS

Revamped the Service Charge Module to improve transparency and efficiency in fee management.

Updated Customer KYC Screen Validations to enhance compliance and customer data security.

#### Information Security Operations

Integrated all network devices with Tacacs to enhance access control and security monitoring across the network.

Managed endpoint patching and upgraded iOS patches/firmware to mitigate security vulnerabilities and ensure system integrity.

Addressed Vulnerability Assessment and Penetration Testing (VAPT) remarks to strengthen overall security posture and resilience against cyber threats.

#### Application Modernisation

Successfully migrated the Enterprise Service Bus API platform to improve scalability and integration capabilities.

Upgraded versions of the SMS Application to enhance communication efficiency and reliability.

Implemented CBS - CTS straight-through API integration.

Enabled Straight Through Processing (STP) for NACH and Bullion transactions to automate and expedite transaction processing.

Updated CCIL - FX SWAP to version 4.2.5 to ensure compliance with the latest regulatory requirements and market standards.

Implemented Two Factor Authentication for FRS Web Users to strengthen access security and protect sensitive financial data.

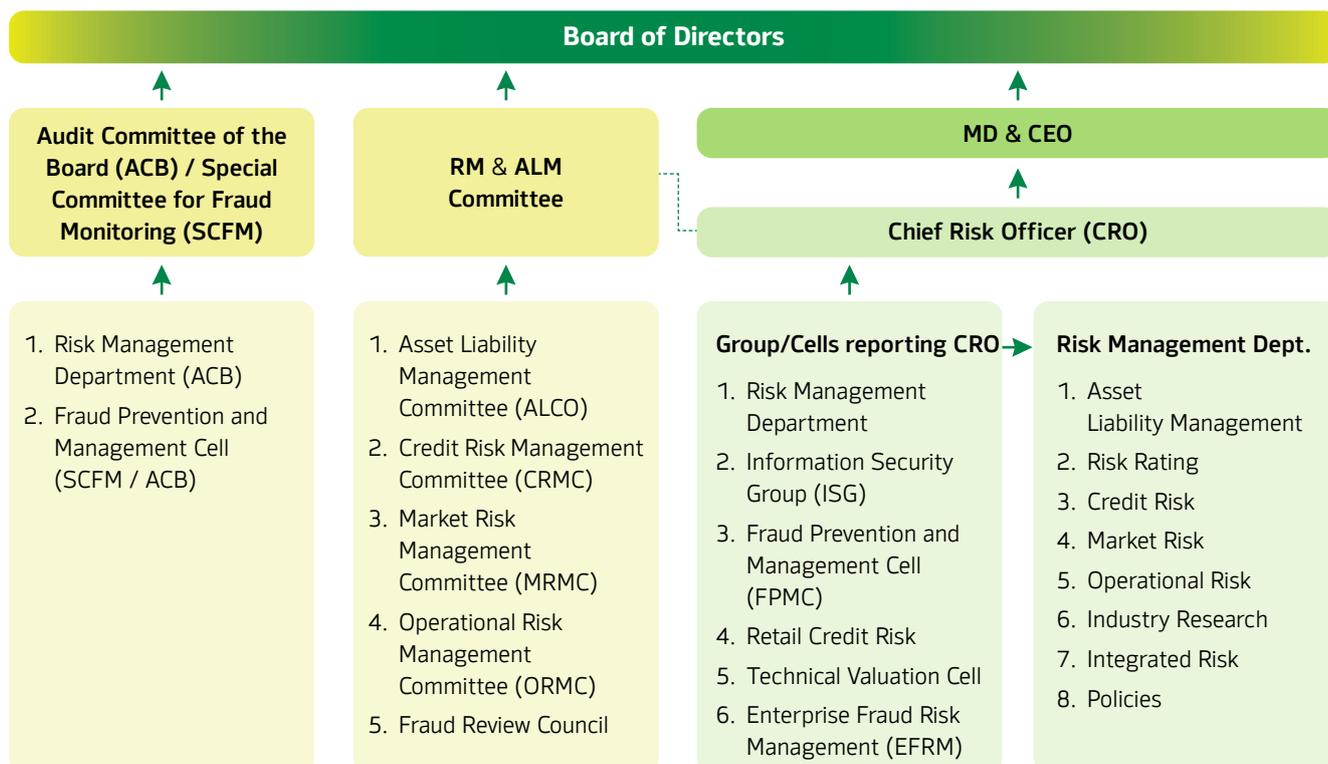
Upgraded Manage Engine Version to improve IT infrastructure management and operational efficiency.



## Risk Management

### An overview

A robust risk management system and continuous adoption of latest initiatives ensures long-term financial security and stability. The overall responsibility of setting our Bank's risk appetite and effective risk management rests with the Board / RM & ALM Committee.



## Governance

### Board of Directors

The Board focusses on:

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

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

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

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

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

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

#### Risk culture for our Bank:

- A strong and consistent tone from the Board and Senior Management in respect of risk taking and risk avoidance in the Bank.
- A commitment to ethical principles – as reflected by ethical behaviour of the employees and application of ethics in business decisions.
- A clear enterprise-wide acceptance of the importance of Risk Management, including ownership and accountability of various risk areas.
- Timely flow of risk information in the organisation; Percolation of guidelines, regulations across the organisation alongside assessing its compliance.
- Encouragement for the reporting of risk events, including near misses, so that appropriate lessons could be drawn from them.
- Simplicity in processes which can be clearly understood by all the stakeholders and not to engage in any complex structural products/ business / activities; Excessive risk taking is not acceptable to the Bank, even if it results in any benefit for the bank.
- Development of adequately resourced Risk Management function and recognising the values of Risk Management skills and knowledge.
- Allowing sufficient diversity of perspectives, values, and beliefs to ensure that the status quo could be challenged without inhibition.
- The Whistle Blower policy encourages employees, customers and vendors to communicate any information to the Top Management without fear of reprisal.

**Risk and Control Self-Assessment (RCSA):** RCSA is a proactive tool in identifying lacuna, if any, in different products, processes, business activities, support functions, operational

units of our Bank. Bank is conducting RCSAs (Risk and Control Self-Assessments) regularly to assess the level of inherent and residual risks and appropriate controls are introduced, wherever necessary, to reduce the risk levels. Different processes of our Bank are being studied for gaps (if any), controls available, adequacy of corresponding controls, leading and lag indicators etc. Corrective steps required are being initiated by the concerned stakeholder departments based on the RCSA.

**Key Risk Indicators –** Key Risk Indicators helps in assessing the changes in operational risk profile and helps in triggering reviews and corrective actions, if required. KRIs under key business and support functions are being identified and compared with the threshold levels on a quarterly basis. The threshold levels are reviewed/new KRIs are identified periodically besides reviewing breaches, if any, facilitating for taking corrective actions.

**Early Warning Signal (EWS):** A number of Early Warning Signals (EWS) are studied regularly, and the results are shared with concerned business verticals by the Credit Monitoring Vertical. Our Bank has installed specialised applications to fetch different EWS in an orderly manner. Based on the internal operational data, the Analytics department has devised a separate EWS tool which generates Early Warning Signals helping Bank to monitor the loan portfolio effectively and maintain better asset quality.

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

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

**Whistle Blower Policy:** Bank encourages employees, customers, and vendors to communicate any information they may come across about serious malpractices or impropriety/abuse of powers etc. to the Top Management without fear of reprisal. The policy is popularised through various measures such as internal circulars, e-mail advisories, training sessions etc. to spot aberrations and deal with it at the earliest.

Bank weighs all new products, processes & outsourcing activities both financial and non-financial, the embedded options or enhancements of the existing products critically, by the designated committees of Executives drawn from business, technology, operations, risk, legal, audit and compliance functions, before it is offered to the public to avoid systemic lacuna, if any.

The bank has a dedicated Fraud Prevention and Management Cell (FPMC) for managing fraud risks reporting to Chief Risk Officer (CRO) of the Bank. FPMC submits reports to the Board and Senior Management Committees, periodically. Fraud detection, analysis, mitigation, and prevention are a continuous process, and our Bank follows a structured approach as mentioned in Fraud Risk Management Policy and Standard Operating Procedures (SOP).

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

During FY 2023-24, Bank has reported 29 frauds amounting to ₹ 28.04 Crore, of which, 22 are Credit-related frauds amounting to ₹ 27.85 Crore (55.69% of the amount falls under Consortium/ Multiple Banking Arrangement), 7 Operations-related frauds amounting to ₹ 0.19 Crore.

The Bank also has a Fraud Risk Management Policy and standard operating procedures (a) to detect, control, monitor and report frauds to top management, regulator, and other law enforcement agencies, (b) to ensure continuous surveillance to prevent frauds, besides managing the risk of loss arising from both internal and external fraudulent events. The macro-level guidance and directions on the above aspects is provided by the Board and committees of the Board.

RBI has created a Central Repository namely Central Payment Fraud Information Registry (CPFIR), for recording payment frauds. As per the guidelines, all payment-related frauds, irrespective of value of the fraud, either reported by the customer to the Bank or detected by the bank shall be reported within 7 days from the date of reporting/detection including attempted frauds.

During FY 2023-24, Bank has reported 12,071 cases of payment frauds involving an amount of ₹ 925.26 Lakh to RBI through

Electronic Data Submission Portal (EDSP)/DAKSH. Mostly Phishing/Vishing types of payment frauds were reported. In none of the cases, Bank incurred any liability. Customers shared their credentials with fraudsters in all the reported cases.

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

### Role of Technology in Managing Risk: CLS/LOS (Loan Origination System)

Technology plays a significant role in risk management by enhancing the efficiency, accuracy, and effectiveness of risk related processes. The benefits of leveraging technology in risk management includes enhanced / timely risk identification and assessment accuracy, improved risk reporting and communication, continuous monitoring, and evaluation of risk exposures.

Credit processing system has been digitised end-to-end with automated bureau report checks, verification of account statements, GST data, income statements duly supported by well-designed score cards and a process flow document. Field visits, verification of veracity of the documents are handled effectively and supported by a Fraud Control Unit (FCU). Improvements / enhancements are in place continuously to get complete benefit of the technology. This helps in minimising the manual intervention for its authenticity or genuineness. Further Internal Rating for proposals processed through LOS is arrived using a predefined Business Rule Engine (BRE) concept and is made as a pre-sanction exercise. In addition to the LOS rating, rating is undertaken in CRISIL ICON models and portfolio monitoring by appropriate applications.

## Credit Risk

Macro factors including slowdown in economies, geopolitical tensions, stress in certain industries and micro-level factors, underwriting process, recovery measures.

### Mitigation Steps

- Bank has a centralised credit risk management division, independent of our business functions, to manage credit risk supported by well-defined policies, caps on exposures to various industries, single & group borrowers, sensitive sectors, etc.
- Appropriate credit underwriting standards, risk mitigation processes, post-disbursement monitoring, strong collection and recovery mechanism via call centres and timely remedial actions ensure that credit risk is contained within acceptable levels.
- The Retail Credit Risk Team is responsible for retail credit portfolio and parameterised lending, basis product specific gating parameters and score cards. The parameters and gating conditions are being reviewed periodically.
- The Analytics team provides comprehensive reports with analysis and inferences to the top management, for taking appropriate policy and business decisions.
- Divisional credit risk officers are placed in each divisional office to get a ground zero perspective of credit proposals.
- Internal credit risk rating of proposals is mandatory for sanction of credit facilities

with hurdle rating grades for new & take over exposures. The bank has deployed CRISIL ICON models and other models for rating borrowers.

- Bank has a system of monitoring the exposure periodically to ensure that those are within the Policy ceilings approved by the Board.
- Portfolio studies and industry/sector analysis are carried out to capture up-to-date information. Periodic product and portfolio reviews facilitate course corrections and product / process flow changes.

**Digitisation of credit underwriting:** LOS (Loan Origination System) has been designed and structured:

- To bring in better controls from a system perspective on TATs.
- Building better underwriting capability based on analytical feed and creating a digital workflow for risk mitigation.
- Better due diligence through system designs, sanity and automated bureau checks to minimise onboarding risks.
- Stipulation of gating conditions tested based on historical data of the Bank,

eliminating subjectivity in the credit approval process.

- Well-designed score cards, as a part of decision-making tools apart from gating conditions.
- Periodical review of performance of digital portfolio, both retail and commercial, for initiating course corrective measures.

#### Other measures

- Credit risk related policies are formulated and reviewed periodically as per the Bank's requirements within the ambit of regulations.
- Comprehensive delegation of powers for various authorities with inbuilt matrix both for risk and non-risk deviations; spread policy takes care of the pricing mapped to scores / rating grades based on components such as credit risk premium, business strategy premium, tenor premium.
- The committee-level approach to credit approval process promotes qualitative discussions and collective wisdom allowing 360-degree analysis of the credit proposals.

- Clusters headed by Senior Executives are formed in select centres with business potential, for guiding the BBUs in the matters of credit dispensation, administration and monitoring.
- PQI (Portfolio Quality Index) concept for monitoring the performance of the business units and relationship officers in an effective manner has been implemented.
- Bank has started implementing in stages RAROC (Risk Adjusted Return on Capital), as one of the performance measures towards business and profit optimisation.
- Bank's Model Risk Management Framework enables Bank to assess, measure, monitor and mitigate Model Risk.
- Bank has a policy on Country risk management. Bank is monitoring developments in countries where it has exposure and taking required mitigants/ changes in the strategies / business activities proactively.
- Bank has formulated ESG Policy for managing Climate Risk and caring for the Environment, Low-Carbon Transition, and Sustainable Operations.

## Market Risk

Market Risk arises largely from the Bank's trading activity in interest rate instruments, equity, and forex market. Bank has a well-developed framework, comprising Board-approved policies and established practices, for management of the market risk.

### Mitigation Steps

- Market Risk is managed through well-defined Board-approved policies that caps risk in different trading desks and various securities through trading risk limits / triggers for effective and judicious management of investment funds.
- Bank has established an independent Mid office as a risk control unit reporting to Chief Risk Officer, for Treasury & PMD activities.
- Mid-Office monitors treasury operations from market and operational risk perspective and reports directly to RMD Central Office.
- Policies are in place for conduct of business exposed to market risk and liquidity risk with appropriate risk limits, stop loss limits etc. for effective management of all market related risks.
- The policies and practices also take care of monitoring and controlling liquidity risk arising out of its banking book, trading book and off-balance sheet exposures.
- To measure and control market risk, interest rate risk, equity price risk and forex risk, Bank has set various risk appetite limits. Bank is using various tools like stress testing, modified duration, PVBP, VaR, position limits, stop loss limits, NOOP limit, AGL etc. to monitor market risk. Currently, capital charge for market risk is computed under the Standardised Duration Approach.

## Liquidity & Interest Rate Risk

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

Interest rate risk is the risk where changes in market interest rates affect the Bank's earnings through changes in its Net Interest Income (NII) and the market value of equity through changes in the economic value of its interest rate sensitive assets, liabilities, and off-balance sheet positions.

### Mitigation Steps

- The bank's Asset Liability Management policy provides a framework for management of liquidity risk and interest rate risk. Bank has established risk appetite limits and tolerance limits for both liquidity risk and interest rate risk. Further, Bank also has the necessary framework in place to manage and monitor intraday liquidity risk.
- ALM of the Bank aims to strengthen the Balance sheet by pro-actively reviewing the market dynamics, capturing the signals emanating therefrom and ensuring value creation while conforming to the regulatory requirements.
- Bank conducts various studies to assess the behavioural pattern of non-contractual assets and liabilities and embedded options available to customers. These results are being used in mapping and managing maturity gaps.
- Our Bank's Asset Liability Management Committee (ALCO) is reviewing pricing of assets and liabilities on a monthly and even at early frequencies depending on the requirements, monitoring adherence to liquidity risk and interest rate risk limits.
- While the maturity gap and stock ratio limits help to identify liquidity risk, assessment of impact on the Net Interest Income and economic value of equity helps to assess interest rate risk. This is complemented by a stress testing framework covering both liquidity and interest rate risk.
- Liquidity Coverage Ratio (LCR), a global standard to assess organisation's ability to meet its payment obligations, is used to measure a Bank's liquidity position. LCR level ensures that the Bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario.
- NSFR promotes resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding on an ongoing basis.
- Contingency Funding Plan (CFP) ensures that Bank has adequate liquid financial resources to meet liabilities as they fall due. The CFP is reviewed quarterly by the ALCO & Board as a forward-looking measure.
- Country risk and Counterparty (Bank) exposure limits are reviewed periodically.

## Operational Risk

Risk arises from inadequate or failed internal processes, controls and systems, and procedures due to employee error or breach, fraud or external events or a combination of these factors.

### Mitigation Steps

- Bank has developed and implemented an operational risk management framework that is fully integrated into the Bank's overall risk management system. Bank has put in place processes, systems and procedures to actively manage & mitigate operational risks and to optimise resources not only to protect the interests of the Bank but also to ensure return commensurate with the risk profile adopted.
- Bank has a well-established internal control system, Books of instructions, internal circulars on policy matters and procedures, guidelines which include segregation of duties & responsibilities, systems & procedures, standardised operating procedures, clear lines of authority and reporting, among others.
- Bank has adopted a structured internal audit mechanism carried out at pre-defined intervals based on well-designed parameters & existing ratings; apart from regular inspection, Bank also has Concurrent Audit, Information Security Audit, Credit Audit, Revenue Audit, and Statutory Audit. All the audits and inspections also help in understanding the working of the controls, breaches, and the need for improving the controls and its effectiveness.
- Bank is collecting operational risk loss data directly from the business units for effective monitoring of loss events. The operational risk loss data is consolidated, analysed and reported to the Operational Risk Management Committee on a quarterly basis.
- Risk and Control Self-Assessment exercise and Key Risk Indicators support in putting in place additional measures to improve the existing systems and controls.
- Bank has a Business Continuity and Disaster Recovery (BCP & DR) policy to manage disruptions to our operations.
- Product, process, and outsourcing committees have representation from the risk department for their views besides suggesting mitigations for the identified risks in those products and process.
- To ensure adequate and timely identification, measurement, monitoring, control and mitigation of reputation risk posed, a Board-approved reputation risk management policy is put in place.

## Fraud Risk

Financial institutions in general and Banks in particular are vulnerable and prone to several frauds perpetrated through internal and external forces. All the Banks are taking initiatives continuously to strengthen their internal control systems and procedures to guard against the frauds.

### Mitigation Steps

- Bank has put in place a fraud risk management policy and standard operating procedure clearly defining the roles and responsibilities of all the related stakeholders in the matters relating to detection / identification, classification and reporting of frauds to RBI, other regulatory bodies, Board of the Bank and Sub committees of the Board, process of investigation, apart from recovery including insurance claims, provisioning, disciplinary action against the fraudsters, closure of fraud etc.
- Reasons are analysed to study the transactions, understand the weaknesses in the system and suggest additional controls to prevent recurrence. A number of Early Warning Signals (EWS) are studied, and the results are shared with concerned verticals.
- Besides internal data, public domain data is also analysed as a preventive and monitoring mechanism.
- On-line transactions are monitored by Enterprise Fraud Risk Management application (EFRM) to identify any attempt of frauds and to initiate necessary preventive measures like calling the customer / sending alerts/ blocking the transaction for customer approval etc.
- Some of the large loan accounts that exhibit several EWS are studied in detail for a period of six months, and appropriate decisions are taken based on the results of the study.
- Special attention has been paid to the Whistle Blower Mechanism in the Bank and the staff are encouraged to use the same to flag any issues/irregularities, including Operational Risk Events or Frauds when comes to their knowledge.
- Gap analysis, root cause analysis is done to identify the critical factors contributing to the frauds and implement additional safeguards wherever required, to avoid recurrences of similar type of frauds. Many controls, changes in processes, systems and products have been recommended and implemented to ensure systems and procedures are meeting the requirements.

## Integrated Risk Management Framework

### Mitigation Steps

- The objective of integrated risk management is to measure and manage risk and capital across a range of diverse business activities on a holistic basis in a centralised environment with the responsibility of identifying, measuring, monitoring, and mitigating the risks in various functions.
- Integration of risk is also due to the interwoven nature of risks. There is a component of credit risk in Market risk and Operational risk is existing on both credit and market risks. The impact of Pillar II risks on the Pillar I risks cannot also be discounted. Operational risk is an all-pervading factor in the banking business and is present in every activity undertaken by the Bank. Hence management of risk requires a well conceptualised integrated risk management.

### Commodity Price Risks and Foreign Exchange Risks and Hedging Activities:

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

Bank is authorised by Reserve Bank of India to import gold and silver. Bank imports gold and silver on consignment basis and sales are being covered on back-to-back basis.

Bank uses Forwards & Forex Swaps for hedging its currency and interest rate risk for its Foreign currency balance sheet items, customer cover, and for proprietary trading, within overall risk limits and control framework. The management of these products and businesses is governed by Board-approved Policies of the Bank.

### RISK EXPOSURE AND ASSESSMENT

The Bank is exposed to various types of risks such as Credit, Market, Operational, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. The Bank has a 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 an 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 a framework defined in policies approved by the Board and supported by an independent risk management function which monitors and takes corrective action so that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities through quantitative or qualitative examination of the embedded risks in various activities. The Bank continues to focus on refining and improving its risk management systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements and keeping in view the business objectives.

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

## BOARD COMMITTEES

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

This Committee shall put in place explicit procedures for managing enterprise-wide risk that the Bank is exposed to based on the regulatory guidelines. The Committee reviews and approves the development and implementation of risk

assessment methodologies and tools, including assessments, reporting etc., foresee future changes and threats and prioritise action steps, monitor, and oversee the implementation of the Risk Management Framework in the Bank.

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

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

The Committee ensures effective implementation of the risk management strategies and decides the policies and strategies for risk management in the Bank. In compliance with RBI circular guidelines, RM & ALM Committee is headed by Non-Executive Independent Director from the Board of the Bank.

## Executive-Level Committees:

Organisational setup and responsibilities of Executive-level Management Committees in implementing Board-approved strategies and policies are as below:

Sl. No.	Executive Level	Committee Focus Area	Chairman	Key Functions/ Responsibilities
1	Asset Liability Management Committee (ALCO)	All aspects of Asset Liability Management, Monitoring, Control, Interest rate review etc.	Executive Director	<ul style="list-style-type: none"> <li>• Study all ALM-related Returns and statements prescribed by RBI</li> <li>• Provides framework for management of liquidity risk and interest rate risk.</li> <li>• Pricing for both deposits and advances.</li> <li>• Decide on the desired mix of incremental assets and liabilities.</li> <li>• Decide on the desired maturity profile of the incremental assets and liabilities and Contingency Funding Plan.</li> <li>• Determine the structure, responsibilities, and controls for managing liquidity risk and for overseeing the liquidity positions.</li> <li>• Discuss on future direction of interest rate movements and decide on funding mix between fixed vs floating rate funds, wholesale vs retail deposits, money market vs capital market funding, domestic vs foreign currency funding, etc.</li> <li>• Review the impact of NII and MvE due to Interest Rate Risk in Banking Book.</li> <li>• Review and recommend the Transfer Pricing Mechanism (TPM).</li> <li>• Any other matters related to market risk and liquidity risk.</li> </ul>

Sl. No.	Executive Level	Committee Focus Area	Chairman	Key Functions/ Responsibilities
2	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk Management, Monitoring & Control	MD & CEO	<ul style="list-style-type: none"> <li>Recommend &amp; review of Credit Policy, internal rating policy and other credit risk related policies.</li> <li>Recommend for introduction of new internal rating models / score cards and review.</li> <li>Review of exposures to various industries – exposure ceiling vis-à-vis actual.</li> <li>Review of Stress Tests conducted on CRAR under different scenarios.</li> <li>Discuss regulatory guidelines and the actions taken by the verticals.</li> <li>Peruse Credit-related frauds and suggest mitigation measures.</li> <li>Study concentration in advances portfolio.</li> <li>Review the Rating migration in the internal and external ratings of borrowers.</li> <li>Any other matters related to Credit risk.</li> </ul>
3	Market Risk Management Committee (MRMC)	Aspects of Market Risk Management, Monitoring & Control	Chief Financial Officer	<ul style="list-style-type: none"> <li>Setting guidelines for market risk measurement, management, and reporting.</li> <li>Ensuring that market risk management processes (including people, systems, operations, limits, and controls) satisfy bank's policy.</li> <li>Reviewing and recommending market risk limits, including triggers / stop-losses for traded and accrual portfolios.</li> <li>Monitoring interest rate risk, equity price risk and forex risk and to take control measures.</li> <li>Take note of market risk related regulatory guidelines and to take necessary action.</li> <li>To discuss on the market-related events/occurrences, movement of various benchmarks, etc.</li> </ul>
4	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring & Control	Executive Director	<ul style="list-style-type: none"> <li>Implement and monitor the Operational Risk Management Framework approved by the Board.</li> <li>Develop policies, processes &amp; procedures for managing various Operational Risk in Bank's material products, activities, processes, and systems.</li> <li>Review and recommend the development and implementation of Operational Risk methodologies.</li> <li>Review of Key Risk Indicators (KRI) and Risk and Control Self-Assessment (RCSA).</li> <li>Perusal of frauds including cyber frauds, near miss events and related matters.</li> <li>Discuss and study the impact of Loss data collected.</li> <li>Peruse the minutes of various operational risk related executive committees and providing guidance.</li> <li>Any other matters related to Operational risk.</li> </ul>
5	Fraud Review Council – Cyber Risk	<ul style="list-style-type: none"> <li>Cyber Risk – Retail Payments</li> <li>Cyber Risk – Retail Credit</li> </ul>	Executive Director	<ul style="list-style-type: none"> <li>To ensure Cyber Risk Mitigation measures, two fraud review councils have been formulated viz. (a) Cyber-Risk Retail Payments and (b) Cyber-Risk Retail Credit.</li> <li>This council reviews the trends on cyber frauds/attempted frauds across all the digital payment channels and retail loans. Council identifies and recommends preventive steps to mitigate the cyber-risk of the Bank.</li> </ul>



## Information Security Group

The Board and senior management of our Bank have recognised the risks associated with the adoption of Information Technology (IT) and digital transformation initiatives aimed at enhancing customer service. The Chief Information Security Officer (CISO) Office oversees documented Information Security Management System (ISMS) procedures, including Change Management and Incident Management protocols. In case of security issues, the CISO Office follows a rigorous Incident Response process, including Root Cause Analysis (RCA) and corrective action implementation. Additionally, our Bank has implemented IT system Baselines as per best practices.

Acknowledging the significance of cyber security in today's interconnected world, we have approved appropriate policies and procedures aligned with global standards and regulatory guidelines to protect information assets according to a pre-determined risk profile.

The Information Security Group is responsible for designing, developing, implementing, maintaining, and monitoring the Information Security Management System (ISMS), which includes various policies, procedures, systems, and processes. The primary objective is to promptly detect, prevent, and respond to continually evolving cyber security threats. Our Bank's ISMS reinforces not only the confidentiality, integrity, and availability of information but also other security principles such as authenticity, non-repudiation, and accountability, ensuring the safety and privacy of sensitive customer and Bank information.

The objectives of our Bank's ISMS include:

- Ensuring the safety and privacy of sensitive customer and Bank information.
- Preventing unauthorised access to IT Assets and Information Systems.
- Protecting Data / IT Systems from threats such as Phishing, Ransomware, and other malware, as well as malicious actors targeting cloud services and integrated systems across multiple locations over the Internet and zero-day attacks.
- Ensuring timely availability of Data / IT Systems to authorised users.

To further strengthen security measures, our Bank has established a fully functional state-of-the-art Security Operations Centre (SOC) to monitor our Bank's IT environment round-the-clock, year-round, safeguarding information assets from undesirable

events. Additionally, investments have been made in Artificial Intelligence & Machine Learning (AI & ML) based monitoring and defence systems.

Besides technology tools and solutions, our Bank places equal emphasis on enhancing employee awareness about new cyber threats in the technology landscape. It is worth noting that our Bank is compliant with ISO/IEC 27001, the international standard for information security, duly certified by M/s TUV SUD since 2018.

### Key initiatives

- Our Bank has included the Near Data Centre [NDC] under ISO/IEC 27001:2013 compliance.
- Our Bank has focussed on imparting Cyber Security awareness to the employees, associated partners / vendors, and customers.
- Our Bank performed the Risk Assessments and Security Assessments on the various critical IT systems to identify emerging cyber threats and close the gaps.

### Outlook

- Our Bank is currently in the process of upgrading its ISMS certification standards from ISO 27001:2013 to ISO 27001:2022.
- Our Bank will emphasise the importance of cyber resilience, which is vital for business continuity.
- Our Bank will focus on Data Rights Management to protect sensitive information from unauthorised access.



## Compliance

At KVB, we maintain a transparent and comprehensive compliance policy, along with a robust Know Your Customer (KYC)/ Anti-Money Laundering (AML) / Combating the Financing of Terrorism (CFT) policy, both duly approved by the Board and subject to annual review. Our compliance department operates independently to track, monitor, assess, and ensure adherence to regulatory guidelines and internal standards. The team collaborates closely

with compliance coordinators across business/support teams and Divisional Offices. The Chief Compliance Officer (CCO) leads the compliance department, assisting the Board, the Board's Audit Committee, and the leadership team in managing compliance risk. The compliance framework includes the risk of legal or regulatory sanctions, financial loss, or reputational damage arising from any failure to comply with applicable laws, regulations, or codes of conduct governing our activities.

The compliance team remains vigilant in staying updated with regulatory developments and promptly ensures that the respective business/support teams adhere to guidelines in a timely manner. Additionally, it actively participates in industry working groups focussed on discussing emerging regulatory requirements. The team provides ongoing training to employees on compliance matters. The CCO is actively involved as a member of various executive committees, facilitating the exchange of information.

Furthermore, the compliance team keeps the management, Board, and Audit Committee of the Board informed about compliance-related matters through regular monthly, quarterly, and annual compliance reviews. The Board and leadership team are fully committed to promoting and maintaining a robust compliance culture throughout our organisation.

#### Effective governance oversight:

- Mechanisms to ensure the implementation of new regulations.
- Identification through gaps in controls through Risk Assessment results.
- Reporting of Compliance Breaches promptly.
- Clear definition of ownership and responsibility.
- Approach to holding staff accountable for compliance failures.

#### Promotion of a strong compliance culture:

- Dissemination through e-services/advisories.
- Guidance and insights are provided through interactive discussions, among others.
- Providing online/classroom training sessions.

#### Comprehensive risk management practices include:

- Conducting Compliance Risk Assessment.
- Implementing Mystery Shopping Framework.
- Undertaking robust ML-TF Risk Assessment.
- Monitoring Key Compliance Indicators.

#### Outlook

- To earn the confidence of the Regulator.
- To provide reasonable assurance to the Board.
- To establish a reputation as a centre of Regulatory Excellence.



#### Human Resource Management

Our Bank recognises the pivotal role of its human resources in driving its success, serving as the primary differentiating factor in a highly competitive sector. We are committed to cultivating a work environment conducive to employee growth, characterised by transparent and well-defined policies and practices that prioritise meritocracy in staff augmentation, appointment, and development. Moreover, our Bank maintains a consistent effort to modernise both its workforce and operational processes to enhance convenience for employees and ensure operational efficiency.

*(For further details, please refer to page 40 of Narrative section)*



#### Internal Control Systems and their Adequacy

Your Bank's Inspection and Audit functions is tasked with autonomously assessing the adequacy and efficiency of Internal Control mechanism, risk management practices, governance systems and processes. Internal Audit functions ensures adherence to internal policies, procedures, and regulatory compliance. It offers timely feedback to Management to engage in corrective measures and proactively suggests enhancement to operational processes. Audit functions also support its efforts in fostering asset quality.

The audit functionary reports to the MD & CEO. The Audit Committee of the Board reviews the effectiveness of controls, compliance with regulatory guidelines as also the performance of the Inspection and Audit functions and offers guidance and direction that may be required to enhance the audit functions. The Internal Audit Policy is reviewed by the Audit Committee of the Board and is approved by the Board. Audit is staffed with appropriate skilled and experienced personnel, including specialists in Information Technology, Cyber Security etc.

Various type of audits like RBIA, Concurrent Audit, Surprise Audits, Revenue Audit etc. are conducted across various businesses and functions i.e. Branches/Business Units (BUs) and other Back Offices (BOs). These include audit of Operations units, Risk and Support functions, Information Security Audits, Information Technology audits, IT Governance, and Infrastructure audits etc. Ample audits are conducted to independently evaluate the adequacy and effectiveness of internal controls on an ongoing basis and to pro-actively recommend enhancements thereon.

Audit adopts a risk-based audit approach in congruence with the RBI Guidelines on Risk Based Internal Audit (RBIA). RBIA focusses on the assessment and measuring of risks based on inherent business risks and control gaps in major areas under Credit, Operations and Market risks. RBIA also identifies weaknesses / control gaps to aid in early detection of possible impending weaknesses. Audit utilises technical tools (IT, Analytics etc.) for the purpose of the audit program, right from the identification of branches/business units to be inspected, to follow-up & compliance and arriving at the risk categorisation. The Bank has completed audit of all the branches, BUs and BOs identified as eligible for audit for FY 2023-24. A separate team ensures the genuineness of compliance submitted by the branches for audit observations.

During the year, your Bank has implemented off-site audit mechanism with the objective to ensure that the loan life cycle is audited on a near real-time basis with the support of digitalisation. Completion of selective post-sanction activities are being tracked on a continuous basis offsite thus ensuring preparedness of the units for full onsite audit. This in turn helps to close the gaps if any in time, and thus reducing the credit and operational risk to the Bank. "First Time Right" Approach is being insisted on at all levels to ensure that the actions/processes carried out by the respective teams shall be full and complete without gaps. This has considerably reduced turnaround time for file closure and has also improved compliance culture at the BUs. The implementation of off-site audit coupled with RADAR monitoring is expected to reduce the audit cost substantially in future.

The Concurrent Audit covers key branches, Business Units, and other Back Offices. Service of experienced external auditors is used for conducting concurrent audits as per the Auditor Appointment Policy of the Bank approved by the Board. During

FY 2023-24, Concurrent Audit covered selective branches, all Corporate Business Units (CBU), all Business Banking Units (BBU), NEO, Treasury Operations, Transaction Banking Group, Centralised Processing Centres like Forex, Branch Operations, Depository Operations etc.

The Bank undertakes Credit Audit for large credit exposures as part of the loan review mechanism stipulated by the regulator. The Bank has a system of re-appraisal of jewels pledged under the Jewel Loan portfolio at least once a year (864 instances during FY 2023-24) covering all jewel loan lending branches. Apart from periodical reappraisal, jewels are verified in onsite audits on random basis. As a part of deterrence and preventive measures, the Bank also conducts Jewel Loan Mystery Audit.

During the year, Bank has conducted Process Audits on selected key processes for examining their effectiveness and efficiency to provide insights on both the design and control effectiveness of the processes. Examination of business and operational key risks, controls established to mitigate those risks, including compliance with regulations and established policy, and procedures have been carried out in this activity.

With your Bank having ventured into new avenues for business acquisition through digitalisation, audit has increased its oversight on areas such as co-lending and direct assignment. Management audits of central office verticals, inspection of currency chests are conducted in line with RBI guidelines.

Your Bank has a Board-approved IS Audit Policy which is reviewed annually. IS Audit is governed by the IT Strategy and Digital Transaction Monitoring Committee of the Board and the Audit Committee of the Board. Information Systems (IS) Audit is conducted once in a year covering all critical processes, infrastructure, applications, technical centres, and back offices. During FY 2023-24, the Bank has conducted Information Systems audits across 496 branches, 15 offices and specialised audits covering various aspects of IT systems and security. The Bank has qualified team to conduct/manage various IS audits including VAPT, Continuous IS Audit of Data Centre, Disaster Recovery Site and Vendor Audit etc. External expertise, preferably through CERT-In empanelled firms, is utilised for the audit, wherever required.

### Key highlights of FY 2023-24

RBIA for 496 branches and all other Business Units identified for inspection for FY 2023-24 was completed. RBIA reports of all 496 branches were closed and Risk rating was also finalised. Improvements witnessed in the Risk rating of the branches, as 84.50% of audited units secured LOW RISK Rating in FY 2023-24 as against 78% in FY 2022-23. Similarly, the rating upgraded units were increased from 15.16% (FY 2022-23) to 20.79% (FY 2023-24).

Conducted Study on repeated audit remarks as a measure to address the root cause.

Concurrent Audit, covering 55.16% of the total advances of the Bank business.

Coverage of off-site audit of Branches, BBUs, Smart Unit.

Offsite surveillance areas strengthened by including new areas under continuous near real-time monitoring.

“Continuous off-site monitoring” was implemented covering selected areas to reduce credit risk and improve compliance culture.

IT-related process audits and thematic audits were undertaken to ensure adherence to Bank’s policies and guidelines.

### Outlook

- IAD has introduced new initiatives aimed at continuous near real-time audit and risk assessment. Vertical intends to employ data and document driven audits to enhance the performance.
- Analytical inputs will be used as a tool and the audit program (Selection, Audit, Follow-up, Review) will be system-driven.
- Eliminating possible audit overlapping to reduce compliance cost.

- IAD will leverage technology at all levels of audit function to enhance the coverage of off-site surveillance and off-site audit tools.
- IAD will carry out more process audits to ensure sustenance of expected system behaviour and adequacy of controls in place.
- Proactive and collaborative work practices amongst Compliance, Risk and Internal Audit functions of the Bank will be ensured using cross-functional committee representations for these functions.

### Disclosure of Accounting Treatment

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

### Cautionary Statement

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

# Corporate Governance Report

The Board of Directors present the Corporate Governance Report of the Bank for the Financial Year 2023-24. This report elucidates the systems and processes followed by the Bank to ensure compliance of the Corporate Governance requirements under various regulations/laws.

## PHILOSOPHY OF CORPORATE GOVERNANCE

Corporate Governance is a system of rules, practices and processes on which an entity is operated, regulated and controlled. It defines a framework for effective management, conduct business in an ethical and responsible manner, greater transparency, timely financial reporting, compliance and controls in place so that the interests of all stakeholders (shareholders, debenture holders, depositors, customers, employees, suppliers, community, etc..) are safeguarded.

Banks play a vital role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help to drive economic growth. A well-defined framework of corporate governance is much needed for proper functioning of the banking sector and the economy as a whole.

### Corporate Governance



Your Bank is committed towards achieving the highest standards of Corporate Governance by adhering to the guidelines issued by the regulators from time to time. The Board of Directors of your Bank oversees the functioning of the Bank and ensures the effective management, complete transparency, integrity & fairness, disclosures & compliance, accountability and responsibility towards the depositors & other stakeholders.

### Corporate Governance Structure



**BOARD OF DIRECTORS**

Responsible for Corporate Governance, provides strategic guidance and maintains oversight on the functioning of the Bank.



**COMMITTEES OF THE BOARD**

Acts in accordance with the terms of reference that require focussed attention.



**LEADERSHIP TEAM**

Ensures effective implementation of policy related decisions taken by Board/ Committees and provides updates regularly.

By adhering to regulatory guidelines and achieving the highest standards of Corporate Governance, the Board of directors of your Bank demonstrates its commitment by framing the “Corporate Governance Policy”. The Policy was framed taking into account the relevant statutory provisions under the Banking Regulation Act, 1949, the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI LODR’), circulars and other guidelines issued by the regulators from time to time. The Corporate Governance Policy is also available at the website of the Bank at <https://www.kvb.co.in/docs/corporate-governance-policy.pdf>.

## BOARD COMPOSITION

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

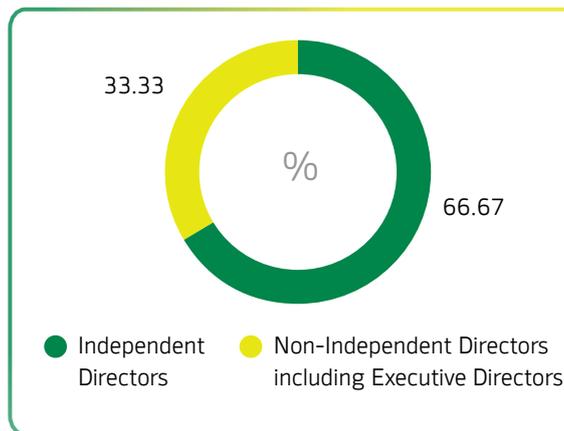
Board has Nine Directors as on the date of report, with a balanced combination of Six Non-Executive Independent Directors (including One Woman Non-Executive Independent (Part-time) Chairperson), One Non-Executive Non-Independent Director

and Two Executive Directors with diverse skills relevant for the Banking Business in tune with Board Diversity policy of the Bank. Independent Directors constitute around Sixty-Seven percentage of Board's total strength.

Board of the Bank is chaired by Dr Meena Hemchandra, Non-Executive (Part-time) Chairperson, who is an Independent Director.

### Composition of Board (As on Date)

S. No	Category	Count
1	Non-Executive Independent Directors	6
2	Non-Executive Non-Independent Director	1
3	Executive Directors	2



**60 Years**  
Average Age of the Board of Directors

**36 Years**  
Average Experience of the Board of Directors

### Tenure of the Directors in the Board



## Policy on Board Diversity

Your Bank always recognises and embraces the importance of diverse knowledge, skill-set, experience and expertise in the Board to function effectively. Bank has formulated and adopted 'Board Diversity Policy' covering all the aspects of Board composition, skill sets, diversification of the Board of Directors as required under the Companies Act, 2013, SEBI LODR, the Banking Regulation Act, 1949 and other regulatory and business requirements. Diversity is ensured by considering a number of factors, including but not limited to age, gender, independence, ethnicity, educational and functional background, industry experience and geography. Nomination and Remuneration Committee shall take into Consideration on any other aspect that may be necessary to consider from time to time as per the requirements of Banking environment

In line with the relevant provisions of the Banking Regulation Act, 1949, SEBI LODR, the Companies Act, 2013 and relevant circulars issued by RBI from time to time, Board of Directors shall possess the Core Skills/Practical Expertise/Special Knowledge/Competencies, viz.,

Accountancy	Economics	Banking	MSME
Law	Agriculture & Rural Economy	Human Resources	Finance
Co-operation	Strategic Planning	Business Management	Information Technology
Payment & Settlement Systems	Treasury Operations	Credit Recovery	Marketing
Risk Management	Any other field of expertise as deemed appropriate for the Bank's business from time to time		

The details of core skills/expertise/competence and directorship in other companies possessed by the Board of Directors of the Bank as on this date of report:

<p><b>Dr Meena Hemchandra<sup>1</sup></b> Non-Executive Independent (Part-time) Chairperson</p>	 Economics  Banking  Agricultural and Rural Economy  Finance  Business Management  Treasury Operations  Payments & Settlements System  Information Technology  Cyber Security  Risk Management  Supervision  Business analytics
<p><b>Shri B Ramesh Babu<sup>2</sup></b> Managing Director and Chief Executive Officer</p>	 Accountancy  Banking  Human Resources  Payments & Settlements System  Strategic Planning  Treasury Operations
<p><b>Shri R Ramkumar</b> Non-Executive Non-Independent Director (Promoter Group)</p>	 Business Management  Finance  Human Resources
<p><b>Shri K G Mohan<sup>3</sup></b> Non-Executive Independent Director</p>	 Business Management  Cyber Security  Information Technology  MSME
<p><b>Dr Harshavardhan R<sup>4</sup></b> Non-Executive Independent Director</p>	 Strategic Planning  Risk Management  Business Management  Payments & Settlements System
<p><b>Shri Murali Ramaswami<sup>5</sup></b> Non-Executive Independent Director</p>	 Banking  Credit  Finance  Accountancy  Marketing  Payments & Settlements System  Information Technology  Treasury Operations

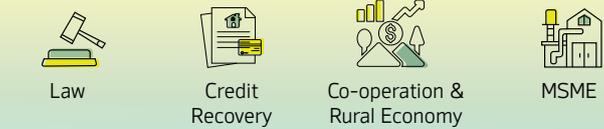
**CA Chinnasamy Ganesan<sup>6</sup>**

Non-Executive  
Independent Director



**Shri R Vidhya Shankar<sup>7</sup>**

Non-Executive  
Independent Director



**Shri J Natarajan<sup>8</sup>**

Executive Director



<sup>1</sup> She is also an Independent Director in M/s. Triveni Engineering & Industries Ltd, a listed company and also in an unlisted public limited company and is a member in audit committee of both companies. Further, she is also having Directorship in a Section 8 Company.

<sup>2</sup> He is also Director in Indian Institute of Banking and Finance (IIBF).

<sup>3</sup> He is also an Independent Director in one Unlisted Public Limited Company.

<sup>4</sup> He is also an Independent Director and Chairman in one Unlisted Public Limited Company and is a member of Audit Committee of the Company.

<sup>5</sup> He is also an Independent Director in M/s. Can Fin Homes Limited, a listed company and is member and chairman of Stakeholders Relationship Committee of the Company.

<sup>6</sup> CA Chinnasamy Ganesan is co-opted as an Additional Director of the Bank on April 25, 2023. Subsequently, he was appointed as Non-Executive Independent Director w.e.f. April 25, 2023 by shareholders vide Postal Ballot resolution approved on June 30, 2023. He is also an Independent Director in M/s. Belstar Microfinance Limited, a Debt Listed Company and member of Stakeholders Relationship Committee and member & chairman of Audit Committee of the Company.

<sup>7</sup> Shri R Vidhya Shankar is co-opted as an Additional Director of the Bank on April 22, 2024. Subsequently, he was appointed as Non-Executive Independent Director w.e.f. April 22, 2024 by shareholders vide Postal Ballot resolution approved on July 16, 2024. He is also an Independent Director in Listed Company M/s. Pricol Ltd. and L.G.Balakrishnan & Bros Ltd. and having Directorship in one unlisted Public Limited Company. He is a Member & Chairman of Stakeholders Relationship Committee of M/s. L.G.Balakrishnan & Bros Ltd. and member and Chairman of Audit Committee in the unlisted Public Limited Company.

<sup>8</sup> Shri J Natrajan was co-opted as an Additional Director in the Category of Whole Time Director and designated as Executive Director of the Bank on May 22, 2024, for a period of one (1) year. Subsequently, the same was approved by shareholders vide Postal Ballot resolution dated July 16, 2024.

None of the Directors are member of more than ten Board level Committees and Chairman of more than five Committees across all listed and unlisted public limited Companies. For the purpose of considering the limit of Membership and Chairpersonship in the listed and unlisted Public Limited Companies, Audit/Stakeholder Committee, have been considered as per Regulation 26(1)(b) of SEBI LODR.

## PROFILE OF BOARD OF DIRECTORS



**Dr Meena Hemchandra**

*Non-Executive Independent  
(Part-time) Chairperson*

**DIN:** 05337181

### Qualification:

M.A., (Economics),  
Ph.D.,(Economics), CFA  
(India), EDP on Advanced  
Risk Management -  
Wharton (USA), PG  
programme in Data Science  
and Business Analytics  
(University of Texas-Austin/  
Great Lakes Institute-  
Delhi), C.A.I.I.B.

### Experience:

Career Central Banker  
with Four decades of  
Experience & Retired  
Executive Director of RBI

### Sectorial Representation on the Board:

Economics, Banking, Agricultural and  
Rural Economy, Finance & Business  
Management, Treasury Operations  
and Payments & Settlements  
System, Information Technology &  
Cyber Security, Risk Management &  
supervision and Business analytics  
("Majority Sector")

### Date of Appointment:

May 26, 2022

### Tenure on Board:

> 2 Years

### No of Shares held:

2,500

Dr Meena Hemchandra is a career central banker with Four decades of experience in various departments of Reserve Bank of India. She was Executive Director of Reserve Bank of India in-charge of Supervision of Banks, Non-Banking Finance Companies and Cooperative Banks from June 2015 till her superannuation in November 2017. Her earlier experience includes treasury management, having headed the Department of External Investment and Operations (a department that manages the country's forex reserves) between 2005 and 2011. She also has expertise in Strategic Planning, and in foreign exchange regulations having worked in the Foreign Exchange Department at various points in her career. She has in-depth understanding of corporate governance and corporate balance sheets having worked in departments relating to large corporate finance, supervision over banks and from her long board tenures. Her Board experience of over nine years includes Reserve Bank of India nominee directorship on the Boards of Union Bank of India, Canara Bank and ECGC. Presently, she is an independent director on the Board of Clearing Corporation of India Limited and Triveni Engineering & Industries Limited, and also having directorship in Digital Lending Association of India – Section 8 Company.

She has strong skills in IT governance having established the 'Standing Committee on Cyber Security in Banks' in RBI and being its first Chairperson. She oversaw the framing of RBI guidelines on cyber security in June 2016.

She had also been the Principal of the Reserve Bank's College of Agricultural Banking organising training courses in Agriculture and Rural Credit, Co-operative Banking, Financial Inclusion, Financial Literacy, etc.

She advises on banking sector regulation, financial matters and cyber-security/IT governance in banks.

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

She was appointed as Non-Executive Independent (Part-time) Chairperson of the Bank for a period of three (3) years from the date of taking charge as approved by Reserve Bank of India. She had taken charge on July 25, 2022.



**Shri B Ramesh Babu**

Managing Director and  
Chief Executive Officer

**DIN:** 06900325

Qualification:	Experience:	Sectorial Representation on the Board:
M. Com., (with specialisation in Banking); C.A.I.I.B., Diploma in International Factoring by Factors Chain International, Netherlands.	An astute Banker with four decades of all-round experience	Accountancy, Banking, Human Resources, Payments & settlements systems, Strategic Planning and Treasury Operations (“Majority Sector”)
Date of Appointment:	Tenure on Board:	No of Shares held:
July 29, 2020	~4 Years	82,961

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

He was Ex-Deputy Managing Director & Chief Operating Officer in State Bank of India and has experience of developing and overseeing the Retail Business and Banking Operations for more than 21,000 retail branches and 1,20,000 other touch points of the Bank (ATMs/ Customer Service Points) successfully.

He has extensive experience in redressing painpoints in Customer Service-related areas and furthering Financial Inclusion by actively leveraging the services of Business Correspondents in SBI.

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

Shri B Ramesh Babu was re-appointed as Managing Director & CEO of the Bank, for the second term of three (3) years, with effect from July 29, 2023.



**Shri R Ramkumar**

Non-Executive  
Non-Independent Director

**DIN:** 00275622

Qualification:	Experience:	Sectorial Representation on the Board:
B.C.S., M.B.A (Human Resources)	Having more than a decade of experience in Textile Business and also has a business interest in certain finance firms	Business Management, Finance and Human Resources (“Minority Sector”)
Date of Appointment:	Tenure on Board:	No of Shares held:
June 25, 2018	> 6 Years	22,34,969

Shri R Ramkumar hails from the promoter’s family. He has Completed Bachelor of Arts in Corporate Secretaryship (B.C.S.) from Loyola College, Chennai and master’s in business administration (M.B.A.) in Human Resources. He has rich experience in the business of textiles and export of home textiles. He has widely travelled overseas for his export business and also has a business interest in certain finance firms.

**Shri K G Mohan**

*Non-Executive  
Independent Director*

**DIN:** 08367265

**Qualification:**

B.Tech (Chemical Engineering) - IIT Madras, Post Graduate Diploma in Industrial Engineering.

**Experience:**

More than four decades of corporate working experience with large multinationals as well as independent technology professional post retirement

**Sectorial Representation on the Board:**

Business Management, Cyber Security, Information Technology and MSME ("Majority Sector")

**Date of Appointment:**

February 01, 2020

**Tenure on Board:**

> 4 Years

**No of Shares held:**

2,500

Shri K G Mohan is a senior Information Technology professional with hands on experience in business management and transformation exercise, strategic deployment and cyber security framework using technology in various business processes to organisations. He mixes sharp business sense and experienced leadership skills with international operating experience in strategic IT Business value delivery.

He is an IIT Madras alumni with a PGDIE from NITIE. He held varied global IT leadership positions at FMCG giant Unilever for 27 years and subsequently at Healthcare leader Johnson & Johnson for 4 years.

At Unilever he held the positions of VP IT, VP IT & CIO for South Asia / Africa and Global VP IT for Networking and Telecommunication. At Johnson & Johnson, he was the VP IT and CIO for Asia Pacific, working out of Singapore.

He was a Member of Asia Pacific Business Board for Johnson & Johnson Medicals and a Member of Global IT Leadership Teams at Unilever and Johnson & Johnson. He has led several business transformation exercises using technology, renegotiated global

contracts, set up shared service facilities and developed global IT Teams across countries.

Currently, he is the Managing Partner of ASIMA Consulting LLP providing consulting inputs in the strategic deployment of technology to various organisations. He is also a Partner with Social Venture Partner Philanthropy Foundation and works for enhancing livelihood for the under privileged. Further, he is also an Independent Director in The Arya Vaidya Pharmacy (Coimbatore) Ltd.

Expertise includes, Transforming business by leveraging appropriate technology, Developing IT Strategy and implementation roadmap, Conceiving and setting up shared business processes and technology capabilities, Partnering with CXOs to innovate business solutions, Evaluating IT capabilities for due diligence in M&As and Mentoring technology teams to enhance their impact.

He has experience in providing advisory to MSME registered entities in Information Technology space. As an IT consultant, he regularly deals with technology related issues in MSME sector.

**Dr Harshavardhan R**

*Non-Executive  
Independent Director*

**DIN:** 01675460

**Qualification:**

B.E., (Mechanical Engineering), M.B.A., - IIM Kolkata, M.S. (Quantitative Finance), Ph.D., (Business Economics & Strategy).

**Experience:**

Around three decades of experience in Management Consultancy

**Sectorial Representation on the Board:**

Strategic Planning, Risk Management, Business Management and Payments & settlements systems ("Majority Sector")

**Date of Appointment:**

July 30, 2020

**Tenure on Board:**

~ 4 Years

**No of Shares held:**

2,500

Dr Harshavardhan R is an Independent business advisor. He was Senior Advisor to leading international management consulting firm Bain & Company and led its financial services practice in India. He joined Bain in 2010 after spending over 14 years with other international consulting firms including the Boston

Consulting Group and Arthur Andersen. He has also worked in the Banking industry for about 2 years as an analyst and trader. He has worked primarily in the financial services - Banking - retail and corporate, private banking and wealth management, insurance, asset management and so on, where he has advised

top management of companies in India, North America, Europe, South East Asia and Greater China, on issues of strategy, operations, organisation, risk management, etc. He has hands on experience in management consultancy and his key works include the areas of corporate finance, valuations, Banking/ financial services operations viz; process reengineering, cost rationalisation, Business management and payment & settlement systems, etc., private equity and strategic investors, strategic due diligence, etc. Presently, he is chairman of National Commodity Clearing Limited which is responsible for clearing and settlement services of all trades executed on the exchange and provide transparent risk management platform for the collective benefit of the agriecosystem.

He is actively involved in policy making related to financial services in India and was a member of the Banking Working Group of the Financial Services Legislative Reforms Commission

(FSLRC) set up by the Government of India as well as the Dr. P J Nayak Committee on Governance in Banking set up by the RBI. He chaired the committee appointed by the RBI in 2019 to review securitisation for housing finance. He has served on CII National Committees for Private Equity, Regulatory Affairs and Commodity Markets. He regularly contributes articles and is quoted frequently in business media on important sector issues.

He is a frequently invited speaker at conferences organised by Confederation of Indian Industries (CII), the Indian Banks Association (IBA), Indian Merchants Chambers, Reserve Bank of India (RBI), etc., as well as in business schools. He regularly contributes to articles in academic and business journals. He has a Bachelor degree in Mechanical Engineering from VNIT Nagpur followed by an MBA from IIM Kolkata, and an MS in Quantitative Finance and PhD in Business Economics & Strategy from the Smith School of Business at the University of Maryland, USA.



**Shri Murali Ramaswami**

*Non-Executive  
Independent Director*  
**DIN:** 08659944

<b>Qualification:</b>	<b>Experience:</b>	<b>Sectorial Representation on the Board:</b>
B.Com., M.B.A., AICWA., C.A.I.I.B., DBF(ICFAI)	Seasoned banker having wide experience for more than Three decades & Retired Executive Director of Bank of Baroda	Banking, Credit, Finance, Accountancy, Marketing, Payments & Settlements System, Information Technology and Treasury Operations (“Majority Sector”)
<b>Date of Appointment:</b>	<b>Tenure on Board:</b>	<b>No of Shares held:</b>
June 14, 2022	>2 Years	2,600

Shri Murali Ramaswami is a seasoned banker having wide experience for more than Three decades. He started his career in Vijaya Bank in 1984 and retired as an Executive Director in Bank of Baroda in 2020. He was involved in various facets of Banking sector essentially in Credit, Treasury, International Operations, Cash Management, Integration Management, Digital Banking and Information Technology Initiatives. He started his career in banking domain with Vijaya Bank, during the span of 30 years in Vijaya Bank, he rose to the position of Executive Director. In his career at Vijaya Bank, he held important positions in Credit, Operations and also as CFO of the bank. He has also worked as an Executive Director in Bank of Baroda during the year 2019-2020.

He served as a nominee director in M/s India Infra Debt Ltd and M/s BOB Capital Markets Ltd during his tenure in Bank of Baroda. He is well versed with all areas of Banking Sector. Presently, he is also an Independent Director in Can Fin Homes Limited.

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

**CA Chinnasamy Ganesan**

*Non-Executive  
Independent Director*

**DIN:** 07615862

**Qualification:**

B.Com., FCA., DISA (ICAI).

**Experience:**

More than three decades of experience in the area of audit.

**Sectorial Representation on the Board:**

Accountancy, Finance, Information Technology, Cyber Security, Audit and Taxation ("Majority Sector")

**Date of Appointment:**

April 25, 2023

**Tenure on Board:**

>1 Year

**No of Shares held:**

2,500

CA Chinnasamy Ganesan is a Chartered Accountant having more than three decades of experience in the area of audit. He handled Indian and multi-national clients in automotive, auto ancillary, IT/ITES, BPOs, KPOs, telecom, industrial markets, consumer markets, pharma/ healthcare, transport/ logistics, shipping management, BSRE, oil and gas, plantation, banking, financial services and insurance sector. He handled many Indian and multi-national companies with respect to audits, advisory on international financial reporting, taxation, due diligence and other assurance services.

He has more than 25 years of extensive knowledge and experience in carrying out bank audit and training bank officials in financial reporting. He specialises in Financial Reporting (including Ind AS,

IFRS and US GAAP), Company law matters, audit and taxation and was conferred Honorary Doctorate ("honoris causa") in International Financial Reporting Standards for his extensive contribution to Ind AS and IFRS by a renowned foreign university

He is an active resource person for Regional Training Institute of Comptroller and Auditor General of India, Staff training college of Indian Bank, Indian Overseas Bank, Reserve Bank of India and several other banks. He was an Independent Director in Board of Directors of RailTel Corporation of India Limited, a Mini-Ratna Public sector undertaking under the Ministry of Railways. Presently, he is also an Independent Director in Belstar Microfinance Limited.

**Shri R Vidhya Shankar**

*Non-Executive  
Independent Director*

**DIN:** 00002498

**Qualification:**

B.Com., B.L.

**Experience:**

More than three decades of standing experience in Corporate/ General Civil Laws

**Sectorial Representation on the Board:**

Law, Credit Recovery, Co-operation & Rural Economy and MSME ("Majority Sector")

**Date of Appointment:**

April 22, 2024

**Tenure on Board:**

<1 Year

**No of Shares held:**

2,500

Shri R Vidhya Shankar holds a Bachelor of Commerce and Bachelor of Law degree from Bharathiyar University, Coimbatore. He is a Gold Medalist and holds the record for a very rare first class in Law at Bharathiyar University. He is the senior partner of M/s Ramani & Shankar, one of the oldest Law Firms in Western Tamil Nadu and much sought after lawyer in western Tamil Nadu for corporate litigations, transactions and opinions.

He specialises in Corporate Law, including in corporate transactions, corporate restructuring, schemes and arrangements, corporate litigations, domestic and international arbitrations, capital market, FEMA compliances, cross-border transactions and general corporate advisory services.

He has more than 100 reported decisions in the field of corporate law to his credit and he is regular speaker at the seminars and workshops of Bar Association, Chambers of Commerce and professional Institutes.

Currently he serves as an Independent Director on the Board of Pricol Limited, and Board of L.G.Balakrishnan & Bros Limited and also serves as Director in Anugraha Valve Casting Ltd. Further, he is also a Governing Council member of the Chamber of Commerce, Coimbatore, and Executive Committee Member of the Planters Association of Tamil Nadu.



**Shri J Natarajan**

Executive Director

**DIN:** 02710776

Qualification:	Experience:	Sectorial Representation on the Board:
M.A.(Economics), C.A.I.I.B.	More than four decades of experience in Karur Vysya Bank.	Economics, Banking, Accountancy, Finance, Treasury Operations, Business Management, Strategic Planning, Marketing, Human Resources, Information Technology, Payments & Settlements, Business Analytics, Fintech, Credit Recovery and Risk Management ("Majority Sector")
Date of Appointment:	Tenure on Board:	No of Shares held:
May 22, 2024	<1 Year	1,19,967

Shri J Natarajan joined in Karur Vysya Bank as a Trainee in the year 1982. Through his dedicated result oriented hard work, he moved up different levels and became General Manager of the Bank in the year 2010, Chief General Manager of the Bank in the year 2017 and President of the Bank in the year 2019 reporting to MD&CEO of the Bank. Further, he was appointed as an Executive Director of the Bank in the year 2024.

Besides Branch Banking experience of 18 years, where he headed two very large branches and a very large division covering Western and Northern States, he has extensive work experience in Treasury, Finance and Merchant Banking. During his tenure as head of Data Centre in the year 2004, Bank has implemented core banking solution across the Bank in a record time. Using the core banking platform, Bank has implemented various channels viz., ATM, Net Banking and Mobile Banking. He was head of Operations and IT for four years, HR for four years and Treasury for a brief period. During his stay as Head of HR, bank has implemented People Soft solution for HR operations and instrumental in establishing Integrated Treasury in Mumbai in 2018.

He headed Digital Transformation team and instrumental in creating Digital Lending System in the year 2018, wherein, Bank has migrated to end to end digital Loan origination using algorithm based underwriting engine and by connecting fintech partners in real time using API technology. The new system is helping the bank in scaling up the business and ease of on boarding customers with better risk profile.

During his tenure as President, to mitigate Operation Risk, Bank has created Centralised Operation Centre at Coimbatore by moving back office works from branches and Centralised Expenses Management Centre at Chennai to have effective cost control. Further, Bank has received license to handle bullion business in 2019 and Precious Metal division was set up to handle bullion business.

The brief profile of the Directors of the Bank is also available on the website of the Bank at [www.kvb.co.in](http://www.kvb.co.in)

### AFFIRMATION BY INDEPENDENT DIRECTORS

Pursuant to section 149(7) read with 149(6) of the Companies Act, 2013 and regulation 25(8) read with regulation 16(1) (b) of the SEBI LODR, all Independent Directors of the Bank have submitted the declaration that they have met the criteria of Independence. Based on the declaration received from the Independent Directors, the Board of Directors have assessed and confirmed that they are independent of the management & fulfill the conditions specified in the Companies Act, 2013 and SEBI LODR.

In terms of the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Rules,

2014, with respect to enrolling their name in the online databank of independent directors and qualifying the online proficiency self-assessment test for Independent Directors, 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.

Further, Dr Meena Hemchandra, Shri K G Mohan, Dr Harshavardhan R and CA Chinnasamy Ganesan, Non-Executive Independent Directors of the Bank, have qualified the online proficiency self-assessment test for Independent Director's Databank. Furthermore, in accordance with the above said rules, Shri Murali Ramaswami and Shri R Vidhya Shankar, have claimed exemption for online proficiency self-assessment test.

## Terms and Conditions for Appointment of Independent Directors

A formal letter of appointment is issued by the Bank to the newly appointed Director containing, inter alia, the terms and conditions of his/her appointment. Independent Directors' tenure is fixed in terms of the provisions of the Companies Act, 2013 and Section 10A(2A)(i) of the Banking Regulation Act, 1949 and/or by the shareholders/ Board. Terms and Conditions for appointment of Independent Directors are available on the website of the Bank at <https://www.kvb.co.in/investor-corner/>

## FAMILIARISATION PROGRAMMES

The familiarisation programmes intend to provide an introductory orientation to the newly inducted Directors to enable them to familiarise the functioning of the Bank so as to gain a clear understanding of their roles, rights and responsibilities for the purpose of contributing significantly towards the growth of the Bank.

Bank also nominates the Directors to attend relevant external training programs which are conducted by the Regulatory/ reputed Institutions. During the year, Directors are offered with opportunity to attend the programmes conducted by FICCI, IDRBT, CAFRAL, RBI and other reputed Institutions.

During the financial year 2023-24, Independent Directors have attended 133 hours of familiarisation programs. Further, newly inducted Independent Directors were familiarised with policies and procedures of the Bank. Familiarisation programmes include Program in IT & Cyber Security, Program on Data Protection, Data Privacy & Data Localization, Artificial Intelligence and Machine Learning, etc. The details of such familiarisation programmes attended by the Directors are available on the website of the Bank at <https://www.kvb.co.in/docs/disclosure-on-familiarisation-programmes-for-board-of-directors.pdf>

## RESIGNATION OF INDEPENDENT DIRECTOR

No Independent Directors have resigned during the financial year 2023-24.

## RELATIONSHIP BETWEEN DIRECTORS INTER-SE

None of the Directors of the Bank are related to each other.

## DIRECTORS AND OFFICERS INSURANCE

Pursuant to the regulation 25(10) of SEBI LODR, the Bank had undertaken Directors and Officers insurance ('D & O insurance') for all its Directors, including Independent Directors.

## BOARD PROCEDURE

The meeting of the Board and its Committee are scheduled well in advance and the information including date, time and place of

the meetings are circulated to all Directors as per the Secretarial Standards. The Meetings of the Board and its Committees are governed by a structured agenda. The Board agenda and Memorandum/Notes thereof backed by comprehensive background information are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards and SEBI LODR. The Memorandum/ Notes contains all complete relevant information related to the requests of the Departments to facilitate open and substantive deliberations. The respective Department Heads of the Bank are special invitees to the Meeting to provide any explanations related to the Notes and seek feedback from the Board if any. On every Board Meeting, Board is briefly informed about recent activity, initiatives, key events, etc., of the Bank and Chairperson of the respective Committees of the Board also present a verbal summary of key points discussed at the Committee Meetings. Further, video conferencing facility is also used effectively to facilitate participation of Directors, who are unable to attend the meetings in person, complying with the provisions of Companies Act, 2013 and SEBI LODR. The Board of Directors follows highest degree of business ethics, transparent practices, governance and cordial environment in the Board.

In case of exigency or urgency of matters, Board and its Committee also pass the resolutions by circulation. Data required by the Directors and clarifications, if any, are provided for informed decision making. Resolutions passed by circulation are noted in the next meeting as required under the Companies Act, 2013.

The Minutes of the Board and its Committees are circulated to Board and its committee members for their comments/ confirmation within the time lines prescribed in accordance with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). The Bank has in place a post meeting follow-up procedure, which will track the observations/decision taken by the Board/Board Level Committees meeting till the closure of such observations/decision. An Action Taken Report (ATR) is being placed before the Board/Board Level Committees 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.

None of the Directors have attained the age of 75 years as on March 31, 2024.

## BOARD MEETINGS

During the financial year 2023-24, Twelve (12) Board Meetings were held and the maximum time gap between any two meetings was not more than 120 days. The date of the meetings are mentioned below:

25/04/2023	15/05/2023	13/06/2023	17/07/2023	23/08/2023	25/09/2023
16/10/2023	17/11/2023	20/12/2023	22/01/2024	28/02/2024	26/03/2024

The details of attendance of each Director at the Board meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below along with Attendance details at last AGM of the Bank held through VC/OAVM:

Name of the Director Sarvashri	Category	No of Meetings during his/her tenure		Attendance at last AGM (23.08.2023)
		Attended / Conducted	% of Attendance	
Dr Meena Hemchandra	Non-Executive Independent (Part-time) Chairperson	12/12	100	Yes
B Ramesh Babu	Managing Director & Chief Executive Officer	12/12	100	Yes
Dr K S Ravichandran	Non-Executive Independent Director	12/12	100	Yes
R Ramkumar	Non-Executive Non-Independent Director	12/12	100	Yes
K G Mohan	Non-Executive Independent Director	12/12	100	Yes
Dr Harshavardhan R	Non-Executive Independent Director	12/12	100	Yes
Murali Ramaswami	Non-Executive Independent Director	12/12	100	Yes
CA Chinnasamy Ganesan <sup>1</sup>	Non-Executive Independent Director	11/11	100	Yes
M V Srinivasamoorthi <sup>2</sup>	Non-Executive Non-Independent Director	5/5	100	Yes

<sup>1</sup>CA Chinnasamy Ganesan was appointed as Non-Executive Independent Director of the Bank, for a period of three (3) years with effect from April 25, 2023.

<sup>2</sup>Shri M V Srinivasamoorthi, Non-Executive Non-Independent Director of the Bank demitted office at the close of office hours on August 26, 2023, consequent to completion of his tenure.

Shri Srinivasa Rao Maddirala, Company Secretary and Deputy General Manager acts as the Secretary to the Board and its Committees.

## COMMITTEES OF THE BOARD

Board level Committees are usually formed as per the relevant regulatory guidelines and business requirement in order to improve the board effectiveness and impart special attention in areas where more focus and specific deliberations are required. Committees facilitate efficient time management for the entire Board and allows thorough scrutiny and focussed attention. Board of Directors perform their advisory and oversight function through well-structured, planned, and assigned committees to take advantage of the expertise of the Directors. The Board has delegated authority to various Board Committees to enable them to oversee certain specific responsibilities based on their terms of reference in line with the Companies Act, 2013, SEBI LODR and the Banking Regulation Act, 1949.

Board Committees normally function independently from each other and are provided with sufficient authority and assigned responsibilities in assisting the entire Board. The duties and responsibilities of each Committee of the Board are specified in the charter. Each Committee is guided by its terms of reference, which defines the scope, powers and composition of the Committee. The Committees deliberate issues as per their terms of reference which are fixed in line with the statutory requirement and make recommendations to the Board as and when required. All the required decisions and recommendations of the Committees are placed before the Board for information or review or approval.

Board has constituted and functioned with 10 Committees as on March 31, 2024 namely as under:



**1. Management Committee of the Board (MCB)**

Management Committee of the Board is a non-statutory Board level committee constituted to consider various business/ credit related matters in line with credit policy of the Bank having material significance under superintendence of Board. This committee aims to provide Board of Directors, qualitative time for focussing on strategic issues and brings about organisational effectiveness by helping the executives to perform their managerial functions efficiently. Committee acts within the powers delegated by the Board in line with provisions of Section 179 of the Companies Act, 2013 and guidelines issued by RBI from time to time.

During the financial year 2023-24, Management of Committee of the Board met thirteen (13) times and the date of the meetings are mentioned below:

08/05/2023	17/06/2023	26/06/2023	21/07/2023	16/08/2023	21/09/2023	21/10/2023
08/11/2023	29/11/2023	18/12/2023	19/01/2024	22/02/2024	14/03/2024	

The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

Name of the Director Sarvashri	Category	No of Meetings during his/ her tenure	% of Attendance
		Attended / Conducted	
B Ramesh Babu MD & CEO	Chairman	13/13	100
R Ramkumar Non-Executive Non- Independent Director	Member	13/13	100
Dr Harshavardhan R Non-Executive Independent Director	Member	13/13	100
Murali Ramaswami# Non-Executive Independent Director	Member	12/12	100
K G Mohan* Non-Executive Independent Director	Member	1/1	100

#Member of the Committee from 16/05/2023

\*Member of the Committee till 15/05/2023

### Composition of Management Committee of the Board (MCB) as on March 31, 2024



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

- 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; which facilitates quick response to the needs of the customers and speedy disbursement of loans.

- To review the sanctions made by the Central Office Credit Committee of Executives (COCC).
  - To review the Turnaround time in credit sanctioning/ efficiency levels in operations. (Sanctioning at any level whether fresh or for renewal or for modifications, relaxations and concessions, must be turned around in a maximum of 30 days from the date of receipt of application. Grace period could be 15 days to account of delays in getting further papers and explanations can be admitted. Hence, every proposal that has not seen output or logical conclusion within 45 days must necessarily be reviewed by this Committee, so that enquiries can be made and take such actions as it may deem fit.)
- Proposal for approval of capital and revenue expenditure as per delegation of Powers, and review of capital & revenue expenditure vis-à-vis the approved budgets by the Board/ MCB once in a six months.
  - Proposals relating to acquisition and hiring of premises including deviation from norms for acquisition and hiring of premises within the delegation of powers.
  - To review the performance of verticals, divisions, branches and business arrangements.
  - 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:
    - To Determining, implementing, reviewing of partnering agreements, approving of the business tie-ups and introduction of new products;
    - To provide direction on the business under the Retail segment, viz., Retail Advances, Retail Deposits and Insurance & Investment, Personal Banking.
    - To Review the new initiatives of insurance companies, AMCs of mutual funds, aggregators for online payments, Fintech companies who are with digital payments, retail loans through online platform by fintech companies, companies (NBFCs) interested in joint lending, payment banks and digital marketing agencies etc for exploring business potential.

- Reviewing the results of business surveys conducted, if any, that provide quantitative and qualitative information on the state of business in the industry.
  - Reviewing metrics and indicators that provide information on the requirement for business development activities in the bank, if any; providing direction to the management of the Bank on actions to be taken to improve metrics.
8. 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.
9. Human Resources (HR) related aspects of the Bank specifically for staff who are below the Senior Management Cadre;
- To review formulation and periodic amendments of HR Policies governing the Bank.
  - To review Manpower Planning, Skill Gaps, training and development efforts towards organisation success.
  - To review Compliance with Internal Processes, Regulators and Board Guidance.
10. To review the Policies related to the committee and recommend to the Board for approval.
11. Any other matter referred by the Board.

## 2. Audit Committee of the Board (ACB)

Audit Committee of the Board (ACB) is one of the key statutory committees and constituted in accordance with the provisions of the Companies Act, 2013, SEBI LODR, the extant guidelines of RBI and its circulars from time to time.

As on March 31, 2024, ACB is chaired by an Independent Director. All the members are financially literate and have adequate knowledge in accounting and financial management. The Chairperson of the ACB was present at the last Annual General Meeting.

During the financial year 2023-24, Audit Committee met Eleven (11) times and not more than one hundred and twenty days lapsed between two consecutive meetings of the ACB. The date of the meetings are mentioned below:

15/05/2023	25/05/2023	17/07/2023	18/08/2023
16/10/2023	27/10/2023	28/11/2023	30/12/2023
22/01/2024	16/02/2024	07/03/2024	

The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

Name of the Director Sarvashri	Category	No of Meetings during his/ her tenure	% of Attendance
		Attended / Conducted	
CA Chinnasamy Ganesan <sup>§</sup> Non-Executive Independent Director	Chairman	10/10	100
R Ramkumar <sup>#</sup> Non-Executive Non- Independent Director	Member	7/7	100
Dr Harshavardhan R Non-Executive Independent Director	Member	11/11	100
Murali Ramaswami <sup>@</sup> Non-Executive Independent Director	Member	11/11	100
M V Srinivasamoorthi* Non-Executive Non- Independent Director	Member	4/4	100

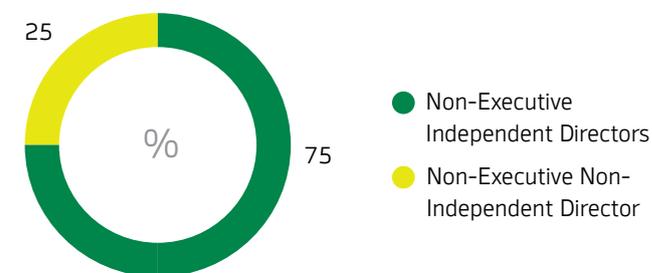
<sup>§</sup>Member and Chairman of the Committee from 16/05/2023

<sup>#</sup>Member of the Committee from 27/08/2023

<sup>@</sup>Chairman of the Committee till 15/05/2023

\*Member of the Committee till 26/08/2023

## Composition of Audit Committee of the Board (ACB) as on March 31, 2024



The terms of reference of the Committee, 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 subsection 3 of Section 134 of the Companies Act, 2013;
  - b) Changes in accounting policies and practices, if any, and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgement by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with the Listing and other legal requirements relating to financial statements;
  - f) Disclosure of related party transactions;
  - g) modified opinion(s) in the draft Audit Report,;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing the statement of application of funds raised through an issue (public, rights, preferential issue, etc.), the statement of funds utilised other than for those stated in the offer documents, report submitted by monitoring agency on the utilisation proceeds with the management and making appropriate recommendations to the Board to take steps in this regard;
7. Reviewing and monitoring the Statutory Auditor's independence, performance, and effectiveness of Audit process;
8. Approving or any subsequent modification of transactions with related parties;
9. Scrutiny the transactions pertaining to inter-corporate loans and investments, if any;
10. Valuation of undertakings or assets of the Bank, as and when required;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of statutory and Internal Auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of Internal Audit function, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage, frequency of Internal Audit;
14. Reviewing the findings of any internal investigations by the Internal Auditors into matters where suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
15. Discussions with Statutory Auditors before commencement of Audit, about the nature and scope of Audit as well as post-Audit discussion to ascertain any area of concern;
16. Reviewing repayment obligations of Bank, assess and review the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
17. Reviewing the Whistle-Blower Policy and Vigil Mechanism;
18. Approving the appointment of CFO (i.e., the person who is heading the finance function after assessing his qualifications, experience, background and etc.);
19. Reviewing Long Form Audit Report as prepared by Statutory Auditors;
20. Reviewing periodic inspection report submitted by RBI;
21. Reviewing of RBIA inspection reports on periodic basis.
22. Reviewing of Frauds on periodic basis.
23. Discussions and review with the internal audit and Concurrent Auditors, their reports/findings with an objective of reporting any significant/material findings to the Board;
24. Monitoring the adequacy of the internal control environment, adequacy of checks and balances including Management Information Systems (MIS) and the adequacy of Internal Audit function, its policies, its structure, coverage and frequency of Internal Audits;
25. Reviewing the compliance function periodically;
26. Reviewing the following information:
  - A. Management Discussion and Analysis of financial conditions and results of operations;
  - B. Statement of significant related party transactions submitted by the management, etc.,

- C. management letters / letters of internal control weaknesses issued by the statutory auditors;
- D. the appointment, removal and terms of remuneration of the chief internal auditor
- E. statement of deviations, annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in case of fund raising activities.

27. Performing any other functions, duty as stipulated by the Companies Act, 2013, Reserve Bank of India, SEBI LODR, SEBI PIT Regulations and any other regulatory authority or under any applicable laws as prescribed from time to time.

### 3. Nomination and Remuneration Committee (NRC)

Pursuant to the provisions of the Companies Act, 2013, SEBI LODR and the extant guidelines of Reserve Bank of India, your Bank has constituted Board level Nomination & Remuneration Committee (NRC) which, inter alia, deals with the matters relating to appointments on the Board and Senior Management, performance appraisal and compensation related matters of the Bank.

NRC has formulated the criteria for determining qualifications, positive attributes and independence of a Director for the appointment/ re-appointment of Directors in tune with the 'fit and proper' criteria as per Dr. Ganguly Committee Norms which stipulates age, qualification, experience, track record, integrity, etc., and various circulars instructions and guidelines issued by Reserve Bank of India from time to time.

NRC is also reviewing and assessing the composition mix and performance of the Board as well as identifying appropriately qualified persons to confirm Board Diversity.

The Committee shall be constituted with a minimum of three Non-Executive Directors and atleast two third of the directors shall be independent directors. Further as per RBI guidelines a Member of Risk Management Committee of the Board shall also be a Member in the Committee. The Committee shall be headed by a Non-Executive Independent Director. The Composition of the Committee complies with the statutory requirement. Chairman of the NRC was present at the last Annual General Meeting.

During the financial year 2023-24, Nomination and Remuneration Committee met Fourteen (14) times and the date of the meetings are mentioned below:

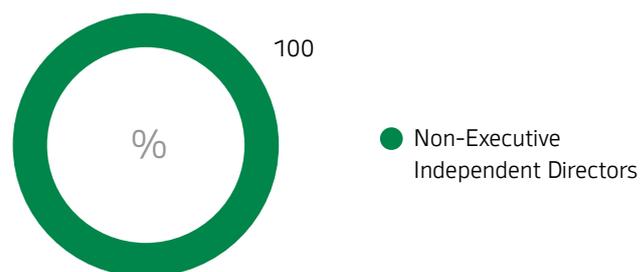
06/04/2023	11/05/2023	30/05/2023	09/06/2023
22/09/2023	07/10/2023	16/10/2023	19/11/2023
05/12/2023	19/12/2023	22/01/2024	10/02/2024
28/02/2024	25/03/2024		

The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

Name of the Director Sarvashri	Category	No of Meetings during his/ her tenure Attended / Conducted	% of Attendance
Dr K S Ravichandran Non-Executive Independent Director	Chairman	14/14	100
Dr Meena Hemchandra Non-Executive Independent (Part-time) Chairperson	Member	14/14	100
K G Mohan Non-Executive Independent Director	Member	14/14	100
M V Srinivasamoorthi* Non-Executive Non-Independent Director	Member	4/4	100

\* Member of the Committee till 26/08/2023

### Composition of Nomination and Remuneration Committee (NRC) as on March 31, 2024



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

- 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.
- To devise/review a Policy on Appointment and Succession Planning for Directors.
- To devise/review a policy on Board Diversity.
- To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.
- To recommend persons who are qualified to become directors and who may be appointed in senior management

- in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
6. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy.
  7. To formulate the criteria for variable pay and fix the thresholds for applying malus & clawback on the grant of variable pay payable to MD & CEO/ WTD.
  8. To also review and recommend to the board, all remuneration, in whatever form, payable to Directors & senior management.
  9. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines.
  10. To provide inputs, if required, to Board for making disclosures regarding policies, appointments, remuneration etc. of Directors and Senior Management personnel in the Annual Reports/ Directors Reports/Financial Statements etc. as may be required by the regulations from time to time.

11. To 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.

### Evaluation of Board's Performance

Particulars	Category	Disclosures
Evaluation of	Board as a whole	Evaluation on Individual Directors without the Director being evaluated, Chairperson, MD & CEO, Board as a whole & its committees are carried out as per statutory guidelines based on questionnaire.
	Board Committees	
	Chairperson	
	MD & CEO	
	Non – Executive Directors including Independent Directors	



### Evaluation Criteria

Nomination and Remuneration Committee formulated the methodology and criteria for evaluation of Independent Directors, Non-Independent Directors, Managing Director & CEO, Chairman, Committees of the Board and the Board as a whole in accordance with the relevant provisions of the Companies Act, 2013, SEBI LODR and as per the Guidance Note on Board Evaluation issued by SEBI.

Category	Criteria
Board as a Whole	Criteria, inter-alia, includes such as composition, structure, effectiveness of board processes, familiarisation & training programs, information and functioning, management relations, strategy, risk management, inputs from the directors, etc.,
Board's Committee	Criteria, inter-alia, includes such as composition, effectiveness, periodicity of meetings, functions and duties, management relations, committee meetings and procedures, inputs from the minutes of committee meeting and chairperson of the respective committee, etc.,
Chairperson	Criteria, inter-alia, includes such personal attributes, leadership qualities, ability to synthesise discussion, management of balance between stakeholders, maintenance of good working relationship and communication within the Board and among senior management, promoting sense of participation among the members and implementing best Corporate Governance practices, etc.,
MD & CEO	Criteria, inter-alia, includes such as leadership, strategy formulation & execution, developing and executing business plans, operational plans, risk management and maintaining harmonious relationship with stakeholders, effective organisation structure, etc.,
Non-Executive Independent Directors	Criteria, inter-alia, includes such as participation in ID meeting, expression of independent views and judgement, independence from the management in addition to the above Criteria formulated to Non-Executive Non-Independent Directors
Non-Executive Non-Independent Directors	Criteria, inter-alia, includes such as attendance and participation at the Board, knowledge and expertise, management of relationship with stakeholders, integrity and maintenance of confidentiality, personal attributes, etc.,

The Board of Directors in their meeting held on May 22, 2024 have carried out the annual evaluation on the performance of Board, its Committees, Chairperson, Managing Director & CEO and Non – Executive Independent Directors. Further Independent Directors in their Separate Meeting have carried out evaluation of Board as a whole and Non- Executive Non-Independent Directors.

The evaluation process was initiated by putting in place, a structured questionnaire after taking into consideration of the inputs received from the Directors.

Board acknowledges that Independent Directors are having diversified expertise with competence and integrity and who express their opinions freely as well as exercise their own judgements.

The disclosure in terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2018/79 dated May 10, 2018, on board evaluation, is detailed as under:

1. Observations of Board evaluation carried out for the year: 1. Suggested to arrange in-house training programs for Directors on recent trends in Environmental, Social & Governance (ESG) aspects. 2. Suggested improvements in presentation aspects of the verticals/Departments to the Board. 3. Suggested to explore improvements in the methodology and parameters considered for the Performance evaluation process.
2. Previous year's observations and actions taken: Previous year's observations were Board Members awareness about on the press release, market information about the Bank and more focus on succession planning for employees who holding key positions.



Actions taken: In line with the above, press release and market information about the Bank are circulated to Board Member on regular basis, and status on succession planning for key positions employees are placed to the Board Members on regular intervals.

3. Proposed action based on current year observations: All the observations made by the Board during performance evaluation process have been conveyed to the concerned stakeholders, for appropriate action. The status of compliance with the said observations will be reviewed by the Board.

#### 4. Customer Service and Stakeholders Relationship Committee (CS & SRC)

Reserve Bank of India vide its circular on July 01, 2015 has suggested Banks to constitute a Customer Service Committee of the Board in compliance with the recommendations of Committee on Procedures and Performance Audit on Public Service (CPPAPS) and to include experts and representatives of customers as invitees to enable the Bank to formulate

policies and assess the compliance thereof internally with a view to strengthening the Corporate Governance structure and bring about on-going improvements in the quality of customer service provided by the Banks, thereby improving the level of customer satisfaction for all categories of clientele consistently. The Committee is entrusted with the responsibility of monitoring the quality of services rendered to the customers and also ensuring the implementation of directives received from RBI in this regard.

Further, in terms of RBI Circular DBOD.No.CID.BC.127/20.16.056/2013-14 dated June 27, 2014 Bank shall have a structured process of complaints redressal by constituting a Consumer Protection Committee under Board with respect to Credit Information Report submitted by the Bank and pursuant to provisions of Section 178 of the Companies Act, 2013, a company which consists of more than one thousand shareholders, debenture-holders, deposit holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee and the SEBI LODR requires that, the Committee so constituted has to consider and resolve the grievances of investors.

In line with the above regulatory provisions, Bank has constituted a Customer Service and Stakeholders' Relationship Committee ("CS&SRC"). The Committee is chaired by a Non-Executive Director and the Chairman of the CS&SRC was present at the last Annual General Meeting.

During the financial year 2023-24, the Committee met two (2) times and the date of the meetings are mentioned below:

26/09/2023	14/03/2024
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The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

Name of the Director	Category	No of Meetings during his/her tenure	% of Attendance
Dr Meena Hemchandra Sarvashri	Chairperson	2/2	100
B Ramesh Babu MD & CEO	Member	2/2	100
R Ramkumar	Member	2/2	100
K G Mohan	Member	2/2	100

Shri Srinivasa Rao Maddirala, Company Secretary and Deputy General Manager, is the Compliance Officer in terms of Regulation 6 of the SEBI LODR.

**Composition of Customer Service and Stakeholders Relationship Committee (CS & SRC) as on March 31, 2024**



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

1. Formulating comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor (for operations of his account), the product approval process, annual survey of depositor satisfaction and the triennial audit of such services;
2. The Committee shall also examine any other issues which have a bearing on the quality of customer service rendered by the Bank;
3. To review the actions taken/ being taken by the Bank to standardise the delivery of customer service;
4. To review the results of the surveys conducted that provide quantitative and qualitative feedback from customers' experience of the service rendered by the bank;
5. Review the 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.
6. Further, with a view to enhancing the effectiveness of the Customer Service Committee, banks should also:
  - a) place all the awards given by the Banking Ombudsman before the Customer Service Committee to enable them to address issues of systemic deficiencies existing in banks, if any, brought out by the awards;
  - b) place all the awards remaining unimplemented for more than three months with the reasons therefor before the Customer Service Committee to enable the Customer Service Committee to report to the Board such delays in implementation without valid reasons and for initiating necessary remedial action; and

7. To review and monitor the mechanism to redressal the complaints received from security holders such as shareholders, bond holders and any other stake holders with specific reference to non-receipt of dividend, non-receipt of interest on bonds, annual report / statutory notice by the shareholders of the Bank, transfer or transmission of shares, issue of duplicate share certificate, splitting or consolidation, dematerialisation, rematerialisation, transmission of securities etc. The Bank shall seek confirmation in this regard from share transfer agents and verify adequacy and timeliness of complaint redressal received through these agents or through SCORES etc.
8. To review the adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent to its shareholders;
9. Review of measures taken for effective exercise of voting rights by the shareholders and recommend measures for overall improvement in the quality of investor services.
10. To review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants along with compliances with respect to IEPF etc.
11. To review the policies related to Committee and recommend to the Board for approval.
12. To consider and review such other matters, as the Committee may deem fit, from time to time.

**Complaints Redress Systems**

Your Bank has ensured well-defined process for facilitating the redress of investor grievances and offers multiple avenues for investors to file their complaints. Investors may file their complaints with the Bank / Bank's Registrars & Transfer Agent viz, M/s Link Intime India Private Limited through letter/email. If any complaint was not redressed by the Bank / Bank's Registrars & Transfer Agent, within the prescribed timelines the investors may escalate the same as details below:

**SEBI Complaints Redress System (SCORES)**

SEBI has formed a centralised web-based complaints redress system - SEBI Complaints Redress System ("SCORES") during 2011, wherein complaints lodged by investors are forwarded to the listed entity through online. The purpose of SCORES is to provide a platform for aggrieved investors, whose grievances, pertaining to securities market, which remain unresolved by the concerned listed company or registered intermediary after a direct approach. The listed companies and SEBI registered intermediaries shall update

the Action Taken Reports (“ATR”) along with supporting documents, if any, electronically in SCORES. This acts as an oversight mechanism on the company’s redressal system and does not allow them to shrug off their responsibilities towards investors grievances.

### SEBI Online Dispute Resolution (ODR) Portal

SEBI has issued a Circular SEBI/HO/OIAE/OIAE\_IAD-3/P/CIR/2023/195 Updated as on December 20, 2023, to streamline the existing dispute resolution mechanism in the Indian securities market by establishing a common Online Dispute Resolution Portal viz <https://smartodr.in/login>. In case the member is not satisfied with the resolution provided at Level 1 i.e., Directly writing to Bank/RTA and Level 2 i.e., SEBI SCORES portal, then the online dispute resolution process can be initiated through the SMART ODR portal.

The details of each complaints (category wise) received and redressed are furnished to the Customer Service & Stakeholders Relationship Committee of the Board on half-yearly basis.

Details of investor complaints received and resolved during financial year 2023-24:

Opening as on April 01, 2023	Received during the year	Resolved during the year	Closing as on March 31, 2024
-	7	7	-

All the complaints were redressed within the prescribed time line and the communication of the same was duly forwarded to the shareholders.

## 5. Risk Management and Asset Liability Management Committee (RM & ALM)

Pursuant to the guidelines of RBI on Risk Management Systems and SEBI LODR, your Bank has formed Risk Management and Asset Liability Management Committee (RM & ALM). The Committee, which, inter alia, review the Bank’s risk management framework and ensure effective implementation of the risk management strategies in the Bank. In compliance with RBI circular guidelines, the Risk Management Department of the Bank is headed by the Chief Risk Officer. The Committee is headed by a Non-Executive Independent Director.

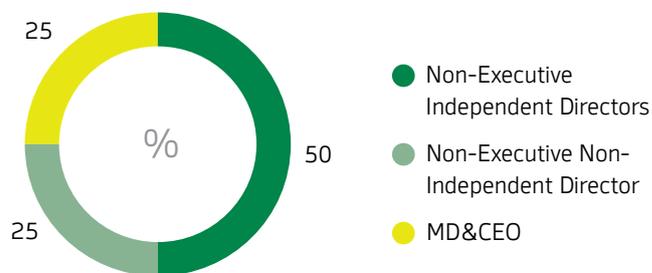
During the financial year 2023-24, the Committee met six (6) times and the date of the meetings are mentioned below:

26/05/2023	17/06/2023	04/09/2023
04/10/2023	13/12/2023	07/03/2024

The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

Name of the Director Sarvashri	Category	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
Dr Harshavardhan R Non-Executive Independent Director	Chairman	6/6	100
Dr Meena Hemchandra Non-Executive Independent (Part time) Chairperson	Member	6/6	100
B Ramesh Babu MD & CEO	Member	6/6	100
R Ramkumar Non-Executive Non-Independent Director	Member	6/6	100

### Composition of Risk Management and Asset Liability Management Committee (RM & ALM) as on March 31, 2024



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

1. Assess the risk universe of the Bank and identify prioritise actions steps to address the risk faced by the Bank.
2. Approve the development and implementation of risk assessment methodologies, frameworks, tools and reporting formats.
3. Identifying and regularly reporting on Key Risk indicators.
4. Facilitating and defining the definition of Risk Appetite of the Bank.
5. Monitor and oversee the implementation of the Risk Management Framework in the Bank.
6. Recommend suitable controls / mitigations for managing different risks;

7. Conduct review of stress testing and report the result
8. Conduct the review of cyber security of the Bank and report on a regular basis
9. Review the methodologies, framework and tools for asset liability management of the Bank and report on their performance on regular basis
10. To advise the Board on all risk matters;
11. To consider any major regulatory issues that may have a bearing on the risk profile and risk appetite of the Bank;
12. To formulate a detailed risk management policy which shall include:
  - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
13. To approve the strategy and policies of the Bank, to ensure well integrated enterprise risk management in the Bank; and to periodically review the risk management policy, by considering the changing industry dynamics and evolving complexity;
14. To exercise oversight over the risk management function of the Bank;
15. To review regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored and to give clear focus to current and forward-looking aspects of risk exposure;
16. To provide guidance and inputs to the Board and the Management on the hiring and reporting structure of the Chief Risk Officer of the Bank; The appointment, removal and terms of remuneration of the Chief Risk Officer, shall be subject to review by the Risk Management Committee; and
17. To meet CRO on one-to-one basis, without the presence of the MD & CEO, at least on a quarterly basis, as CRO reports to the MD & CEO.

18. To review the Policies related to the committee and recommend to the Board for approval.
19. In terms of SEBI LODR, The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
20. Any other functions as may be stipulated by SEBI, Ministry of Corporate Affairs, RBI, Stock Exchanges and any other statutory authorities from time to time.

## 6. NPA Management Committee

Your Bank has constituted NPA Management Committee to monitor stressed assets, review the recovery process, study quick mortality assets and review NPA Accounts. In order to bring down the level of NPAs, Bank takes appropriate legal actions against the borrowers to realise the assets and recovery of dues from them. The Committee is vested with powers for approving settlement proposals in respect of NPAs and to initiate legal actions against the borrowers as per the Recovery Policy of the Bank. The Committee is headed by a Non-Executive Independent Director.

During the financial year 2023-24, the Committee met four (4) times and the date of the meetings are mentioned below:

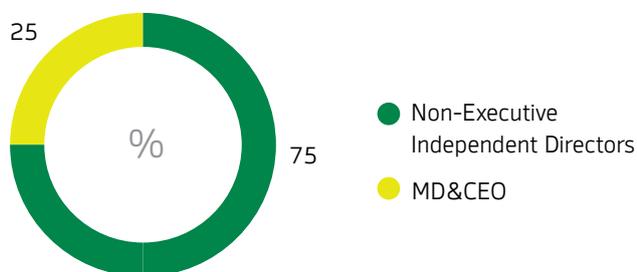
18/06/2023	04/09/2023
04/12/2023	08/03/2024

The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

Name of the Director	Category	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
Dr K S Ravichandran Non-Executive Independent Director	Chairman	4/4	100
Dr Meena Hemchandra Non-Executive Independent (Part time) Chairperson	Member	4/4	100
B Ramesh Babu MD & CEO	Member	4/4	100
CA Chinnasamy Ganesan® Non-Executive Independent Director	Member	1/1	100

® Member of the Committee from 23/01/2024

### Composition of NPA Management Committee as on March 31, 2024



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

1. Periodical review of the large corporate loans and advances appearing in SMA lists.
2. Periodical review of Non-performing Assets of large value (₹ 2.5 Crore and above) and also a pool of NPAs in various categories (substandard, doubtful and loss).
3. To review the position of stressed assets (SMA 1, SMA 2) position in the Bank.
4. To review the progress of recovery and monitor the process of recovery mechanism of the Bank.
5. To review the status of SARFAESI compliance for every six months.
6. To review the trends of NPAs in the industry and direct the recovery measures.
7. To review the suits filed cases of large value (₹ 2.5 Crore and above).
8. To review the status on technical write off accounts.
9. To review the Policies related to the committee and recommend to the Board for approval.
10. Any other relevant matters identified from time to time, or advised by the board.

#### 7. Special Committee for Fraud Monitoring (SCFM)

Reserve Bank of India vide its circular No. DBS.CO.CFMC. BC.No.1/ 23.04.001/2016-17 on Master Directions on Frauds - Classification and Reporting by Commercial Banks has advised to constitute a Special committee of the Board. The main objective of the Committee is to oversee investigation of frauds, conduct root cause analysis, review actions taken by the Bank against the perpetrators of such frauds and suggesting / reviewing corrective steps to plug systemic loopholes, if any.

In view of the above regulatory guidelines, your Bank has constituted a Board level Special Committee for Fraud Monitoring (SCFM) for monitoring and follow up of cases of frauds involving amount of ₹ 1 Crore and above exclusively, however in accordance with the directives, Audit Committee of the Board (ACB) shall monitor all the cases of frauds in general. The periodicity of SCFM may be decided according to the number of cases involved. In addition, SCFM should meet and review as and when a fraud involving an amount of ₹ 1 Crore and above comes to light.

As per the RBI guidelines, the Committee should consist of five members of which include Managing Director, Two members from ACB and Two other members from the Board excluding RBI nominee, if any. The Committee is headed by MD & CEO of the Bank.

During the financial year 2023-24, the Committee met three (3) times and the date of the meetings are mentioned below:

26/05/2023	20/07/2023	18/03/2024
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The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

Name of the Director Sarvashri	Category	No of Meetings during his/ her tenure	% of Attendance
		Attended / Conducted	
B Ramesh Babu MD & CEO	Chairman	3/3	100
R Ramkumar Non-Executive Non-Independent Director	Member	3/3	100
K G Mohan Non-Executive Independent Director	Member	3/3	100
Murali Ramaswami Non-Executive Independent Director	Member	3/3	100
CA Chinnasamy Ganesan# Non-Executive Independent Director	Member	1/1	100
M V Srinivasamoorthi® Non-Executive Non-Independent Director	Member	2/2	100

#Member of the Committee from 27/08/2024

®Member of the Committee till 26/08/2024

### Composition of Special Committee for Fraud Monitoring (SCFM) as on March 31, 2024



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

The major functions of the Special Committee would be to monitor and review all the frauds of ₹ 1 Crore and above so as to:

1. Identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same;
2. Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI;
3. Monitor progress of Central Bureau of Investigation / Police Investigation, and recovery position on quarterly basis or during the next meeting;
4. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
6. To delineate a policy document stating the processes for implementation of the Committee's directions and enable a dedicated outfit of the bank to implement the directions in this regard.
7. Put in place a system of internal vigilance machinery as per the guidelines.
8. To review the report on the Red Flag Accounts (RFA) as per Credit Monitoring Policy, which shall include the synopsis of the remedial action taken together with their current status.
9. To review the meetings of Executive Level Committees aligned to SCFM (FMG, FRMC).

10. To review the Policies related to the committee and recommend to the Board for approval.

### 8. Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC)

Your Bank has formed Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC) pursuant to guidelines/circulars issued by RBI. The Committee, inter-alia, ensures that the Bank is appropriately placed in a rapidly changing technological environment and adopted the right technology at the right time to ensure continued competitiveness, safety, security, encouraging of digital transactions in line with national objectives, formulation of IT strategies and review IT investments.

The Committee shall consist Minimum of two members, one of whom should be an Independent Director. The Committee shall be headed by Non-Executive Independent Director.

IT Strategy Committee members should be technically competent. At least one member should have substantial IT expertise in managing technology.

During the financial year 2023-24, the Committee met six (6) times and the date of the meetings are mentioned below:

06/05/2023	20/05/2023	05/09/2023
20/11/2023	11/03/2024	19/03/2024

The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

Name of the Director Sarvashri	Category	No of Meetings during his/ her tenure	% of Attendance
		Attended / Conducted	
K G Mohan Non-Executive Independent Director	Chairman	6/6	100
Dr Meena Hemchandra Non-Executive Independent (Part time) Chairperson	Member	6/6	100
B Ramesh Babu MD & CEO	Member	6/6	100
CA Chinnasamy Ganesan® Non-Executive Independent Director	Member	2/2	100

®Member of the Committee from 23/01/2024

### Composition of Information Technology Strategy and Digital Transaction Monitoring Committee (ITS & DTMC) as on March 31, 2024



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

1. Suggest improvement and monitor the implementation of modern technology in the Bank;
2. Approving IT strategy and policy documents;
3. Ensuring that the management has put an effective strategic planning process in place;
4. Ratifying that the business strategy is indeed aligned with IT strategy;
5. Ensuring that the IT organisational structure complements the business model and its direction;
6. Ensuring that management has implemented processes and practices that ensure that the IT delivers value to the business;
7. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
8. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
9. Ensuring proper balance of IT investments for sustaining bank's growth;
10. Understanding exposure to IT related risks; the proposed controls thereof and evaluating effectiveness of management's monitoring of IT risks;
11. Assessing Senior Management's performance in implementing IT strategies;
12. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks);
13. Confirming whether IT or Business Architecture has been designed, to derive the maximum business value;
14. Overseeing the aggregate funding of IT at a Bank-level and ascertaining if the management has resources to ensure the proper management of IT risks;
15. Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value);
16. Reviewing and monitoring the Bank's Digital Banking strategy i.e., penetration in market, setting of Digital transactions target, review of progress made to improve the digital transactions, review of initiatives taken for educating the customers & publicity in the front of digital transactions and providing direction on areas of focus;
17. Reviewing the Minutes of Executive Level Committees "Technology (IT Steering)" and Convener Department "Information & Technology Department (ITD)"; and "Information Security (IS)" and Convener Department "Information Security Group (ISG)"; and
18. Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines, IBA etc., from time to time.

### 9. Review Committee for Wilful Defaulters and Non-Cooperative Borrowers (RCWD & NCB)

Pursuant to Reserve Bank of India circular letter no. RBI/2014-15/73 DBR No.CID.BC.57/ 20.16.003/2014-15 dated 01.07.2014 and circular letter no. RBI/2014-15/362 DBR.No.CID.BC.54/20.16.064/2014-15 dated 22.12.2014, your Bank has constituted the Review Committee for Wilful Defaulters and Non-Cooperative Borrowers to review the orders passed by the Committee of Executives for Identification of Wilful Defaulters & Non-Cooperative Borrowers and provide final decision with regard to identified Wilful Defaulters & Non-Cooperative Borrowers. The Committee shall consist of two Non-Executive Independent Directors as members and shall be headed either by Chairman or MD & CEO of the Bank.

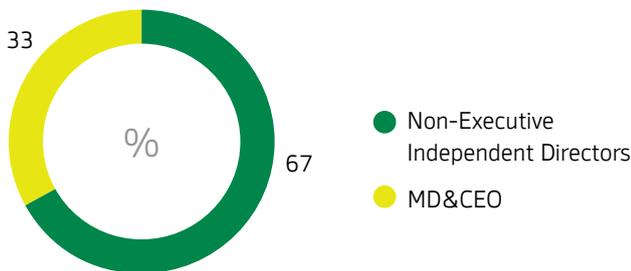
During the financial year 2023-24, the Committee met two (2) times and the date of the meetings are mentioned below:

20/07/2023	18/01/2024
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The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

Name of the Director Sarvashri	Category	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
B Ramesh Babu MD & CEO	Chairman	2/2	100
Dr K S Ravichandran Non-Executive Independent Director	Member	2/2	100
Murali Ramaswami Non-Executive Independent Director	Member	2/2	100

**Composition of Review Committee for Wilful Defaulters and Non-Cooperative Borrowers (RCWD & NCB) as on March 31, 2024**



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

- Review and confirmation of the order of the executive committee for Classification of borrowers as “Non-Cooperative Borrowers” or “Wilful Defaulters”;
- Any other matters identified from time to time or advised by the Board.

**10. Corporate Social Responsibility & Environmental, Social and Governance Committee (CSR & ESG)**

In accordance with the terms of Section 135 of the Companies Act, 2013 and rules made there under and in order to have an effective governance mechanism, and oversee the development & implementation of the Bank’s ESG framework, your Bank has constituted Corporate Social Responsibility & Environmental, Social and Governance Committee (CSR & ESG). Your Bank has in place Board approved CSR Policy recommended by CSR & ESG Committee. CSR policy of the Bank aims at promoting education, sanitation, safe drinking water facilitation, rural

healthcare, promotion of sports, promotion of arts and culture, etc. In tune with CSR policy, your Bank has been supporting various projects and causes that seek to improve the economic and social wellbeing of the community at large. The Committee shall consist of three or more members and one member shall be Non-Executive Independent Director. The Committee is headed by MD & CEO of the Bank.

During the financial year 2023-24, the Committee met five (5) times and the date of the meetings are mentioned below:

07/07/2023	11/12/2023	18/01/2024
12/02/2024	18/03/2024	

The details of attendance of each Director at the meetings held during the period from April 01, 2023 to March 31, 2024 are mentioned below:

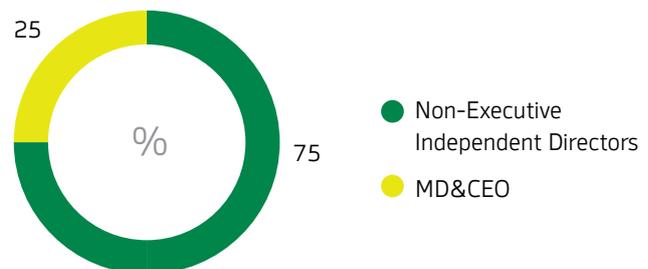
Name of the Director Sarvashri	Category	No of Meetings during his/her tenure Attended / Conducted	% of Attendance
B Ramesh Babu MD & CEO	Chairman	5/5	100
Dr K S Ravichandran Non-Executive Independent Director	Member	5/5	100
Dr Harshavardhan R& Non-Executive Independent Director	Member	2/2	100
Murali Ramaswami# Non-Executive Independent Director	Member	4/4	100
M V Srinivasamoorthi@ Non-Executive Non-Independent Director	Member	1/1	100

#Member of the Committee from 27/08/2023

&Member of the Committee from 23/01/2024

@Member of the Committee till 26/08/2023

**Composition of Corporate Social Responsibility & Environmental, Social and Governance Committee (CSR & ESG) as on March 31, 2024**



The terms of reference of the CSR & ESG Committee, inter- alia, include the following:

1. Formulate and recommend to the Board of Directors a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Bank. Further review of Policy from time to time.
2. To provide perspective and guidance to the Board of Directors on matters relating to CSR.
3. To provide guiding principles for selection, implementation and monitoring of projects.
4. Formulation of the Annual Action Plan & recommend to Board.
5. To review the Annual Action Plan implementation & revision, if required.
6. To recommend the amount to be spent on the CSR activities.
7. To periodically review the effectiveness of CSR spends.
8. To ensure that CSR Activities are undertaken directly or through registered Implementation Agencies who meet the eligibility criteria prescribed under the CSR Policy Rules.
9. To review the impact assessment report & internal audit reports.
10. To review Certification by the Chief Financial Officer (CFO) or the person responsible for financial management regarding the utilisation of the CSR Expenditure / payments.
11. To review the Disclosures of the Bank's CSR activities stipulated in applicable CSR laws and rules.
12. To Review implementation of the CSR Policy and AAP, such that the CSR Project(s) / Program(s) that are being proposed to be undertaken are aligned to the Bank's social, environmental and economic activities to the extent possible.
13. To Formulate and recommend to the Board of Directors an ESG Policy. Further review of Policy from time to time.
14. To oversee the development and implementation of the Bank's ESG framework.
15. To provide strategic direction to the Bank's ESG performance taking into consideration of the relevant risks and opportunities.
16. To oversee compliance with ESG regulations applicable to the Bank.

17. To monitor progress on the ESG framework implementation from time to time.
18. To oversee reporting and disclosure of the ESG performance in accordance with appropriate regulations and standards.
19. To review periodic reports placed before the Committee regarding the activities undertaken in both CSR & ESG.

Other than the above Committees, during the financial year Board has constituted two special committees for specific purpose, with suitable terms and conditions viz., Search Committee for appointment of Executive Director and Strategy Committee for Business Development.

### SEPARATE MEETINGS OF THE INDEPENDENT DIRECTORS

Pursuant to the provision of the Companies Act, 2013 and SEBI LODR, the Independent Directors Meeting was held on March 26, 2024 without the attendance of Non-Independent Directors and Members of the Management. The Members of the meeting reviewed the performance of Non-Independent Directors and the Board as a whole after taking into account views of Executive and Non-Executive Directors. The Performance evaluation of Non-Independent Directors was on the basis of the criteria such as attendance and participation at the Board; knowledge and expertise; management of relationship with stakeholders; skillset, personal attributes, integrity and ethics, preparedness, etc., and assessed the quality, quantity and timelines of flow of information between the Bank Management and the Board. The Independent Directors expressed satisfaction about the quality, quantity and timelines of flow of information between the Senior Management and the Board.

### SUCCESSION PLANNING

Succession planning is an integral part of the operations and a tool of the Bank to ensure the smooth and effective function of the Board and Senior Management. Succession Planning is an on-going process that identifies necessary competencies and then works to assess, develop and retain a talent pool of employees, in order to ensure continuity of leadership for all critical positions. The Bank strives to maintain an appropriate balance of skills and experience within the organisation. Board in an endeavour to introduce new perspectives while maintaining experience and continuity has framed Succession Planning Policy for Board of Directors and Senior Management of the Bank.

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

## SENIOR MANAGEMENT

Particulars of senior management of the Bank as on March 31, 2024:

Name	Designation	Position
Dolphy Jose <sup>1</sup>	Chief General Manager	Head - Consumer Banking
Chandrasekaran M S	Chief General Manager	Chief Operating Officer
Srinivasan V	General Manager	Head - Credit Monitoring, Legal & Recovery
Sekar S	General Manager	Chief Information Officer
Sudhakar K V S M	General Manager	Chief Compliance Officer
Shekhar Ramarajan	General Manager	Head - Retail Assets
Mahendran K	General Manager	Head-Precious Metals Division
Chandrasekaran R N <sup>2</sup>	General Manager	Head - Corporate & Institutional Group
Immanuel Gnanaraj Daniel	General Manager	Chief Human Resources Officer
Murali L	General Manager	Head - Internal Audit
Ramshankar R	General Manager	Chief Financial Officer
R V S Ramanjaneya Kumar	General Manager	Head - Commercial Banking Group
Nitin Rangaswami A	General Manager	Chief Business Officer
Jatla Sivaramakrishna	General Manager	Chief Risk Officer
Nilanjan Datta <sup>1</sup>	General Manager	General Manager - Compliance
Venkatesan R	Deputy General Manager	Head - Operations
Gokulchandar D S <sup>2</sup>	Deputy General Manager	Chief Information Security Officer
Srinivasarao Maddirala	Deputy General Manager	Company Secretary / Head-Investor Relations Cell
Ajin Raj	Assistant General Manager	Chief of Internal Vigilance

<sup>1</sup>Relieved from services during FY 2024-25 due to resignation.

<sup>2</sup>Relieved from services during FY 2024-25 due to completion of term.

Changes in Senior Management during the financial year 2023-24:

Employee Name	Previous Designation	New Designation	Remarks
Saravanun C	General Manager, Head - IT Applications	-	Superannuated on 30.04.2023
R V S Ramanjaneya Kumar	Deputy General Manager, Head - Commercial Banking Group Cluster	General Manager, Head - Commercial Banking Group	Promoted as General Manager w.e.f. 01.05.2023
Nitin Rangaswami A	Deputy General Manager, Chief Distribution Officer	General Manager, Chief Business Officer	Promoted as General Manager w.e.f. 01.05.2023
Jatla Sivaramakrishna	Deputy General Manager, Commercial Banking Group	General Manager, Chief Risk Officer	Promoted as General Manager w.e.f. 01.05.2023 & Appointed as a Chief Risk Officer w.e.f. 03.05.2023
S Kalyanram	General Manager, Chief Risk Officer	-	Resigned for Personal Reason & Relieved on 20.05.2023
Anburaj V	General Manager, Head - Commercial Banking Group	-	Term ended on 31.05.2023
Nilanjan Datta	-	General Manager, Compliance	Joined as General Manager on 19.06.2023
Natarajan J	President & COO	President	Consequent to re-organisation of top management, he has been assigned a Business role leading the business verticals and relinquished the role of Chief Operating Officer (COO) and continues as Key Managerial Personnel, w.e.f. 16.10.2023.

Employee Name	Previous Designation	New Designation	Remarks
Chandrasekaran M S	-	Chief General Manager, Chief Operating Officer	Joined as CGM - Chief Operating Officer & Key Managerial Personnel on 16.10.2023
Dolphy Jose	General Manager, Head - Consumer Banking	Chief General Manager, Head - Consumer Banking	Promoted as Chief General Manager & Key Managerial Personnel w.e.f. 16.10.2023
Ajin Raj	Assistant General Manager - IAD	Chief of Internal Vigilance	Transferred & Appointed as a Chief of Internal Vigilance w.e.f. 03.01.2024
Rajesh E T	Chief of Internal Vigilance	Assistant General Manager - IAD	Transferred to IAD w.e.f. 03.01.2024

## COMPENSATION POLICY

The Bank has in place a Comprehensive Compensation Policy in tune with the objectives as enumerated in the Companies Act, 2013, RBI guidelines and the SEBI LODR, as amended from time to time. The Compensation Policy of the Bank covers the compensation payable to all the employees including the MD&CEO/WTD, Key Managerial Personnel, Material Risk Takers, Control Function Staff as per the guidelines of RBI as also fee payable to Non-Executive Directors/Independent Directors. In terms of the said policy the compensation structure shall have fixed and variable components. The Variable pay shall be payable on the basis of achievement of performance criteria, consisting the qualitative and quantitative parameters applied by Nomination and Remuneration Committee, variable pay as subject to malus and claw back, shall be in the form of cash and non-cash component, the non-cash component shall be in the form of share-linked instruments.

The Bank is 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

#### Sitting Fees

Non-Executive directors including independent directors are entitled to sitting fees for each meeting of the Board and Committees. Pursuant to the provisions of the Companies Act, 2013, sitting fees of ₹ 75,000/- and ₹ 50,000/- per meeting are paid to Non-Executive Directors for attending the Board and Board Level Committees respectively.

#### Fixed Remuneration

In accordance with the provision of the Companies Act, 2013 and RBI guidelines, Non-Executive Directors except Part-time Chairperson are eligible to receive profit related commission, in the form of fixed remuneration. The shareholders of the Bank in the 103<sup>rd</sup> Annual General Meeting held on August 03, 2022 approved the payment of profit related compensation to all Non-Executive Directors [excluding the Non-Executive (Part-time) Chairperson] of the Bank, in the form of Fixed remuneration for

an amount of 0.1% of the profit available for distribution subject to a maximum of ₹ 10,00,000/- (Rupees Ten Lakh only) to each director per annum with effect from the Financial Year 2022-2023, for a period of three (3) years, in addition to the Sitting Fees payable to them. Part-time (Non-Executive) Chairperson is entitled for a remuneration/honorarium, as approved by Reserve Bank of India and Shareholders of the Bank.

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](http://www.kvb.co.in)

No material pecuniary relationship exists between the Non-Executive Directors vis-à-vis the Bank, other than payment of Sitting Fees for attending the Board/Committee Meetings and fixed remuneration and no stock options are granted to any of the Non-Executive Directors.

Remuneration paid to the Non-Executive Directors for the financial year 2023-24 is mentioned below:

Name of the Director	Amount (₹ in Lakh)	
	Sitting Fees	Fixed Remuneration
Dr Meena Hemchandra, Chairperson	25.50	NA
Dr K S Ravichandran	22.00	10.00
R Ramkumar	25.00	10.00
K G Mohan	23.00	10.00
Dr Harshavardhan R	25.50	10.00
Murali Ramaswami	26.50	10.00
CA Chinnasamy Ganesan	16.25	9.34
M V Srinivasamoorthi*	9.25	4.04

\*Demitted office during the FY 2023-24, consequent to completion of his tenure.

In order to enable the Bank to sufficiently attract qualified competent individuals, RBI vide its circular no. RBI/2023-24/121 DoR.HGG.GOV.REC. 75/29.67.001/2023-24 dated February 9, 2024, has revised the ceiling of fixed remuneration of Non-Executive Directors excluding Non-Executive (Part-time) Chairman, from ₹ 20 Lakh to ₹ 30 Lakh per annum. In line with the above circular, the fixed remuneration to all the Non-Executive

Directors (excluding the Non-Executive (Part-time) Chairperson) has been revised from, an amount of 0.1% of the profit available for distribution subject to a maximum of 10,00,000/- per annum per Director to 0.2% of the profit available for distribution subject to a maximum of 20,00,000/- per annum per Director with effect from the FY 2024-25, for a period of Three (3) years. The same was approved by shareholders vide Postal Ballot resolution dated July 16, 2024.

### Remuneration to Non-Executive Independent (Part-time) Chairperson

Dr Meena Hemchandra, Non-Executive Independent (Part-time) Chairperson was paid ₹18.00 Lakh as remuneration for the financial year 2023-24, which is other than payment of Sitting Fees for attending the Board/Committee Meetings.

Considering significant raise in responsibility of Chairperson to guide on governance & compliance related issues it is essential that compensation is appropriately fixed, accordingly Board in its Meeting held on March 26, 2024, has increased the limit of remuneration payable to Dr Meena Hemchandra, Chairperson from ₹ 18 Lakh per annum to ₹ 27 Lakh per annum (with existing perquisites), for her tenure, with effect from April 01, 2024. The same was approved by the Reserve Bank of India vide its letter DoR.GOV.No. S431 /08.41.001/2023-24 dated April 18, 2024. Further, the approval requesting increase in remuneration to Chairperson was placed before shareholder through postal ballot and the same was approved on July 16, 2024.

### Remuneration to Managing Director & CEO

In line with the RBI guidelines and Compensation policy of the Bank, compensation structure of Shri B Ramesh Babu, MD & CEO of the Bank, consist of both fixed pay and variable pay with deferral arrangements. In terms of Compensation policy, MD & CEO is one of the Material Risk Takers. During the financial year, Managing Director & CEO was paid sum of ₹ 1,79,52,656/- as fixed pay of the FY 2023-24. Further, during the year, deferral payment of variable pay of ₹ 5,50,000 and ₹ 10,65,821 for the FY 2020-21 and the FY 2021-22 respectively and upfront payment of variable pay of ₹ 32,22,705 for the FY 2022-23 was also paid. Furthermore, during the year, 24,635 shares and 19,691 shares were allotted to consequent to vesting of the stock

option granted under deferral arrangement of variable for the FY 2020-21 and FY 2021-22 respectively.

After publishing the annual financial results for the year 2023-24, the Nomination and Remuneration Committee has critically assessed his performance. The said assessment is based on the financial & non-financial parameters consisting of the qualitative and quantitative criteria. Further, based on the recommendations of Nomination and Remuneration Committee, Board in its meeting held on May 22, 2024 has evaluated the said assessment and approved the variable pay to MD & CEO for FY 2023-24 in term of his compensation structure. The said variable pay component of MD & CEO for FY 2023-24 was recommended by the Board to RBI for its approval in terms of Section 35B of the Banking Regulation Act, 1949. RBI vide its letter DoR.GOV.No.S1698/08.41.001/2024-25 dated June 19, 2024 has approved the Variable pay to the extent of ₹ 1.91 Crore equally divided in cash and non-cash form with deferral arrangements. Accordingly, NRC in its meeting dated 08.07.2024 has granted 47,097 options for the non-cash component

### Revision in fixed pay

Reserve Bank of India vide its letter dated July 14, 2023, has approved the re-appointment of Shri B Ramesh Babu as Managing Director & CEO of the Bank for the second term of three years with the revised fixed pay of ₹ 1.80 Crore per annum with effect from July 29, 2023. In furtherance to the representation made the by the Bank, the Reserve Bank of India vide its letter dated January 11, 2024, conveyed its approval for revised fixed pay of ₹ 1.90 Crore per annum with effect from July 29, 2023.

Further, as per the terms of re-appointment approved by the Shareholders of the Bank vide Postal Ballot resolution dated June 30, 2023, Shri B Ramesh Babu, MD & CEO is eligible for annual increment of 15% on previous years fixed pay which falls due after completion of one year for the date of re-appointment i.e., July 29, 2024, subject to RBI's approval.

Accordingly, RBI vide its letter DoR.GOV.No.S1698/08.41.001/2024-25 dated June 19, 2024 has approved the annual increment of 10% on the previous years fixed pay of ₹ 1.90 Crore being ₹ 2.09 Crore per annum effective from July 29, 2024.

## GENERAL BODY MEETINGS:

a) Location, day, date and time, where the last three Annual General Meetings (AGM) were held:

AGM	Financial Year	Location	Day, Date and Time
104 <sup>th</sup>	2022-23	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. (through Video Conferencing)	Wednesday, August 23, 2023, 11.00 a.m. IST

AGM	Financial Year	Location	Day, Date and Time																								
103 <sup>rd</sup>	2021-22	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. (through Video Conferencing)	Wednesday, August 03, 2022, 11.00 a.m. IST																								
102 <sup>nd</sup>	2020-21	The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. (through Video Conferencing)	Wednesday, August 11, 2021, 11.00 a.m. IST																								
b) Whether any special resolutions passed in the previous three Annual General Meetings (AGM)	<p>Yes.</p> <p>1. No Special Resolutions were passed in the 104<sup>th</sup> Annual General Meeting held on August 23, 2023.</p> <p>2. At the 103<sup>rd</sup> AGM held on August 03, 2022, two special resolutions were passed, viz.,</p> <p>a) To appoint Dr. Meena Hemchandra (DIN: 05337181) as Non-Executive Independent Director</p> <p>b) To appoint Shri Murali Ramaswami (DIN: 08659944) as Non-Executive Independent Director</p> <p>3. No Special Resolutions were passed in the 102<sup>nd</sup> Annual General Meeting held on August 11, 2021.</p>																										
c) Whether any special resolution passed last year through postal ballot- details of voting pattern	<p>Yes. During the financial year 2023-24, Three Special Resolutions were approved on June 30, 2023 with requisite majority vide Postal Ballot Notice dated May 15, 2023 as details below:</p> <p>Description of the Resolutions:</p> <p><b>1. To approve the Re-appointment of Dr Harshavardhan R (DIN: 01675460) as Non-Executive Independent Director for second term of five (5) years</b></p> <table border="1"> <thead> <tr> <th>No. of Votes –Favour</th> <th>% of Votes –Favour</th> <th>No. of Votes –Against</th> <th>% of Votes –Against</th> </tr> </thead> <tbody> <tr> <td>380941121</td> <td>97.94</td> <td>8003097</td> <td>2.06</td> </tr> </tbody> </table> <p><b>2. To approve the Alteration of Articles of Association of the Bank</b></p> <table border="1"> <thead> <tr> <th>No. of Votes –Favour</th> <th>% of Votes –Favour</th> <th>No. of Votes –Against</th> <th>% of Votes –Against</th> </tr> </thead> <tbody> <tr> <td>372439172</td> <td>95.76</td> <td>16483568</td> <td>4.24</td> </tr> </tbody> </table> <p><b>3. To approve the Appointment of CA Chinnasamy Ganesan (DIN: 07615862) as Non-Executive Independent Director of the Bank for a period of three (3) years</b></p> <table border="1"> <thead> <tr> <th>No. of Votes –Favour</th> <th>% of Votes –Favour</th> <th>No. of Votes –Against</th> <th>% of Votes –Against</th> </tr> </thead> <tbody> <tr> <td>386960798</td> <td>99.49</td> <td>1982099</td> <td>0.51</td> </tr> </tbody> </table> <p>The aforementioned Postal Ballot was conducted through the Remote e-Voting process in accordance with the circulars issued by Ministry of Corporate Affairs, provisions of the Companies Act, 2013 and other applicable laws.</p>			No. of Votes –Favour	% of Votes –Favour	No. of Votes –Against	% of Votes –Against	380941121	97.94	8003097	2.06	No. of Votes –Favour	% of Votes –Favour	No. of Votes –Against	% of Votes –Against	372439172	95.76	16483568	4.24	No. of Votes –Favour	% of Votes –Favour	No. of Votes –Against	% of Votes –Against	386960798	99.49	1982099	0.51
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386960798	99.49	1982099	0.51																								
(d) Person who conducted the postal ballot exercise	Shri R K Bapulal (FCS No. 5893), M/s Bapulal Yasar & Associates, Company Secretaries																										
(e) Whether any special resolution is proposed to be conducted through postal ballot?	No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank.																										
(f) Procedure for the postal ballot	Not Applicable																										

## Means of Communication

Pursuant to Regulation 46 of SEBI LODR and NSE Circular Ref. No: NSE/CML/2022/32 dated July 04, 2022, your Bank maintains a functional website viz., [www.kvb.co.in](http://www.kvb.co.in) and having separate section viz., “Investor Corner” which contains investors 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, unpaid/unclaimed dividend details, contact details of the designated officials who are responsible for assisting and handling investor grievances, etc.

In line with SEBI LODR, the Board of Directors of the Bank reviewed and taken on record/approved the quarterly un-audited financial results within 45 days from the end of respective quarters and the audited financial results for the quarter and year ending within 60 days from the end of the financial year. The results are promptly forwarded to the stock exchanges within the stipulated time and are published in English and regional language newspapers, within 48 hours of the conclusion of the Board meeting. The results as well as other official press releases are also updated on the Bank's website at [www.kvb.co.in](http://www.kvb.co.in)

The Bank conducts con-call meeting with Institutional Investors/Analysts every quarter, after declaration of financial results. Apart from the quarterly meeting, Bank also participates in Institutional Investors/Analysts meet on event basis. The Schedule of Meeting and Investors Presentation/Transcript/Audio Recordings/Outcome

of the meeting are promptly filed with the stock exchanges as well as displayed on the Bank's website in terms of SEBI LODR.

As a part of voluntary initiative, Bank has been sending an email to all shareholders who registered their mail id with Bank's RTA/Depository Participant about the financial results of the Bank on every quarter.

Financial Calendar for the results during the financial year 2023-24:

<b>FY 2023-24</b>	<b>Date of Approval</b>
For the Q1 ended 30.06.2023	17.07.2023
For the Q2 ended 30.09.2023	16.10.2023
For the Q3 ended 31.12.2023	22.01.2024
For the Q4 ended 31.03.2024	13.05.2024

## GENERAL SHAREHOLDER INFORMATION

105 <sup>th</sup> Annual General Meeting	Date: August 14, 2024 Day: Wednesday Time: 11.00 A.M. IST Venue: Through Video Conferencing("VC")/Other Audio Visual Means ("OAVM")
Financial Year	April 01, 2023 to March 31, 2024
Date of the Book Closure	From August 02, 2024 to August 14, 2024
Dividend Payment Date	On or after August 15, 2024
Listing on Stock Exchanges	Equity Shares are listed in National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai-400051.  Listing fees payable to the National Stock Exchange where the Equity Shares listed has been duly paid.  Equity Shares of the Bank are traded under 'permitted' category in BSE under Stock Code:590003
Stock Code	NSE: KARURVYSYA
ISIN	Equity: INE036D01028
Share Transfer Agents (Both Physical and Demat Segments)	<b>Equity (INE036D01028):</b> Link Intime India Pvt. Ltd, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore -641028 Tel: +91 422 - 2539835, 2539836, 4958995 e-Mail: <a href="mailto:coimbatore@linkintime.co.in">coimbatore@linkintime.co.in</a> Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> CIN: U6719MH1999PTC118368
Share Transfer System	The Bank's shares which are in demat form are transferable through the depository system. Pursuant to Regulation 40(1) of the SEBI LODR, with effect from April 1, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository.  The Board has delegated the authority for approving transfer of Bank's securities to the Company Secretary.  In terms of Regulation 40(9) of the SEBI LODR, yearly certificate on compliance of share transfer formalities is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges.

Bank's address for correspondence/ Compliance Officer Address	Shri Srinivasarao Maddirala, Company Secretary & Deputy General Manager, Investor Relations Cell, The Karur Vysya Bank Limited, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S., Karur- 639002. Phone: 04324-269440-44 Fax: 04324-225700 e-Mail: <a href="mailto:kvb_sig@kvbmail.com">kvb_sig@kvbmail.com</a> Website: <a href="http://www.kvb.co.in">www.kvb.co.in</a>
Corporate Identity Number (CIN)	L65110TN1916PLC001295

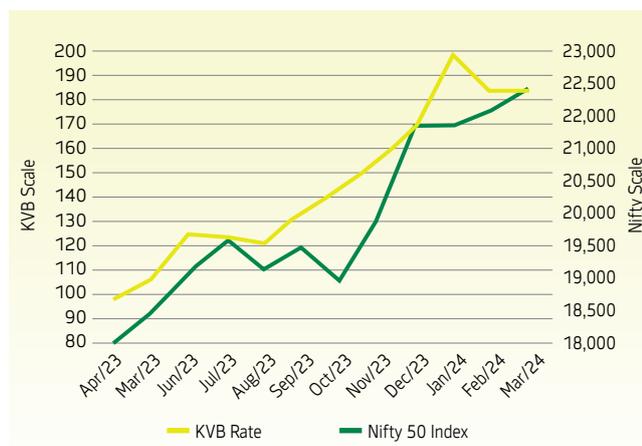
## Stock Market Price Data

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Limited (NSE) are mentioned below:

Period	NSE	
	High	Low
Apr-23	104.85	93.00
May-23	109.70	93.90
Jun-23	129.90	106.40
Jul-23	137.75	120.60
Aug-23	127.95	115.60
Sep-23	139.50	118.70
Oct-23	152.00	128.00
Nov-23	160.80	143.20
Dec-23	172.20	151.85
Jan-24	201.90	161.30
Feb-24	204.90	172.00
Mar-24	189.00	166.20

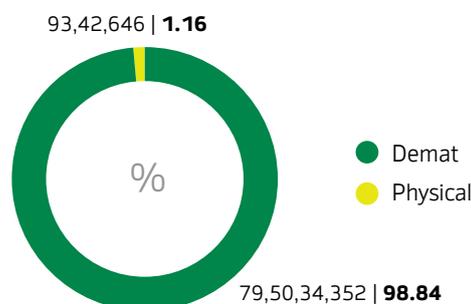
The Bank's equity share touched a high of ₹ 204.90 in February 2024 and low of ₹ 93.00 in April 2023.

The performance of the Bank's Equity Shares as compared with NSE Nifty 50 Index during the period from 01.04.2023 to 31.03.2024:



## Dematerialisation of shares and liquidity

Bank's Equity shares are available in both Demat and Physical form. The shares which are in Demat can be tradable and transferable through the Depository system - National Securities Depository Limited ('NSDL') and Central Depository Service (India) Limited ('CDSL'). The annual custody fees for the financial year 2023-24 have been paid to NSDL and CDSL.



Out of 79,50,34,352 shares which held in Demat Mode, 69,04,85,083 are held NSDL and 10,45,49,269 are held in CDSL.

The Shareholders of the Bank who have not dematerialised their share may approach any of the Depository Participants of NSDL or CDSL for Dematerialisation and it will be beneficial for market liquidity. Further, SEBI vide its master circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 07, 2024, has stipulated that listed companies shall issue the securities in dematerialised form only while processing the following service request: i. Issue of duplicate securities certificate; ii. Claim from Unclaimed Suspense Account; iii. Renewal / Exchange of securities certificate; iv. Endorsement; v. Sub-division / Splitting of securities certificate; vi. Consolidation of securities certificates/folios; vii. Transmission; viii. Transposition.

## Reconciliation of Share Capital Audit

Pursuant to regulation 76 of SEBI (Depositories and Participants) Regulations, 2018, Reconciliation of Share Capital Audit has been carried out by a qualified Chartered Accountant / Practicing Company Secretary on quarterly basis. The Audit report confirms, inter-alia, the total issued and listed capital of the Bank with that of total share capital admitted/held in dematerialised form with NSDL and CDSL and those held in physical form. Report issued in this regard are submitted to NSE and placed before the Board of Directors for its review on quarterly basis.

## Shareholding Pattern as on March 31, 2024

Sr. No	Particulars	No. of Shares	% of Shares
<b>A.</b>	<b>PROMOTERS</b>		
1.	Promoters & Promoters Group	17658674	2.19
<b>B.</b>	<b>PUBLIC Institutions (Domestic)</b>		
1.	Mutual Funds	233379036	29.01
2.	Alternate Investment Funds	16158207	2.01
3.	Banks	16538	0.00
4.	Insurance Companies	41595569	5.17
5.	NBFCs registered with RBI	184266	0.02
<b>C.</b>	<b>PUBLIC Institutions (Foreign)</b>		
1.	Foreign Portfolio Investors Category I	116524257	14.49
2.	Foreign Portfolio Investors Category II	7162697	0.89
3.	Foreign Institutional Institutions/ Banks	830	0.00
<b>D.</b>	<b>PUBLIC Central Government/ State Government(s)</b>		
1.	Central Government / President of India	192574	0.02
<b>E.</b>	<b>PUBLIC Non-Institutions/ Individuals/ Others</b>		
1.	Directors and their relatives (excluding Independent Directors and nominee Directors)	202610	0.03
2.	Key Managerial Personnel	486434	0.06
3.	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	22194	0.00
4.	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	1851554	0.23
5.	Investor Education and Protection Fund (IEPF)	1155948	0.14
6.	Resident Individuals holding nominal share capital up to ₹ 2 Lakh	201060245	25.00
7.	Resident Individuals holding nominal share capital in excess of ₹ 2 Lakh	130830365	16.26
8.	Non Resident Indians (NRIs)	8432391	1.05
9.	Bodies Corporate	18103374	2.25
10.	Trusts	123324	0.02
11.	Body Corp-Ltd Liability Partnership	362604	0.05
12.	Hindu Undivided Family	8807789	1.10
13.	Unclaimed Shares	47797	0.01
14.	Clearing Member	1873	0.00
15.	Other Directors / Relatives	15848	0.00
	<b>Total (A+B+C+D+E)</b>	<b>804376998</b>	<b>100.00</b>

### List of Shareholders holding more than 1% shares in the Bank as on March 31, 2024

Sr. No	Particulars	No. of Shares	% of Holding
1.	HDFC Mutual Fund (Various Funds)	50882996	6.32
2.	Rekha Jhunjhunwala	34823516	4.33
3.	HSBC Mutual Fund (Various Funds)	32955900	4.10
4.	Nippon Life India Trustee Ltd-A/C (Various Funds)	32368576	4.02
5.	SBI Mutual Fund (Various Funds)	31686876	3.94
6.	Franklin Templeton Mutual Fund (Various Funds)	21029358	2.61
7.	HDFC Life Insurance Company Limited	11403189	1.42
8.	Tata Mutual Fund (Various Funds)	11287705	1.40
9.	UTI Mutual Fund (Various Funds)	10886204	1.35
10.	SBI Life Insurance Co. Ltd	10077531	1.25
11.	Bajaj Allianz Life Insurance Company Ltd.	10036283	1.23
	<b>Total</b>	<b>257438134</b>	<b>31.97</b>

### Distribution of shareholding as on March 31, 2024

Sr. No	Shareholding of Shares	Number of Shareholders	% of Total Shareholders	Shares	% of Total Share Capital
1	1 to 500	201978	79.47	19925019	2.48
2	501 to 1000	17888	7.04	13463513	1.67
3	1001 to 2000	13986	5.50	20456404	2.54
4	2001 to 3000	5891	2.32	14780879	1.84
5	3001 to 4000	3256	1.28	11388471	1.42
6	4001 to 5000	1972	0.78	9020582	1.12
7	5001 to 10000	4374	1.72	30900229	3.84
8	10001 & above	4799	1.89	684441901	85.09
	<b>Total</b>	<b>254144</b>	<b>100</b>	<b>804376998</b>	<b>100</b>

### Disclosures

During the financial year ended March 31, 2024:

#### a) Related Party Transactions:

During the year under review, transactions entered with Related Parties were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. The Bank has not entered into any materially significant related party transactions which could lead to a potential conflict with the interests of the Bank. Omnibus approval from the Audit Committee has been obtained for the transactions which are of repetitive nature and the said transactions with related parties were placed before the Audit Committee of the Board for its review as per the Regulations from time to time. Details of related party transaction under AS - 18 entered into during the financial year 2023-24 are given in notes to the financial statements. Board has put in place a policy on materiality of related party transactions and also

on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013, SEBI LODR and the same has been available on the website of the Bank at <https://www.kvb.co.in/docs/related-party-transactions-policy.pdf>.

#### b) Recommendation of Committee(s) of the Board:

During the year under review, all recommendations of the Committee(s) which are mandatorily required were accepted by the Board.

#### c) Strictures and Penalties:

There are no instances of non-compliance by the Bank; no penalties or strictures have been imposed by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during last three years.

During the year under review, the Reserve Bank of India (RBI) imposed a penalty of ₹ 3,00,100/- pertaining to the

deficiencies found in soiled notes remittance by our currency chests to the central bank exchange facility of mutilated notes in Branch and cash outs in ATMs. However, the Bank has recovered ₹ 2,40,100/- including cash out penalties from service providers during the Financial Year 2023-24.

**d) Code of Conduct:**

Pursuant to regulation 26(3) of SEBI LODR, all the Directors and Senior Managerial Personnel of the Bank have affirmed the compliance of the Code of Conduct laid down by the Bank. MD & CEO's affirmation that the Code of Conduct has been complied with by the persons covered under the Code is furnished at the end of this report.

**e) MD & CEO/CFO Certification:**

The MD & CEO and the CFO of the Bank have given certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI LODR. The said certificate is annexed and forms part of this report.

**f) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Bank has a Zero Tolerance Policy on Prevention of Sexual Harassment (POSH) at workplace. In our continued efforts to ensure a safe and respectful work environment, we are committed to educating and sensitizing all employees on POSH at workplace. We have also introduced a new session titled "Harmony", which focuses on acceptable behavior in the workplace. This session is included in all our in-person training programs to reinforce our commitment to maintaining a harmonious and inclusive work culture.

Bank have an Internal Complaints Committee (ICC) consisting of six members, five of whom are female, including the external member. This committee is led by a female Presiding Officer. The ICC addresses all queries with the utmost priority and care.

The details of complaints received, disposed and pending during the FY 2023-24 is as follows:

Number of complaints filed during the FY 2023-24	Number of complaints disposed-off during the FY 2023-24	Number of complaints pending at the end of FY 2023-24
Nil	NA	Nil

**g) Whistle Blower Policy:**

In compliance with RBI Guidelines, provisions of the Companies Act, 2013, the SEBI LODR and SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended, your Bank

has in place robust "Whistle-Blower Policy" since 2011. The Policy also incorporates the Protected Disclosure Scheme (PDS) for Private Sector Banks, instituted by the Reserve Bank of India. The Audit Committee of the Board reviews the complaints received through Vigilance Mechanisms on quarterly basis and there were no instances seeking access to the Audit Committee of the Board during the year. The Bank's Whistle-Blower Policy is in synchronisation with all statutory and regulatory guidelines on Vigilance Mechanism. Bank is encouraging the staff to share all kind of unlawful/unethical instances/practices followed by any employees to take appropriate action for review. In this regard, awareness programs are being provided to all employees as part of training session. Further bank is ensuring that the details shared are kept confidential and protection of staff who blown the whistle. The Whistle Blower Policy is available on the website of the Bank <https://www.kvb.co.in/docs/whistle-blower-policy.pdf>

**h) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

Bank has not issued any GDRs/ADRs/Warrants or convertible instruments. Hence outstanding instruments, conversion date and likely impact on equity is not applicable.

**i) Plant Locations:**

As the Bank is engaged in the business of Banking/ Financial Services there are no Plant Locations. However, the Bank has 838 Branches as on March 31, 2024. The branch network including Corporate Business Units, Business Banking Units, Asset Recovery Branches, NEO, SMART, Digital Banking Units and Precious Metal Division totals to 877 (excluding three Extension Counters and four Satellite Offices). Further, the Bank has 1642 ATMs, 620 Bunch Note Recycler Machines (BNRM) and 217 Self-Service Passbook Kiosks as on March 31, 2024.

**j) Disclosure on Commodity Price Risks and Foreign Exchange Risks and commodity hedging activities:**

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

Bank is authorised by Reserve Bank of India to import gold and silver. Bank imports Gold and silver on consignment basis and sales are being covered on back to back basis.

Bank uses Forwards & Forex Swaps for hedging its currency and interest rate risk for its Foreign currency balance sheet items, customer cover, and for proprietary trading, within overall risk limits and control framework. The management of these products and businesses is governed by Board approved Policies of the Bank.

**k) Mandatory Requirements:**

The Bank has complied with all mandatory requirements under the provisions of SEBI LODR and amendments thereon from time to time.

**l) Non-Mandatory Requirements:**

In addition to the Mandatory Requirements, your Bank has ensured the implementation of the non-mandatory requirements as suggested in Regulation 27 of the SEBI LODR.

**1) The Board:**

The Bank is maintaining a Chairman's Office at its Registered & Central Office and reimburses the expenses incurred in performance of her duties.

**2) Shareholders' Rights:**

Your Bank places highest value on the shareholders and in order to enable the shareholders to be aware of their rights, bank has placed the details of Shareholders' Rights in its website at [www.kvb.co.in/investor-corner/](http://www.kvb.co.in/investor-corner/)

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](http://www.kvb.co.in) which is accessible to the public. The results are published in English Newspapers having wide circulation in India and a Tamil Newspaper having wide circulation in Tamil Nadu. Further, Bank has been sending an email to all shareholders who registered their mail id with Bank's RTA/Depository Participant about the financial results of the Bank on every quarter.

**3) Unmodified Audit opinion/reporting:**

The Auditors have expressed an unmodified opinion on the financial statement of the Bank.

**4) Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**

Your Bank has separated the post of Chairperson and the MD & CEO in terms of RBI Regulations and SEBI LODR. Dr Meena Hemchandra, Non-Executive Independent Director, is the Part-time Chairperson of

the Bank and she is not related of any other Directors of the Bank. Shri Ramesh Babu B is the Managing Director & CEO of the Bank.

**5) Reporting of Internal Auditor:**

In terms of RBI Guidelines, the Head of Internal Audit will report to MD & CEO and Audit Committee of the Board shall be reviewing the performance.

Audit Committee shall meet the Head of Internal Audit once in a quarter without the presence of the Senior Management, including the MD & CEO.

**m) Disclosure on political contributions:**

During the financial year 2023-24, Bank has not made any political contribution.

**n) Certificate under Regulation 34(3) of SEBI LODR:**

Pursuant to the Regulation 34(3) read with Schedule V of the SEBI LODR, a certificate has been obtained from S.A.E & Associates LLP, Company Secretaries confirming that none of the Directors on the Board of the Bank as on March 31, 2024 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.

**o) Directors E-KYC**

The Ministry of Corporate Affairs (MCA) has vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated registration of KYC of all the Directors through e-form DIR-3 KYC. All Directors of the Bank have complied with the aforesaid requirement.

**p) Fees paid to Statutory Auditors (including Branch Statutory Auditors):**

Your Bank does not have any subsidiary. The total fees incurred by the Bank for services rendered by Statutory Auditors (including Branch Statutory Auditors) are given below. Further, there was no non-audit fees paid to Statutory Auditors for the FY 2023-24.

Particulars	FY 2023-24 (₹ in Lakh)
Audit fees/ Statutory certificates	392.75
Reimbursement of expenses*	22.34
<b>Total</b>	<b>415.09</b>

\*Out of Pocket Expenses of branch auditors included in reimbursement of expenses.

**q) Details of utilisation of funds:**

During the year under review, there was no Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the SEBI LODR.

**r) Policies of the Bank:**

As a part of good Corporate Governance, the Bank has adopted various policies/codes from time to time which are hosted on the website of the Bank at <https://www.kvb.co.in/investor-corner/other-disclosures/policies/>

**s) Credit Ratings and Change/Revisions in Credit Ratings for Debt Instruments and Certificate of Deposit Programme:**

Credit Rating Agency	Instrument	Rating
ICRA	Certificate of Deposits Programme – ₹ 3,000 Crore	[ICRA] A1+
CRISIL	Certificate of Deposits Programme – ₹ 3,000 Crore	CRISIL A1+
India Ratings & Research	Basel III Tier II Bonds – Issue of ₹ 1,200 Crore where ₹ 487 Crore was utilised*	IND A+/Stable
ICRA	Basel III Tier II Bonds – Issue of ₹ 1,200 Crore where ₹ 487 Crore was utilised*	[ICRA] AA- (Stable)

*\*The above said issue was redeemed on March 12, 2024. Subsequently, during the FY 2024-25, the Credit Rating agency has withdrawn its Rating consequent to repayment of principal.*

During the financial year 2023-24, ICRA has upgraded the rating for Debt Instruments (Basel III Tier II Bonds) from [ICRA A+ (Stable) to ICRA AA- (Stable). Other than the same, here 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 part of this Annual Report.

**t)** All disclosures in compliance with the Corporate Governance requirement specified in regulation 17 to 27 and clause (b) to (i) of sub regulation (2) of Regulation 46 to the extent applicable is available on Bank's website at [www.kvb.co.in](http://www.kvb.co.in). The Bank has obtained certificate affirming the Compliances with these regulations from S.A.E & Associates LLP, Company Secretaries and forms part of this Report. It may be noted that his certificate confirms that the Bank has complied with the conditions of Corporate Governance as prescribed under SEBI LODR.

**Compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015**

In compliance with the Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations,

2015 ("PIT Regulations") as amended, Bank has formulated "Internal Code of Conduct for Prevention of Insider Trading" as per Regulation 9 and also the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" as per Regulation 8. The Code is applicable to the Directors, Designated Persons, Connected Persons and their immediate relatives along with the Promoters and Promoter Group of the Bank. The Persons are required to ensure fullest compliance with the Internal Code at the time of trading in Bank's Securities. Company Secretary has been designated as the Compliance Officer and Chief Financial Officer (CFO) has been designated as the Chief Investor Relations Officer (CIRO) for this purpose. In terms of the PIT regulations and Bank's internal Code, Structured Digital Database is in place. The Code requires pre-clearance for dealing in the Bank securities beyond threshold limits. Further it prohibits the trade in the Bank's securities by the Directors, Designated Persons, Connected Persons and their immediate relatives along with Promoters and Promoter Group of the Bank while in possession of UPSI in relation to the Bank and during the trading window closure period. Trading window shall be closed from the end of every quarter till atleast two days after the declaration of financial results. The details of Trading Window closure during the period under report are mentioned below:

Trading Window Closure Period	Purpose of closure of Trading Window
April 01, 2023 to May 17, 2023	Declaration of Audited Financial Results of the Bank for the quarter and Year ended March 2023
July 01, 2023 to July 19, 2023	Declaration of Un-Audited Financial Results of the Bank for the quarter ended June 2023
October 01, 2023 to October 18, 2023	Declaration of Un-Audited Financial Results of the Bank for the quarter and half year ended September 2023
January 01, 2024 to January 24, 2024	Declaration of Un-Audited Financial Results of the Bank for the quarter and nine month ended December 2023

**Dividend**

The Board of Directors of the Bank in its meeting held on May 13, 2024 has recommended dividend of ₹ 2.40/- per equity share on the face value of ₹ 2/- each (i.e., 120%) for the financial year ended March 31, 2024, subject to the approval of regulatory authorities, if any and shareholders at the 105<sup>th</sup> Annual General Meeting (AGM) of the Bank.

### Dividend Distribution Policy

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Bank has Board approved "Dividend Distribution Policy". The Bank shall declare dividend only after ensuring compliance with the Banking Regulation Act, 1949, various regulatory guidelines on dividend declaration issued by RBI from time to time, the provisions of the Companies Act, 2013 & the rules made thereunder, SEBI LODR, as amended to the extent applicable for Banking Companies. The Policy is available on the website of the Bank at <https://www.kvb.co.in/docs/dividend-distribution-policy.pdf>

### Updation of KYC – Physical Shareholders

SEBI vide its master circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/3 dated 07.05.2024 has stipulated that the shareholders (holding securities in physical form), shall update/furnish the PAN, Nomination, Contact Details, Mobile Number, Bank Account Details and Specimen Signature in their folio(s).

Further, SEBI vide its circular no. SEBI/ HO/MIRSD/POD-1/P/CIR/2024/81 dated 10.06.2024 has made an exemption for submitting 'choice of nomination'. However, Bank encourage the shareholders who are holding shares in physical form for registering the nomination in their Folios.

- a) With effect from April 01, 2024, dividend shall be paid only through electronic mode to the shareholders who have updated the PAN or Contact Details or Mobile Number or Bank Account Details or Specimen Signature in respect of their physical folios. Shareholders who have not updated the above said details can receive the dividend through electronic mode only upon furnishing all the aforesaid details in entirety.
- b) If a shareholder updates the PAN, Contact Details including Mobile Number, Bank Account Details and Specimen Signature after April 01, 2024, then the shareholder would receive all the dividends declared during that period (from April 01, 2024 till date of updation) pertaining to the shares held after the said updation automatically.

Hence, we request the shareholders of the Bank, who have not registered their PAN, Nomination, Contact details, Bank Account details and Specimen Signature, to update the same.

Further, as per the Central Board of Direct Taxes (CBDT) notification, it is mandatory to link PAN with Aadhaar number. RTAs shall accept only valid PANs and the ones

which are linked to the Aadhaar number. All physical security holders who are yet to link the PAN with Aadhaar number are requested to get the same done and as such folios (non-linking of PAN and Aadhaar number) would be also considered as non-KYC compliant.

As on date of previous years report, 6060 folios were non-compliant to KYC requirement, in line with the above circular reminder letters were sent to those shareholders who are non-compliant to KYC requirement along with prescribed forms during May 2023 and February 2024. As on date of report, 4,910 folios (1.84%) were non-compliant to KYC requirement and 1150 folios were updated with KYC/ Dematerialisation. Specimen copy of letter and prescribed forms for updating KYC and Nomination is available on the Bank's website at <https://www.kvb.co.in/investor-corner/>

For enhancing the KYC compliant, your Bank has been closely following up with the Non-KYC compliant shareholders via., mails/telephonic conversation, whose data are registered with the Bank. In order to ensure more attention, following up are also made through the Divisional offices/Branches based on the shareholders' locations. Bank would ensure/ explore other means to reach shareholders in this regard.

Disclosure of details of Unclaimed Shares Suspense Account under Regulation 39(4) of SEBI LODR

Sr. No	Particulars	Number of shareholders	No. of shares
1	Aggregate number of shareholders and the outstanding shares as on April 01, 2023	792	52,017
2	Less: No. of shareholders who approached the Bank for transfer of shares and to whom shares were transferred during the financial year 2023-24	4	1,295
3	Less: No. of shares transferred to the IEPF authority in terms of Section 124(6) of the Companies Act, 2013	2*	2,925
4	Aggregate number of shareholders and the outstanding shares as on March 31, 2024	788	47,797

\*Original entitlement has been transferred to IEPF and the subsequent corporate benefits are not yet met the requirement for transferring to IEPF.

The voting rights on the above mentioned 47,797 shares shall remain frozen till the rightful owner of such shares claims the same.

## Unpaid/Unclaimed Dividend

Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, Bank is statutorily required to transfer to the Investor Education & Protection Fund ('IEPF'), established by the Central Government, all dividends remaining unpaid/unclaimed for a period of 7 years, from the date of such transfer to the unclaimed dividend account. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank. Accordingly, the unclaimed Interim dividend of ₹ 40,06,590/- & Final dividend of ₹ 15,98,604/- for the financial year 2015-16 has been transferred to IEPF authority during May 2023 & September 2023 respectively.

The following table gives the unclaimed amount from the year 2016-17 with the position as on March 31, 2024 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
<b>Unclaimed Dividend Warrants:</b>			
2016-17	62,82,341.00	24.07.2017	23.08.2024
2017-18	20,24,628.00	10.08.2018	09.09.2025
2018-19	20,11,332.60	19.07.2019	18.08.2026
2019-20	Dividend was not declared as per the RBI circular dated April 17, 2020		
2020-21	23,47,230.00	11.08.2021	10.09.2028
2021-22	70,47,058.40	03.08.2022	02.09.2029
2022-23	86,94,967.00	23.08.2023	22.08.2030
<b>Unclaimed Refund Orders &amp; Fractional Warrants of Bonus Issue:</b>			
Rights 2017 Refund Order	5,27,365.00	22.11.2017	21.12.2024
Bonus 2018 Fractional Warrant	1,54,709.43	27.09.2018	26.10.2025
<b>Unclaimed Debenture Interest Warrant</b>			
2021-22 Debenture Interest Warrant	35,850	12.03.2022	10.04.2029
2022-23 Debenture Interest Warrant	35,850	12.03.2023	14.04.2030

Shareholders who have not claimed their dividend warrants for the period as specified above are advised to send their request letter along with supported documents to Registrars and Share Transfer Agents viz., M/s Link Intime India Private Limited 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](http://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](mailto:kvb_sig@kvbmail.com)

## Transfer of shares to Investor Education and Protection Fund (IEPF)

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

Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), as amended from time to time, all shares pertaining to any shareholder in respect of which dividend/s have not been claimed for the last 7 consecutive years shall be transferred to the IEPF Authority. Subsequent to such transfer of shares to IEPF Authority, all future benefits which may accrue, on these shares, including future dividend, will be credited to the said IEPF Authority only.

As per the said Rules, Bank is required to transfer all shares in respect of which dividends remained unclaimed by the shareholders for a period of seven consecutive years (i.e., from financial year 2015-16). Bank has sent individual communication to the concerned shareholders whose shares are liable to be transferred to IEPF Authority, for taking appropriate action and by submitting requisite documents to claim the unclaimed dividend amount. Subsequently, a public notice was issued in Business Standard for all India Circulation and Dinamalar in Trichy Edition covering Karur.

Pursuant to the IEPF Rules, 43,205 shares and 42,277 shares in respect of which unclaimed/unpaid dividends were not claimed from financial year 2015-16 (Interim) and 2015-16 (Final) for seven consecutive years were transferred to IEPF Authority during May 2023 and September 2023 bearing demat account no IN300708-10656671.

The details of the shareholder who have not claimed the dividends for last seven years are available on the Bank's website at [www.kvb.co.in](http://www.kvb.co.in)

### Efforts taken for claiming of dividends:

During the financial year 2023-24, Bank has sent individual reminder letters/emails to the relevant shareholders with respect to encashing of unclaimed dividends.

292 letters were sent to shareholders whose shares were liable to be transferred to IEPF Authority during the month of January 2023 and May 2023. Out of which, 160 letters were returned due to non-availability of shareholders at the registered address.

Public notice/Advertisement on transfer of unclaimed dividends to IEPF is issued in Business Standard for all India Circulation and Dinamalar in Trichy Edition covering Karur. List of shareholders whose shares are liable to be transferred to IEPF and Folio No./Demat account wise unclaimed dividends are uploaded in Bank's website at <https://www.kvb.co.in/investor-corner/>

Initiatives taken for reaching out shareholders through divisional offices/branches for claiming of dividends. However, the claim ratio was very minimal. In most of the cases, the bank officials could not contact the shareholders, since the shareholders did not reside in the registered address and there was no mobile no./e-Mail id in their folio.

### Guidelines to claim the shares/dividend transferred to Investors Education and Protection Fund (IEPF)

Pursuant to Rule 7 of IEPF Rules, the shareholders whose shares/dividend transferred to IEPF can claim the same from IEPF Authority by submitting an online Form IEPF - 5 available on the website <https://www.iepf.gov.in/>

After submitting an online Form, the claimant shall send the original physical share certificate, indemnity bond in original, copy of acknowledgement and filed IEPF-5 form along with the other documents as mentioned in the Form IEPF-5, duly signed by claimant, to Mr Srinivasa Rao Maddirala, Nodal Officer (IEPF) of the Bank in an envelope marked "Claim for refund from IEPF Authority". Claim forms completed in all aspects will be verified by the Bank and on the basis of Bank's verification report, refund will be released by the IEPF Authority in favor of claimants' account through electronic transfer. The general information about the Bank for filling the IEPF - 5 form are as under:

a) Corporate Identification Number (CIN) of Bank	L65110TN1916PLC001295
b) Name of the Bank	The Karur Vysya Bank Ltd
c) Address of Registered & Central Office of the Bank	The Karur Vysya Bank Limited, Investor Relations Cell, Regd. & Central Office, No. 20, Erode Road, Vadivel Nagar, L.N.S, Karur- 639002. e-Mail: <a href="mailto:kvbiefp@kvbmail.com">kvbiefp@kvbmail.com</a>

### Disclosure of certain types of agreements binding listed entities

The Bank has not received any intimation under clause 5A of paragraph A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding agreements made which impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity.

### 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, 2024.

Place: Karur  
Date: July 18, 2024

**B Ramesh Babu**  
Managing Director & Chief Executive Officer

## CEO / CFO Certification

As stipulated under Regulation 17(8) of the SEBI Listing Obligations & Disclosure Requirements Regulations (LODR) 2015, we hereby certify that -

- a) We have reviewed financial statements for the year ended March 31, 2024 and that to the best of our knowledge and belief these statements :
  - I. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or in violation of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, that there are no significant changes in internal control over financial reporting during the year ended March 31, 2024 and deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have also indicated to the Auditors and the Audit Committee that:
  - There are no changes in accounting policies followed in the preparation of financial results for the year ended March 31, 2024 as compared to those followed for the year ended March 31, 2023, and the same has been disclosed in the notes to the financial statements;
  - The financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading; and
  - There are no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

**B Ramesh Babu**

Managing Director and CEO

**R Ramshankar**

General Manager and CFO

Place: Karur

Date: May 13, 2024

# Certificate of Compliance of conditions of Corporate Governance

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

We, S.A.E & Associates LLP, Company Secretaries have examined the compliance of conditions of Corporate Governance by The Karur Vysya Bank Limited (“the Bank”), having CIN L65110TN1916PLC001295 and registered office at No.20, Erode Road, Vadivel Nagar, L.N.S., Karur 639002, for the financial year ended on March 31, 2024 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

## MANAGEMENT’S RESPONSIBILITY:

The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of Corporate Governance as stipulated in LODR.

## AUDITOR’S RESPONSIBILITY:

- Our responsibility is limited to a review of the procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.
- We have examined the records and documents of the Bank, to the extent relevant, for the purpose of providing reasonable assurance on compliance with Corporate Governance requirements by the Bank.

## OPINION:

- To the best of our information and based on our examination of the relevant records and the explanations given to us and the representations provided by the directors and the management, we certify that the Bank has complied with the conditions of corporate governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the LODR, during the financial year ended March 31, 2024.
- We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Sri Vidhya Kumar, Partner**  
FCS. No. 11114, C.P. NO. 20181  
FRN: L2018TN004700  
Peer Review Certificate No. 2822/2022  
UDIN: F011114F000768024

Place: Chennai  
Date: July 18, 2024

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of The Karur Vysya Bank Limited having CIN L65110TN1916PLC001295 and registered office at No.20, Erode Road, Vadivel Nagar, L.N.S., Karur 639002 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below as on the financial year ended March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of Bank by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority viz., Reserve Bank of India.

Sr. No.	Name of Director	DIN	Date of appointment in the Bank
1	Dr Meena Hemchandra	05337181	26-May-2022
2	Shri B Ramesh Babu	06900325	29-July-2020
3	Dr K S Ravichandran	00002713	26-May-2016
4	Shri R Ramkumar	00275622	25-Jun-2018
5	Shri K G Mohan	08367265	01-Feb-2020
6	Dr R Harshavardhan	01675460	30-Jul-2020
7	Shri Murali Ramaswami	08659944	14-Jun-2022
8	CA Chinnasamy Ganesan	07615862	25-Apr-2023

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion based on our verification of the records and disclosures. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

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

**Sri Vidhya Kumar, Partner**

FCS. No. 11114, C.P. NO. 20181

FRN: L2018TN004700

Peer Review Certificate No. 2822/2022

UDIN: F011114F000767980

Place: Chennai

Date: July 18, 2024

# Independent Auditors' Report

## To The Members of The Karur Vysya Bank Limited

### Report on Audit of the Financial Statements

#### Opinion

1. We have audited the accompanying financial statements of **The Karur Vysya Bank Limited** ('the Bank'), which comprise the Balance Sheet as at March 31, 2024, the Profit and Loss Account and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date, of
  - i) 22 branches including Treasury Branch and Expense Management Cell audited by us and
  - ii) 908 branches audited by statutory branch auditors located across India.
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the statutory branch auditors as referred to in paragraph 19 below, the aforesaid financial statements, read with notes thereon, give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act'), as amended in the manner so required for banking companies and circulars and guidelines issued by the Reserve Bank of India ('RBI'), in the manner so required for banking companies and give a true and fair view and are in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021, of the state of affairs of the Bank as at March 31, 2024, its profit and its cash flows for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India

together with ethical requirements that are relevant to our audit of the financial statements in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021, provisions of section 29 of the Banking Regulation Act, 1949, circulars and guidelines issued by RBI from time to time and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and that obtained by the statutory branch auditors, in terms of their reports referred in paragraph 19 is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the statutory branch auditors as referred to paragraph 19 below, were of most significance in our audit of the financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.
5. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Independent Auditors' Report

### A. Identification of Non-Performing Assets ('NPA') and Provisions on Advances

#### Significant estimates and judgment involved

##### Key Audit Matter

Identification of Non-Performing Assets ("NPA") and provisions in respect of NPAs and restructured advances are made based on management's assessment in accordance with norms, circulars and directions issued by the RBI on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances from time to time.

The provision on NPA is based on the valuation of the security available and also requires management estimates and judgements. In case of restructured accounts, provision is made for diminution in fair value of restructured loans, in accordance with the RBI guidelines.

Accordingly, our audit focused on identification of NPAs and provision on advances as a key audit matter because of the level of management estimates and judgment involved in determining the provision and the valuation of the security of the NPA loans and the resultant impact on the financial statements of the Bank.

##### Auditor's Response

Our key audit approach included assessing the design, implementation and operating effectiveness of key internal controls and substantive audit procedures over approval, recording and monitoring of loans, assessing the reliability of documentation, measurement of provisions, identification of NPA accounts, and Valuation of Security for NPA accounts along with basis and rationale for various other management information's.

We have read the Bank's policies for NPA identification and provisioning and assessing compliance with the IRAC norms.

We have evaluated details for a sample of exposures for identification of NPA and calculation of Loan Loss provisions including valuation of primary and collaterals as at March 31, 2024 involving certain degree of estimation.

We have evaluated and understood the Bank's internal control systems completeness, accuracy, and relevance of

data and to ensure that the same is in compliance with the RBI guidelines, circulars and directions on the Prudential Norms on Income Recognition, Asset Classification & Provisioning issued from time to time.

We also selected samples to test potential cases of "ever-greening" of loans.

We tested on a samples basis to ensure completeness of documentation, adherence of the approval process to the Bank's Policy and board minutes, credit review of customers, review of Special Mention Accounts (SMA) reports in RBI's Central Repository of Information on Large Credits (CRILC) and other related documents including evaluation of the past trends of management judgement, governance, and review of internal control. Held discussion with the management of the Bank on sectors wherein there has been stress and the steps taken by the Bank to mitigate such sectorial risks.

Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified under 'Other liabilities'.

We have also assessed disclosure requirements for classification and provisioning of NPAs in accordance with RBI circulars including those issued specifically issued for Covid-19 related matters.

### B. Information Technology - IT Systems and Controls

#### Key Audit Matter

The Bank's operations utilise many independent and inter-dependent information technology systems for processing and recording large volume of transactions in numerous locations on a daily basis. As a result, there is a high degree of reliance and dependency on such IT systems for financial reporting process of the Bank. Controls over access and changes to IT systems are critical to the recording of financial information and the preparation of a financial statements which provides a true and fair view of the Bank's financial position and performance. Appropriate automated general and application controls are required to ensure that such IT systems and applications are able to process the data, as required, completely, accurately and

## Independent Auditors' Report

consistently, which directly impacts the completeness and accuracy of financial reporting.

The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter as our audit approach could significantly differ depending on the effective operation of the Bank's IT controls.

### Auditor's Response

We tested the technology control environment for key IT applications (systems) used in processing significant transactions and recording balances in the general ledger. We also tested automated controls embedded within these systems which link the technology-enabled business processes. Our further audit procedures included:

- Assessing the governance and higher-level controls across the IT Environment, including those regarding policy design, review and awareness, and IT Risk Management practices;
- Design and operating effectiveness testing of controls across the User Access Management Lifecycle, Change Management as well as effectiveness testing of automated business process controls including segregation of duties;
- Design and operating effectiveness testing of controls to enable Change Management including how changes are initiated, documented, approved, tested and authorised prior to migration into the production environment of critical IT Applications. We assessed the appropriateness of users with access to release changes to IT application production environments in the Bank;

Reviewing effectiveness of mappings and flagging of financial transactions, and automated reconciliation controls (both between systems and intra-system); and

Data integrity of critical system reporting used by us in our audit to select samples and analyse data used by management to generate financial reporting.

## C. Direct and Indirect Taxes

### Key Audit Matter

This matter has been identified as a key audit matter due to the significant level of management judgment required in the estimation of provision for taxes including any write back of provisions, due to factors like uncertain tax positions and provision for tax involves interpretation of various rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies.

### Auditor's Response

Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the bank's controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies.

We have obtained details of completed tax assessments and demands from the management of the bank.

We discussed with appropriate senior management personnel, relied upon opinion given by tax specialists, evaluated the management's underlying key assumptions in estimating the tax provisions and independently assessed management's estimate of the possible outcome of the disputed cases.

We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions, the provisions made, and/or write back of the provisions.

For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the banks disclosures made in relation to contingent liabilities.

### Information Other than the Financial Statements and Auditors' Report thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Overview, Directors' Report including annexures to Directors' Report, Management Discussion and Analysis, Basel III – Pillar 3 disclosures and Corporate Governance report included in the Annual Report, but does not include

## Independent Auditors' Report

the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

7. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
9. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

10. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 in so far as they apply to the Bank and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the RBI from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.
12. The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has

## Independent Auditors' Report

adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of the Bank and such branches included in the financial statements, of which we are the independent auditors. For the other branches included in the financial statements, which have been audited by statutory branch auditors, such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
15. Materiality in the magnitude of the misstatements in the financial statements that, individually or aggregate, makes

it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

19. We did not audit the financial statements / information of 908 domestic branches including processing centres included in the financial statements of the Bank whose financial statements / financial information reflects total assets of ₹ 94,817.00 Crore at March 31, 2024 and total revenue of ₹. 9087.14 Crore for the year ended on that date, as considered in the financial statements. These branches and processing centres cover 77.25% of advances, 88.88% of deposits, 58.74% of non-performing assets as on March 31, 2024 and 92.14% of revenue for the year ended March 31, 2024. The financial statements/ information of these branches have been

## Independent Auditors' Report

audited by the statutory branch auditors whose reports have been furnished to us and in our opinion on the financial statements, in so far as it relates to the amounts and disclosures included in respect of branches, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid branches, are based solely on the report of such statutory branch auditors.

20. Our opinion on the financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the statutory branch auditors.

### Report on Other Legal and Regulatory Requirements

21. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949 and Accounting Standards as per section 133 of the Act read with Companies (Accounting Standards) Rules, 2021.
22. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949 and communication received by the Bank from Reserve Bank of India, and on the consideration of the reports of the statutory branch auditors as referred in paragraph 19 above, we report that:
- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
  - the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
  - the returns received from the offices and branches of the Bank have been found to be adequate for the purpose of our audit.
23. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under the Banking Regulation Act, 1949; the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration

has been paid in accordance with the aforesaid section is not applicable.

24. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the statutory branch auditors as referred to in paragraph 19 above, we further report to the extent applicable that:
- 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.
  - In our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - 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.
  - The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 to the extent they are not consistent with the policies prescribed by the RBI.
  - On the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of section 164(2) of the Act.
  - With respect to the adequacy of internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of such controls, our separate report in Annexure A is attached.

## Independent Auditors' Report

- (h) The entity being a banking company as defined under Banking Regulation Act, 1949, the remuneration to its directors during the year ended March 31, 2024 has been paid / provided by the Bank in accordance with the provisions of Section 35B(1) of the Banking Regulation Act, 1949.
- (i) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our knowledge and belief and according to the information and explanation given to us:
- i. The Bank has disclosed the impact of pending litigations on its financial position in Schedule 12, Note 14.11 of Schedule 18 of the financial statements;
  - ii. The Bank has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts as detailed in Schedule 12 and Note 7 of Schedule 18 to the financial statements and;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund during the year ended March 31, 2024;
  - iv.
    - a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 15 of Schedule 18 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 15 of Schedule 18 to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
  - v. As stated in note 1.2 of Schedule 18 and as disclosed in Profit and Loss Account under 'Appropriations' to the Financial Statements:
    - (a) The final dividend proposed in the previous year, declared, and paid by the Bank during the year is in accordance with Section 123 of the Act, as applicable.
    - (b) The Bank did not pay any interim dividend during the year.
    - (c) The Board of Directors of the Bank have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General

## Independent Auditors' Report

Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable, until the date of this report.

- vi. Reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from April 01, 2023.

Based on our examination which included test checks the Company has used accounting softwares for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software subject to the following observations:

- a. The feature of recording audit trail (edit log) facility was enabled at the database level of the accounting software used relating to Core Banking Solution and

investments for a short period of time. The Bank has deployed a Database Access Management Tool (DAM) which records the audit trail captured in the Software's database on a real time basis which also gets archived. Based on the above, the audit trail (edit log) requirement is operative from April 01, 2023 to March 31, 2024.

- b. Audit trail (edit log) facility with respect to Digital Gold Loan, PeopleSoft HRMS and Bullion Precious Metal was enabled at database level / captured in DAM tool from June 13, 2023, July 09, 2023 and February 01, 2024 respectively.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

For **Sundaram & Srinivasan,**  
Chartered Accountants  
FRN: 004207S

**P. Menakshi Sundaram**  
Partner  
M. No. 217914  
UDIN: 24217914BKBOTY3030

Place : Karur  
Date : May 13, 2024

For **R.G.N. Price & Co.,**  
Chartered Accountants  
FRN: 002785S

**Sriraam Alevoor M**  
Partner  
M. No. 221354  
UDIN: 24221354BJZZXZ2691

Place : Karur  
Date : May 13, 2024

# Annexure “A”

## To the Independent Auditor’s Report

(Referred to in paragraph 14(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### Report on the Internal Financial Controls with reference to Financial Statements

We have audited the internal financial controls with reference to financial statements of The Karur Vysya Bank Limited (“the Bank”) as of March 31, 2024, in conjunction with our audit of the financial statements of the Bank for the year ended on that date which includes internal financial controls with reference to financial statements of the Bank’s branches.

### Management’s Responsibility for Internal Financial Controls

The Bank’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the RBI.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Bank’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial controls based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Bank’s internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with reference to Financial Statements

A Bank’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not

## Annexure “A” To the Independent Auditor’s Report

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

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the statutory branch auditors referred to in the Other Matters paragraph of our report on the audit of the financial statements, the Bank has, in all material respects,

For **Sundaram & Srinivasan,**  
Chartered Accountants  
FRN: 004207S

**P. Menakshi Sundaram**  
Partner  
M. No. 217914  
UDIN: 24217914BKBOTY3030

Place : Karur  
Date : May 13, 2024

adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2024, based on the criteria for internal control with reference to financial statements established by the Bank considering the essential components of internal control stated in the “Guidance Note on Audit of Internal Financial Controls Over Financial Reporting” issued by the ICAI.

### Other Matters

Our aforesaid report insofar as it relates to the operating effectiveness of internal financial controls with reference to financial statements of 908 branches is based on the corresponding reports of the respective statutory branch auditors of those branches.

For **R.G.N. Price & Co.,**  
Chartered Accountants  
FRN: 002785S

**Sriraam Alevoor M**  
Partner  
M. No. 221354  
UDIN: 24221354BJZZXZ2691

Place : Karur  
Date : May 13, 2024

# Balance Sheet

as at March 31, 2024

	SCHEDULE	AS AT 31.03.2024	AS AT 31.03.2023
(₹ 000's omitted)			
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	160 87 54	160 41 07
Reserves and Surplus	2	9879 19 78	8423 64 29
Deposits	3	89112 72 32	76637 58 31
Borrowings	4	2478 35 02	1432 01 20
Other Liabilities and Provisions	5	3954 04 85	3525 77 48
<b>TOTAL</b>		<b>105585 19 51</b>	<b>90179 42 35</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	5587 92 57	4279 47 96
Balance with Banks and Money at call and short notice	7	70 63 65	415 64 91
Investments	8	22343 52 48	18808 32 36
Advances	9	73667 48 23	63134 14 09
Fixed Assets	10	432 88 09	435 04 10
Other Assets	11	3482 74 49	3106 78 93
<b>TOTAL</b>		<b>105585 19 51</b>	<b>90179 42 35</b>
Contingent Liabilities	12	13187 45 47	10404 76 86
Bills for collection		3278 29 82	2795 98 86
Significant Accounting Policies	17		
Notes on Accounts	18		

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

**Dr.MEENA HEMCHANDRA**

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

**CHINNASAMY GANESAN**

 Audit Committee Chairman  
 DIN: 07615862

**B.RAMESH BABU**

 Managing Director & CEO  
 DIN: 06900325

**J.NATARAJAN**

President

**RAMSHANKAR R**

Chief Financial Officer

**M.SRINIVASA RAO**

Company Secretary

As per our report of even date

 For **Sundaram & Srinivasan**

 Chartered Accountants  
 FRN:004207S

 For **R.G.N. Price & Co.,**

 Chartered Accountants  
 FRN: 002785S

Place : Karur

Date : May 13, 2024

**P Menakshi Sundaram**

 Partner  
 M. No. 217914

**Sriraam Alevoor M**

 Partner  
 M. No. 221354

# Profit and Loss Account

for the year ended March 31, 2024

(₹ 000's omitted)

	SCHEDULE	AS AT 31.03.2024	AS AT 31.03.2023
<b>I INCOME</b>			
Interest earned	13	8203 94 31	6516 54 96
Other Income	14	1658 68 65	1158 93 71
<b>TOTAL</b>		<b>9862 62 96</b>	<b>7675 48 67</b>
<b>II EXPENDITURE</b>			
Interest expended	15	4394 74 16	3167 73 83
Operating expenses	16	2638 75 00	2031 96 29
Provisions and Contingencies		1224 33 02	1369 69 37
<b>TOTAL</b>		<b>8257 82 18</b>	<b>6569 39 49</b>
<b>III PROFIT</b>			
Net Profit (before exceptional item)		1604 80 78	1106 09 18
Net Profit		1604 80 78	1106 09 18
Profit brought forward from previous year		163 20 86	130 41 50
<b>TOTAL</b>		<b>1768 01 64</b>	<b>1236 50 68</b>
<b>IV APPROPRIATIONS</b>			
Transfer to Statutory Reserve		401 30 00	276 60 00
Transfer to Capital Reserve		85 20	Nil
Transfer to Revenue & Other Reserves		715 00 00	607 00 00
Transfer to Investment Reserve		142 90 00	6 68 00
Transfer to Investment Fluctuation Reserve		74 11 00	Nil
Transfer to Special Reserve U/s 36(1)(viii) of IT Act, 1961		70 00 00	55 00 00
Dividend (paid for the financial year 2022-23/2021-22)		160 51 10	128 01 82
		<b>1564 67 30</b>	<b>1073 29 82</b>
Balance carried over to balance sheet		203 34 34	163 20 86
<b>TOTAL</b>		<b>1768 01 64</b>	<b>1236 50 68</b>
Basic Earnings Per Share	(in ₹)	19.99	13.81
Diluted Earnings Per Share	(in ₹)	19.97	13.78

The schedules referred to above form an integral part of Profit and Loss account

**Dr.MEENA HEMCHANDRA**

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

**CHINNASAMY GANESAN**

Audit Committee Chairman  
DIN: 07615862

**B.RAMESH BABU**

Managing Director & CEO  
DIN: 06900325

**J.NATARAJAN**

President

**RAMSHANKAR R**

Chief Financial Officer

**M.SRINIVASA RAO**

Company Secretary

As per our report of even date

For **Sundaram & Srinivasan**

Chartered Accountants  
FRN:004207S

For **R.G.N. Price & Co.,**

Chartered Accountants  
FRN: 002785S

**P Menakshi Sundaram**

Partner  
M. No. 217914

**Sriraam Alevoor M**

Partner  
M. No. 221354

Place : Karur

Date : May 13, 2024

## Schedules

### SCHEDULE 1 - CAPITAL

	AS AT 31.03.2024	AS AT 31.03.2023
	(₹ 000's omitted)	
<b>Authorised Capital</b>		
100,00,00,000 / (100,00,00,000) Equity Shares of ₹2/- each	200 00 00	200 00 00
<b>Issued Capital:</b>		
80,27,19,397 / (80,06,77,606) Equity shares of ₹ 2/- each	160 54 39	160 13 55
Add: 23,23,535 / (20,41,791) Equity shares of ₹2/- each under ESOS 2011 & 2018 allotted	46 47	40 84
	<b>161 00 86</b>	<b>160 54 39</b>
<b>Subscribed &amp; Paid up Capital:</b>		
80,20,53,463 / (80,00,11,672) Equity shares of ₹2/- each	160 41 07	160 00 23
Add:23,23,535 / (20,41,791) Equity shares of ₹2/- each under ESOS 2011 & 2018 allotted	46 47	40 84
	<b>160 87 54</b>	<b>160 41 07</b>

### SCHEDULE 2 - RESERVES AND SURPLUS

	AS AT 31.03.2024	AS AT 31.03.2023
	(₹ 000's omitted)	
<b>I Statutory Reserve</b>		
Opening Balance	2301 99 31	2025 39 31
Add: Addition during the year	401 30 00	276 60 00
<b>TOTAL</b>	<b>2703 29 31</b>	<b>2301 99 31</b>
<b>II Capital Reserve</b>		
Opening Balance	435 74 54	435 74 54
Add: Addition during the year	85 20	Nil
<b>TOTAL</b>	<b>436 59 74</b>	<b>435 74 54</b>
<b>III Share Premium</b>		
Opening Balance	2075 63 63	2067 96 41
Add: ESOS allotment premium	9 26 75	7 67 22
<b>TOTAL</b>	<b>2084 90 38</b>	<b>2075 63 63</b>
<b>IV Revenue and Other Reserves</b>		
<b>a) General Reserve</b>		
Opening Balance	2855 03 43	2247 95 17
Add: Addition during the year	715 00 00	607 00 00
Add: Lapsed ESOS reserve transferred	3 73	8 26
<b>TOTAL</b>	<b>3570 07 16</b>	<b>2855 03 43</b>
<b>b) Investment Reserve</b>		
Opening Balance	60 02 00	53 34 00
Add: Addition during the year	142 90 00	6 68 00
Less: Deduction during the year	Nil	Nil
<b>TOTAL</b>	<b>202 92 00</b>	<b>60 02 00</b>

## Schedules

### SCHEDULE 2 - RESERVES AND SURPLUS (Contd..)

(₹ 000's omitted)

	AS AT 31.03.2024	AS AT 31.03.2023
<b>c) Investment Fluctuation Reserve</b>		
Opening Balance	74 75 60	74 75 60
Add: Addition during the year	74 11 00	Nil
<b>TOTAL</b>	<b>148 86 60</b>	<b>74 75 60</b>
<b>d) Special Reserve U/s 36(1) (viii) of Income Tax Act, 1961</b>		
Opening Balance	455 00 00	400 00 00
Add: Addition during the year	70 00 00	55 00 00
<b>TOTAL</b>	<b>525 00 00</b>	<b>455 00 00</b>
<b>e) Employee Stock Option</b>		
Opening Balance	2 24 92	63 17
Add: Addition during the year	3 41 37	1 70 01
Less : Transferred to General Reserve	( 3 73)	( 8 26)
Less: Shares allotted during the year transferred to Share Premium	(1 42 31)	Nil
<b>TOTAL</b>	<b>4 20 25</b>	<b>2 24 92</b>
<b>V Balance in Profit and Loss account</b>	<b>203 34 34</b>	<b>163 20 86</b>
<b>TOTAL I, II, III, IV &amp; V</b>	<b>9879 19 78</b>	<b>8423 64 29</b>

### SCHEDULE 3 - DEPOSITS

(₹ 000's omitted)

	AS AT 31.03.2024	AS AT 31.03.2023
<b>A I. Demand Deposits :</b>		
i) From Banks	7 08 15	3 10 73
ii) From Others	8276 31 10	7450 96 91
<b>TOTAL</b>	<b>8283 39 25</b>	<b>7454 07 64</b>
II. Savings Bank Deposits	18801 66 49	17994 85 04
III. Term Deposits		
i) From Banks	665 25 00	200 25 00
ii) From Others	61362 41 58	50988 40 63
<b>TOTAL</b>	<b>62027 66 58</b>	<b>51188 65 63</b>
<b>TOTAL I, II &amp; III</b>	<b>89112 72 32</b>	<b>76637 58 31</b>
<b>B Deposits of Branches :</b>		
i) In India	89112 72 32	76637 58 31
ii) Outside India	Nil	Nil
<b>TOTAL</b>	<b>89112 72 32</b>	<b>76637 58 31</b>

## Schedules

### SCHEDULE 4 - BORROWINGS

	(₹ 000's omitted)	
	<b>AS AT 31.03.2024</b>	<b>AS AT 31.03.2023</b>
<b>I Borrowings in India</b>		
i) Reserve Bank of India	Nil	Nil
ii) Other Banks	Nil	Nil
iii) Other Institutions and Agencies	1017 05 70	484 18 30
iv) Subordinated debt - bonds (refer schedule 18 (1.1))	Nil	487 00 00
<b>TOTAL</b>	<b>1017 05 70</b>	<b>971 18 30</b>
<b>II Borrowings outside India</b>	<b>1461 29 32</b>	<b>460 82 90</b>
<b>TOTAL I &amp; II</b>	<b>2478 35 02</b>	<b>1432 01 20</b>
Secured Borrowings included in I and II above	714 87 30	459 35 12

### SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

	(₹ 000's omitted)	
	<b>AS AT 31.03.2024</b>	<b>AS AT 31.03.2023</b>
I Bills Payable	543 51 82	639 95 08
II Inter-Office Adjustments (Net)	82 73	Nil
III Interest Accrued	513 27 53	417 99 90
IV Others (including provisions)	2896 42 77	2467 82 50
	<b>3954 04 85</b>	<b>3525 77 48</b>

### SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

	(₹ 000's omitted)	
	<b>AS AT 31.03.2024</b>	<b>AS AT 31.03.2023</b>
I Cash in Hand (Including Foreign Currency Notes)	778 58 60	698 25 34
II Balances with Reserve Bank of India		
(a) in Current Account	4034 33 97	3381 22 62
(b) in Other Accounts	775 00 00	200 00 00
	<b>5587 92 57</b>	<b>4279 47 96</b>

## Schedules

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

(₹ 000's omitted)

	AS AT 31.03.2024	AS AT 31.03.2023
<b>I In India</b>		
i) Balances with Banks :		
(a) In Current Accounts	21 20 05	16 20 55
(b) In Other Deposit Accounts	43 19	47 72
ii) Money at Call and Short Notice		
(a) With Banks	Nil	Nil
(b) With Other Institutions	Nil	Nil
<b>TOTAL</b>	<b>21 63 24</b>	<b>16 68 27</b>
<b>II Outside India</b>		
(a) In Current Accounts	49 00 41	28 90 46
(b) In Other Deposit Accounts	Nil	370 06 18
(c) Money at call and short notice	Nil	Nil
<b>TOTAL</b>	<b>49 00 41</b>	<b>398 96 64</b>
<b>TOTAL I &amp; II</b>	<b>70 63 65</b>	<b>415 64 91</b>

### SCHEDULE 8 - INVESTMENTS

(₹ 000's omitted)

	AS AT 31.03.2024	AS AT 31.03.2023
<b>I Investments in India</b>	22840 14 88	19411 42 28
Less : Provision for Investment Depreciation & NPI	(496 92 00)	(603 39 37)
<b>TOTAL</b>	<b>22343 22 88</b>	<b>18808 02 91</b>
Break-up		
i) Government Securities	19339 65 73	16734 71 35
ii) Other Approved Securities	Nil	Nil
iii) Shares	125 96 45	104 94 37
iv) Debentures and Bonds	1303 07 34	1389 64 31
v) Subsidiaries and Joint Ventures	Nil	Nil
vi) Others (includes Security Receipts, Mutual Funds, CDs and CP)	1574 53 36	578 72 88
	<b>22343 22 88</b>	<b>18808 02 91</b>
<b>II Investments outside India</b>		
i) Government Securities (including local authorities)	Nil	Nil
ii) Subsidiaries and/or joint ventures abroad	Nil	Nil
iii) Other Investments (Shares - net of Depreciation)	29 60	29 45
	<b>29 60</b>	<b>29 45</b>
<b>TOTAL I &amp; II</b>	<b>22343 52 48</b>	<b>18808 32 36</b>

## Schedules

### SCHEDULE 9 - ADVANCES (Net of Provisions)

	AS AT 31.03.2024	AS AT 31.03.2023
	(₹ 000's omitted)	
A i) Bills purchased and discounted	1695 82 49	1651 11 69
ii) Cash Credits, Overdrafts and Loans repayable on demand	38382 58 85	32257 92 10
iii) Term Loans	33589 06 89	29225 10 30
<b>TOTAL</b>	<b>73667 48 23</b>	<b>63134 14 09</b>
B i) Secured by tangible assets	70555 97 89	59674 30 65
ii) Covered by Bank / Government guarantees	1577 57 41	2384 64 89
iii) Unsecured	1533 92 93	1075 18 55
<b>TOTAL</b>	<b>73667 48 23</b>	<b>63134 14 09</b>
C I Advances in India		
i) Priority Sector	29585 56 84	26437 53 75
ii) Public Sector	858 57 90	1170 96 54
iii) Banks	Nil	Nil
iv) Others	43223 33 49	35525 63 80
<b>TOTAL</b>	<b>73667 48 23</b>	<b>63134 14 09</b>
II Advances outside India		
i) Due from banks	Nil	Nil
ii) Due from others	Nil	Nil
a) Bills purchased and discounted	Nil	Nil
b) Syndicated loans	Nil	Nil
c) Others	Nil	Nil
<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>
<b>TOTAL CI &amp; CII</b>	<b>73667 48 23</b>	<b>63134 14 09</b>

### SCHEDULE 10 - FIXED ASSETS

	AS AT 31.03.2024	AS AT 31.03.2023
	(₹ 000's omitted)	
<b>I Premises :</b>		
At cost as on 31 <sup>st</sup> March of the preceding year	287 42 76	318 19 73
Add : Addition during the year	1 91 41	14 47
	<b>289 34 17</b>	<b>318 34 20</b>
Less: Deduction during the year	( 72 48)	(30 91 44)
	<b>288 61 69</b>	<b>287 42 76</b>
Less : Depreciation to date	(95 09 39)	(88 11 76)
<b>TOTAL</b>	<b>193 52 30</b>	<b>199 31 00</b>
<b>II Premises under construction</b>	7 08	96 37
<b>III Capital Work-in-Progress</b>	20 38 66	16 45 55

## Schedules

### SCHEDULE 10 - FIXED ASSETS (Contd..)

(₹ 000's omitted)

	AS AT 31.03.2024	AS AT 31.03.2023
<b>IV Other Fixed Assets (including Furniture &amp; Fixtures) :</b>		
At cost as on 31 <sup>st</sup> March of the preceding year	1409 07 92	1322 42 91
Add : Addition during the year	94 11 50	87 13 95
	<b>1503 19 42</b>	<b>1409 56 86</b>
Less: Deduction during the year	( 24 50)	( 48 94)
	<b>1502 94 92</b>	<b>1409 07 92</b>
Less : Depreciation to date	(1284 04 87)	(1190 76 74)
	<b>218 90 05</b>	<b>218 31 18</b>
<b>TOTAL I, II, III &amp; IV</b>	<b>432 88 09</b>	<b>435 04 10</b>

### SCHEDULE 11 - OTHER ASSETS

(₹ 000's omitted)

	AS AT 31.03.2024	AS AT 31.03.2023
I Inter Office Adjustments (Net)	Nil	33 60 96
II Interest Accrued	1479 25 06	1171 09 73
III Tax paid in advance / Tax deducted at source (Net)	Nil	Nil
IV Stationery and Stamps	4 02 02	2 98 91
V Non Banking Assets acquired in satisfaction of claims	37 88 09	37 88 09
VI Others	1961 59 32	1861 21 24
<b>TOTAL</b>	<b>3482 74 49</b>	<b>3106 78 93</b>

### SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ 000's omitted)

	AS AT 31.03.2024	AS AT 31.03.2023
I Claims against the Bank not acknowledged as debts	47 73 80	49 63 72
II Liability for party paid investments	Nil	Nil
III Liability on account of outstanding forward exchange contracts	7660 91 83	5736 44 97
IV Guarantees given on behalf of constituents		
(a) In India	3161 25 62	2490 61 43
(b) Outside India	Nil	Nil
V Acceptances, Endorsements and other Obligations	889 12 00	1250 20 38
VI Other items for which the Bank is contingently liable@	1428 42 22	877 86 36
<b>TOTAL</b>	<b>13187 45 47</b>	<b>10404 76 86</b>

@ Includes transfer to DEAF of ₹ 224 43 94 (Previous year of ₹ 210 59 21)

## Schedules

### SCHEDULE 13 - INTEREST EARNED

(₹ 000's omitted)

	Year Ended 31.03.2024	Year Ended 31.03.2023
I Interest / discount on advances/bills	6841 83 03	5326 94 26
II Income on Investments	1331 01 02	1099 13 28
III Interest on balances with Reserve Bank of India & other inter-bank funds	22 05 05	82 60 06
IV Others	9 05 21	7 87 36
<b>TOTAL</b>	<b>8203 94 31</b>	<b>6516 54 96</b>

### SCHEDULE 14 - OTHER INCOME

(₹ 000's omitted)

	Year Ended 31.03.2024	Year Ended 31.03.2023
I Commission, Exchange and Brokerage	868 16 24	747 31 10
II Profit on sale of investments	42 26 34	17 87 59
Less: Loss on sale of investments	(2 50 25)	( 61 01)
Less: Depreciation on investments	254 60 90	11 88 54
III Profit on revaluation of investments	Nil	Nil
Less: Loss on revaluation of investments	Nil	Nil
IV Profit on sale of land, buildings and other assets	7 83 05	1 03 63
Less: Loss on sale of land, buildings and other assets	Nil	Nil
V Profit on exchange transactions	442 09 50	34 45 94
Less: Loss on exchange transactions	(410 94 67)	Nil
VI Income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India	Nil	Nil
VII Recovery from Technically written off accounts	341 06 97	208 40 17
VII Miscellaneous Income	116 10 57	138 57 75
<b>TOTAL</b>	<b>1658 68 65</b>	<b>1158 93 71</b>

## Schedules

### SCHEDULE 15 - INTEREST EXPENDED

(₹ 000's omitted)

	Year Ended 31.03.2024	Year Ended 31.03.2023
I Interest on Deposits	4225 05 36	3066 72 56
II Interest on Reserve Bank of India / Inter-bank borrowings	74 04 17	58 34 31
III Others	95 64 63	42 66 96
<b>TOTAL</b>	<b>4394 74 16</b>	<b>3167 73 83</b>

### SCHEDULE 16 - OPERATING EXPENSES

(₹ 000's omitted)

	Year Ended 31.03.2024	Year Ended 31.03.2023
I Payments to and Provisions for employees	1461 03 28	1005 96 41
II Rent, Taxes and Lighting	224 67 86	198 07 81
III Printing and Stationery	18 43 85	12 81 03
IV Advertisement and Publicity	5 28 96	12 85 98
V Depreciation on bank's property	100 25 76	105 66 45
VI Directors' fees, allowances and expenses	2 67 42	3 08 09
VII Auditors' fees and expenses (including branch auditors)	4 15 09	3 65 65
VIII Law Charges	1 35 30	3 50 75
IX Postages, Telegrams, Telephones, etc.	25 03 63	22 13 15
X Repairs and Maintenance	101 09 14	90 08 39
XI Insurance	107 24 06	96 39 91
XII Other Expenditure	587 50 65	477 72 67
<b>TOTAL</b>	<b>2638 75 00</b>	<b>2031 96 29</b>

## Schedules

### SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES

#### A. BACKGROUND

The Karur Vysya Bank Limited ('the Bank') was incorporated in Karur, Tamil Nadu, India is a publicly held banking company governed by the Banking Regulation Act, 1949, the Companies Act, 2013 and other applicable Acts / Regulations and is engaged in providing a wide range of banking and financial services including commercial banking and treasury operations.

#### B. BASIS OF PREPARATION

The financial statements are prepared following the going concern concept, on historical cost basis and conform to the Generally Accepted Accounting Principles (GAAP) in India which encompasses applicable statutory provisions, regulatory prescriptions and extant disclosure norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under Section 133 of the Companies Act, 2013, read together with Companies (Accounting Standards) Rules, 2021 and current practices prevailing in the banking industry in India. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year except for accounting of employee share based payment which is explained under the policy for Employee Benefits.

##### Use of Estimates

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

#### C. PRINCIPAL ACCOUNTING POLICIES

##### 1. Revenue Recognition

Income and Expenditure are generally accounted on accrual basis, except otherwise stated.

Interest/other charges from loans, advances and investments other than on non-performing assets, are recognized on accrual basis. Interest income on non-performing advances (NPA)/ investments (NPI), income from funded interest term loan accounts (FITL) are recognized upon realisation, as per prudential norms prescribed by RBI.

The policy of income recognition shall be objective and based on the record of recovery. No interest will be taken into income account on any NPA or NPI. This will apply to Government guaranteed accounts also. However, interest on advances against Term Deposits, National Savings Certificates (NSCs), Indira Vikas Patras (IVPs), Kisan Vikas Patras (KVPs) and life policies will be taken to income account on the due date, provided adequate margin is available in the accounts.

##### Accounting for recoveries made in NPA

Recoveries made in NPA are appropriated in the order of charges, interest and principal dues unless otherwise agreed to with the borrower in a different sequence; in cases where the borrower requires the recovery to be appropriated in a different sequence, the same is undertaken accordingly. In respect of One Time Settlement accounts, the recoveries are first adjusted to principal balance.

In compromise settlement cases / sale to Asset Reconstruction Companies (ARC), sacrifice on settlement is accounted at the time of closure of account.

Commission on bank guarantees / letters of credit, locker rent, annual fee on cards, commission on bancassurance and third party products, premium on sale of Priority Sector Lending Certificate and Commission received on Government Agency Business are accounted on receipt basis. Processing / other fees collected on loans approved / disbursed, along with related loan acquisition costs are recognised at inception / renewal of the facility. Dividend income and interest on income tax refund is recognised when the right to receive payment is established. Stationery and security items are charged to the Profit and Loss Account on consumption basis.

## Schedules

Bank has a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points, redeemable in future, subject to certain conditions. The Bank estimates the liability based on assumptions such as expected redemption rate etc. and accounts for the expense in the Profit and Loss Account.

Goods & Service Tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

### 2. Investments

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation.

Investments are categorized into three categories –

(i) Held to Maturity (HTM), (ii) Held for Trading (HFT) and (iii) Available for Sale (AFS) with sub-classification under each category viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures & Bonds, (v) Subsidiaries and Joint Ventures and (vi) Others – Units of Mutual Funds, Certificate of Deposits, Commercial Paper, Security Receipts and other investments, in accordance with RBI guidelines.

The category under which the investments would be classified is decided at the time of acquisition. Investments which the Bank intends to hold till maturity are classified as “Held to Maturity”. Investments which are primarily held for sale within 90 days from the date of purchase are classified as “Held for Trading”. As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date. Investments which are not classified in either of the above two categories are classified as “Available for Sale”.

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

Investments classified under HTM category are carried at acquisition cost. Any premium on acquisition of government securities are amortized over the remaining maturity of the security on a straight line basis. Such amortisation of premium is adjusted against interest income under the head Income on Investments under Schedule 13 in Profit and Loss account. As per the RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity. Any diminution other than temporary, in the value of investments in HTM category is provided for.

Investments classified under the AFS and HFT categories are marked-to-market. The market / fair value of quoted investments included in the ‘AFS’ and ‘HFT’ categories is measured with respect to the market price of the scrip as available from the trades / quotes on the stock exchanges, Subsidiary General Ledger (SGL) account transactions, price list of RBI or prices declared by Financial Benchmark India Private Limited (FBIL), periodically. Net depreciation, if any, within each category of investment classification is recognised in the Profit and Loss Account under the head “Other Income”. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the book value of individual securities is not changed consequent to the periodic valuation of Investments.

The Bank follows settlement date method of accounting for purchase / sale of investments, and weighted average cost method for determining cost and accounting of profit on sale of investments.

Brokerage, commission and securities transaction tax (STT) etc., pertaining to investment, paid at the time of acquisition are charged to the Profit and Loss Account. Broken period interest on debt instruments and Government securities is treated as a revenue item.

Treasury Bills, Commercial Paper and Certificate of Deposits, being discounted instruments, are valued at carrying cost. Units of mutual funds are valued at the latest repurchase price/ Net Asset

## Schedules

Value (NAV) declared by the mutual fund. In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA) / Primary Dealers Association of India (PDAI) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA/FBIL are adopted for this purpose. Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet. In case the latest balance sheet is not available, the shares are valued at Re. 1/- per company. Security Receipts are valued at NAV provided by the issuing ARC from time to time. Additional provision required, if any, is made as per RBI guidelines, based on the age of the underlying non-performing asset sold to the ARC.

Non Performing Investments are identified and valued based on RBI guidelines.

Investment in Security Receipts which are not redeemed as at the end of the resolution period (i.e., five years or eight years as the case may be) shall be treated as loss asset in the books and provided for.

### Sale / Redemption of Investments

Profit or loss on sale / redemption in respect of securities in HFT and AFS category is included in the Profit and Loss Account. Profit on sale / redemption of investments in HTM category is included in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve, as per RBI guidelines.

### Short sales

Short sale transactions, including 'notional' short sale, are undertaken in Government securities as per RBI guidelines. The short sales positions are

reflected in 'Securities Short Sold (SSS) A/c', and categorized under HFT category. These positions are marked-to-market along with other securities under HFT portfolio and resultant Mark-to-Market (MTM) gains / losses are accounted for as per RBI guidelines.

### Repo and Reverse Repo transactions

Repo and reverse repo transactions in Government Securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility (LAF) and Marginal Standby Facility (MSF) with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

## 3. Advances

Advances, including bullion/metal loans, are classified into performing and non-performing assets (NPAs) and provisions are made as per the prudential norms prescribed by RBI. Advances stated in the balance sheet are net of provisions, claims received from credit guarantee institutions and recoveries pending appropriation and held in sundry/suspense account. Interest on non-performing advances is transferred to an unrealized interest account and not recognized in the Profit and Loss Account until received. Amounts recovered in written off accounts is recognised as income; provisions no longer considered necessary based on the current status of the asset, is reversed to the Profit and Loss Account.

In respect of restructured/rescheduled assets, provisions are made in accordance with RBI guidelines, including diminution in the fair value of the assets to be provided on restructuring, as applicable. In respect of loans and advances accounts subjected to restructuring, the asset classification is as per extant RBI guidelines.

Acquisition and transfer of loan exposure is undertaken as per extant RBI guidelines.

Term reverse repo of original tenor greater than 14 days will be classified under Advances.

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Provision for Unhedged Foreign Currency Exposure of borrower entities is made considering their unhedged exposure to the Bank.

Provision for standard assets, is made in accordance with the guidelines and at levels stipulated by RBI from time to time.

#### 4. Fixed Assets

Premises and other fixed assets are accounted for at historical cost as reduced by accumulated depreciation, amortisation and impairment loss, if any. The cost includes cost of purchase and all expenditure such as site preparation, installation cost, expenditure incurred for development of software, professional fees and GST (net of ITC). Subsequent expenditure incurred on the assets already in use are capitalised only when it increases the future benefits from such assets or their functioning capacity.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use.

#### 5. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) in respect of all fixed assets other than buildings which are depreciated on Written Down Value (WDV) method.

Useful life of the assets (except Computers, including servers, network equipments and software, are depreciated under SLM at the rate of 33.33% as per RBI guidelines) has been estimated in line with Schedule II of the Companies Act, 2013, as determined by the Management, as under and depreciation is provided for as under --

Class of Asset	Useful life (years)	Method
<b>a. BUILDING</b>	58	WDV
<b>b. PLANT &amp; MACHINERY</b>		
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

Class of Asset	Useful life (years)	Method
Safe Deposit Lockers, Safe / Strong Room Door / Cage, Wind Mill	15	
<b>c. FURNITURE &amp; FIXTURES</b>		
Furniture & Fixtures at bank premises (owned)	10	
Improvements at leased premises	10 years or lease period whichever is less.	SLM
Furniture & Fixtures at staff quarters / guest house	5	
Electric & Electronic items, cellular / mobile phones etc.	3	
<b>d. MOTOR VEHICLES</b>	8	
<b>e. COMPUTERS (including software, servers, network equipments)</b>	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. Assets purchased less than ₹5000/- will be debited in operating expenses and will not be capitalised.

#### 6. Foreign Exchange Transactions

As per the guidelines of Foreign Exchange Dealers Association of India (FEDAI) and the requirements of AS-11 – The Effects of Changes in Foreign Exchange Rates, all foreign currency monetary assets and monetary liabilities like Nostro balances, Foreign Currency Non-Resident deposits, Resident Foreign Currency deposit, Pre and Post Shipment Credit in Foreign Currency and Foreign Currency Term Loans are valued at the closing rates announced by FEDAI as at the Balance Sheet date and the resultant revaluation profit or loss, as the case may be, is taken to in the Profit and Loss Account.

Forward contracts (excluding investment swaps) and other forward maturity items like cheques/bills purchased and negotiated are valued at the appropriate Financial Benchmark India Private Limited (FBIL) rates and the resultant profit or loss is discounted using FBIL Mumbai Interbank Offered

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Rate Overnight Index Swap curve (MIBOR-OIS curve). Foreign exchange investment swaps against foreign currency deposits / borrowings are valued at the contracted rates and the premium/discount thereon is recognised in the profit and loss account on accrual basis.

Non-fund based assets like Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations in foreign currencies are translated at closing rates notified by FEDAI at the Balance Sheet date.

### **Bullion Business**

The Bank imports, on a back-to-back basis, consignments of bullion, including precious metal bars, for sale to its clients. The price quoted to the customer is based on price quoted by the supplier. The difference between the price paid by the customer and the cost of bullion is accounted under other income.

The Bank also borrows and lends bullion in accordance with RBI guidelines, which is treated as borrowings & lending and interest paid / received is accounted on an accrual basis.

Metal Loan Advances are valued based on the prevailing market rate and foreign exchange rates as on the date of Balance Sheet.

### **7. 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.

### **8. Proposed Dividend**

In terms of Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance Sheet date", proposed dividend or dividend declared after balance sheet date is not shown as 'other liability' in the Balance Sheet instead a note on the same will be included in the financial statement.

Such proposed dividend will be appropriated from the 'Reserves & Surplus' only after the approval of the shareholders.

## **9. Employee Benefits**

### **Short-Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognized in the period in which the employee renders the related service. The Bank recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered, as a liability (accrued expense) after deducting any amount already paid.

### **Long-term Employee Benefits**

#### **a. Post-Employment Benefits**

##### **a1. Defined Contribution Plan**

The following benefits provided to the employees of the Bank are classified as Defined Contribution Plan.

Provident Fund - Employees covered under provident fund scheme are entitled for retirement benefit in the form of provident fund. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation, or termination of employment. Both the employee and the Bank contribute at specific rates of the salary to the provident fund account maintained with the Karur Vysya Bank Limited Employees' Provident Fund Trust. The contribution made by the Bank to the Trust, administered by the trustees, is charged to the Profit and Loss account.

New Pension Scheme (NPS) - In respect of employees who are covered under NPS, the Bank contributes certain percentage of the sum of basic salary and dearness allowance of employees to the aforesaid scheme, which is managed and administered by pension fund management companies and regulated by Pension Fund Regulatory and Development Authority (PFRDA). NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

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### a2. Defined Benefit Plan

The defined benefit obligations recognized in the Balance Sheet represent the present value of the obligation to its employees as reduced by the fair value of the plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions of the plan.

All expenses represented by current service cost, past service cost, if any and net interest on the defined benefit liability / asset together with the re-measurements of the net benefit liability / asset comprising of actuarial gains and losses and return on the plan assets (excluding the amount included in the net interest on the net defined benefit liability / asset) are recognized in the Profit and Loss Account.

Gratuity - All employees of the Bank are entitled for gratuity benefit. The Bank makes contributions to The Karur Vysya Bank Employees' Gratuity Fund Trust, which is administered and managed by the Trustees whose funds are managed by insurance companies. Liabilities with regard to the gratuity plan are determined by an independent actuary as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the said Trust. The contribution is made by the Bank to the said Trust. The actuarial calculations entails assumptions about demographics, early retirement, salary increases and interest rates.

Pension Fund - Employees covered under pension scheme are entitled to get pension benefits. The Bank contributes at specific rates of the salary to the Karur Vysya Bank Limited Pension Trust set up by the Bank and administered by the Trustee. Additional amount being the liability shortfall as ascertained by an independent actuary, contributed to the said Trust, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date. The contribution is made by the

Bank to the Trust. At the time of retirement or death of the pension eligible employee, the pension trust purchases annuity from insurance company out of the contributions made by the Bank. Employees covered by the pension plan are not eligible for employers' contribution under the provident fund plan.

#### Other Long Term Employee Benefits

Compensated absences, comprising of Medical Leave and Privilege Leave are recognized when they accrue to the employees. These are not expected to occur wholly within twelve months after the end of the period in which the employees render the related services. These liabilities are determined by an independent actuary as on the Balance Sheet date using the Projected Unit Credit Method. Liability towards compensated absences is unfunded.

#### Employee Share Based Payments

The Bank's Employee Stock Options Schemes (ESOS) are in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI share-based employee benefits regulation'). The Scheme provides for grant of options on equity shares to its employees including its Key Managerial Personnel / Material Risk Takers, to acquire the equity shares of the bank that vest in a graded manner and that are to be exercised within a specified period.

Hitherto (till 31<sup>st</sup> March 2021), in accordance with the SEBI share-based employee benefits regulation and the Guidance note on accounting for employee share-based payments, issued by the Institute of Chartered Accountants of India the cost of equity settled transactions is measured using the intrinsic value method. The intrinsic value, being the excess, if any, of the fair market price of the share under ESOS over the exercise price of the option is recognised as deferred employee compensation with a credit to Employees' Stock Option outstanding account. The fair market price is the latest available closing price, preceding the date of grant of the option, on the stock exchange on which the shares of the Bank are listed.

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Effective from April 01, 2021, consequent to the RBI's clarification dated August 30, 2021 on Guidelines on compensation to Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff which advised the banks to fair value share-linked instruments on the date of grant using Black-Scholes Model, the Bank has changed its accounting policy from intrinsic value method to fair value method for all employee stock options granted after March 31, 2021. The Fair Value of the stock-based compensation is estimated on the date of grant using Black-Scholes model.

The deferred employee compensation cost is amortised on a straight line basis over the vesting period of the option. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that are outstanding.

The options that do not vest because of failure to satisfy vesting conditions are reversed by a credit to employee compensated expense in 'Payment to and provision for employee cost' equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employees' stock option outstanding account is transferred to 'General Reserve'. The options granted are also subject to clawback clause wherein under circumstances specified at the time of grant of employee stock option the option grantee shall relinquish any benefit that accrued to or return any benefit that is received to the Bank.

Where the terms of an equity-settled award are modified, the minimum expense recognised in 'Payments to and provision for employees' is the expenses as if the terms had not been modified. An additional expense is recognised for any modification which increases the total intrinsic value of the share based payment arrangement or is otherwise beneficial to

the employee as re-measured as at the date of modification

### 10. 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.

*\* Retail banking shall be sub-divided into (i) Digital Banking and (ii) Other Retail Banking segments. The business involving digital banking products acquired by Digital Banking Units (DBUs) or existing digital banking products would qualify to be clubbed under 'Digital Banking' Segment.*

### 11. Earnings per Share

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

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

### 12. Income Tax

Income Tax expense comprises of current tax provision made after due consideration of the judicial pronouncements and legal opinion (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961, the rules framed thereunder and considering the material principles set out in Income Computation and Disclosure Standards) and the net change in the deferred tax asset or liability during the year.

Deferred income taxes recognizes timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized in the books of account to

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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.

### 13. Impairment of Assets

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount. In case the asset is carried at revalued amount, any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

### 14. Provisions and Contingent Liabilities

A provision is recognised when there is a present obligation as a result of past event, and there is a probability of an outflow of resources that will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on the Management's best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

In case where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. In case of remote possibility, neither provision nor disclosure is made in the financial statement.

Contingent Assets are neither recognized nor disclosed in the financial statements since this may

result in the recognition of income that may never be realized.

### 15. Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are also required to be made towards country-wise net funded exposure on foreign exchange transactions exceeding the threshold limits (other than for home country). Provision will be made where the net funded exposure of any country is 1% or more of the Bank's total funded assets.

Further, till such time internal rating systems are developed by the Bank, the seven-category classification followed by Export Credit Guarantee Corporation of India Ltd. (ECGC) will be utilised for the purpose of classification of country risk exposures viz., countries will be classified into seven risk categories namely insignificant (A1), low (A2), moderately low (B1), moderate (B2), moderately high (C1), high (C2) and very high (D).

### 16. Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 is recognised in the Profit and Loss Account.

### 17. Operating Lease

Leases where all the risks and rewards of ownership are retained by the lessor are classified as 'Operating lease'. Operating lease payments are recognised as an expense in the Profit and Loss Account as per the lease terms. Initial direct costs in respect of operating leases such as legal costs, brokerage costs etc., are recognised as expense immediately in the Profit and Loss Account.

### 18. Net Profit

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

- Provision for taxes, standard assets and non-performing assets;
- Provision for depreciation on investments,
- Provision for employee benefits; and
- Other usual and necessary provisions

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### SCHEDULE 18 – NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2024

The schedule provides disclosure for the year ended March 31, 2024 (with comparative position of previous year, wherever applicable) as per Reserve Bank of India's (RBI) Master Circular on Disclosure in Financial Statements.

(Amounts given herein are denominated in Rupees Crore unless specified otherwise)

#### 1. Capital Ratio (CRAR) – Basel III

##### a. Composition of Regulatory Capital

		(₹ Crore)	
SN	Particulars	AS AT 31.03.2024	AS AT 31.03.2023
1	Common Equity Tier 1 capital (CET 1)	9,448.35	8,241.54
2	Additional Tier 1 capital	Nil	Nil
3	Tier 1 capital (1+2)	9,448.35	8,241.54
4	Tier 2 capital	743.17	868.42
5	Total capital (3+4)	10,191.52	9,109.96
6	Total Risk Weighted Assets (RWAs)	61,124.54	49,084.23
7	Common Equity Tier 1 capital ratio (%)	15.46	16.79
8	Tier 1 capital ratio (%)	15.46	16.79
9	Tier 2 capital ratio (%)	1.21	1.77
10	Total Capital ratio (CRAR) (%)	16.67	18.56
11	Leverage Ratio (Basel III) (%)	8.55	8.70
12	Percentage of the shareholding of		
	a) Government of India	Nil	
	b) State Government		
	c) Sponsor Banks		
13	Amount of equity capital raised during the year *	0.46	0.41
14	Amount of non-equity Tier 1 capital raised during the year of which (Basel II or Basel III compliant)		
	- PNCPS	Nil	
	- PDI		
15	Amount of Tier 2 capital raised during the year of which (Basel II or Basel III compliant)		
	- Debt capital instruments		
	- Preference share capital instruments	Nil	
	- Perpetual cumulative preference shares (PCPS)		
	- Redeemable non-cumulative preference shares (RNCPS)		
	- Redeemable cumulative preference shares (RCPS)		

\* - includes 2323535 shares (190548 shares under ESOS on compensation of key managerial personnel) of face value ₹ 2/- each allotted to employees under ESOS during the year ended 31.03.2024 (2041791 shares of face value of ₹ 2/- each allotted to employees under ESOS during the previous year).

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### b. Draw down from Reserves

During the year, there has been no draw down from the reserves to the Profit & Loss account.

#### Basel III disclosures

In accordance with RBI circular DOR.CAP.REC.4/21.06.201/2024-25 dated April 01, 2024, read together with RBI circular DBR.No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, necessary disclosures have been made available on the Bank's website - <https://www.kvb.co.in/about-us/disclosures/pillar-III-disclosures/>. These disclosures have not been subjected to audit by the Statutory Central Auditors.

### 1.1 Tier II Capital

During the year ended March 31, 2024, the Bank did not raise any subordinated debt bonds qualifying for Tier II capital.

The Bank has repaid the Basel III compliant Tier II bonds by exercising the call option as indicated in the Information Memorandum on 12<sup>th</sup> March 2024 after getting necessary approvals from RBI.

The position of outstanding Tier II Bonds issued by the Bank is as under:

	AS AT 31.03.2024	AS AT 31.03.2023
1. Basel III compliant Tier II Bonds	Nil	487.00
<b>TOTAL</b>	<b>Nil</b>	<b>487.00</b>

(₹ Crore)

### 1.2 Proposed Dividend

The Board of Directors have recommended a dividend of 120% i.e. ₹2.40 per equity share of ₹ 2.00 each for the year 2023-24 (Previous year 100%-₹2.00 per equity share), subject to the approval of the shareholders at the ensuing Annual General Meeting.

In accordance with Accounting Standards 4 - Contingencies and Events Occurring after the Balance Sheet date notified by the MCA on 30<sup>th</sup> March 2016, the proposed dividend has not been shown as an appropriation from the Profit and Loss account for the year ended March 31, 2024 and correspondingly not reported under Other Liabilities and Provisions as at March 31, 2024. However, capital adequacy ratio has been computed by reducing the proposed dividend.

## 2. Asset Liability Management

### 2a. Maturity pattern of certain items of assets and liabilities

Particulars	(₹ Crore)											
	Deposits		Gross Advances		Gross Investments		Borrowings		Foreign Currency Assets		Foreign Currency Liabilities	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
1 day	120.17	211.69	2,329.75	2,463.13	3,893.62	1870.20	42.16	1.48	71.27	54.90	95.76	110.29
2 to 7 days	1,028.75	1,150.71	663.73	420.59	511.33	1,027.60	68.37	Nil	9.64	48.71	69.46	5.44
8 to 14 days	998.11	1,251.55	629.51	448.45	315.35	1,009.76	11.81	Nil	24.76	172.37	13.31	15.32
15 to 30 days	1,652.55	1,561.77	1,844.51	1,244.10	888.67	516.74	606.20	74.50	63.20	136.67	637.50	63.65
31 days to 2 months	3,603.62	2,128.93	2,654.57	1,917.54	664.60	788.57	297.52	80.11	140.68	193.77	310.16	83.32
Over 2 months and Upto 3 months	3,902.16	2,090.53	3,210.27	3,071.28	978.25	942.27	111.01	76.29	188.66	132.82	126.36	92.99
Over 3 months and up to 6 months	6,988.33	5,556.76	8,791.76	6,963.75	1,410.49	1,547.29	366.15	230.36	78.79	165.15	423.51	286.84

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Particulars	(₹ Crore)											
	Deposits		Gross Advances		Gross Investments		Borrowings		Foreign Currency Assets		Foreign Currency Liabilities	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Over 6 months and up to 1 year	12,350.40	9,740.82	8,932.76	8,894.78	2,957.00	2,899.10	10.87	19.73	2.43	4.37	255.21	183.89
Over 1 year and up to 3 years	18,683.69	19,938.93	27,348.57	22,202.59	3,765.88	5,346.21	964.26	462.54	25.09	18.52	517.65	236.98
Over 3 years and up to 5 years	13,955.47	12,801.40	4,753.20	4,871.88	2,483.07	1,709.61	Nil	Nil	20.76	18.18	104.41	379.61
Over 5 years	25,829.47	20,204.49	13,264.59	11,670.00	4,943.70	1,754.85	Nil	487.00	96.13	100.44	0.00	0.22
<b>Total</b>	<b>89,112.72</b>	<b>76,637.58</b>	<b>74,423.22</b>	<b>64,168.09</b>	<b>22,811.96</b>	<b>19,412.20</b>	<b>2,478.35</b>	<b>1,432.01</b>	<b>721.41</b>	<b>1,045.90</b>	<b>2,553.33</b>	<b>1458.55</b>

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

### 2b. Liquidity Coverage Ratio (LCR)

#### i. Qualitative disclosure

Pursuant to RBI guidelines on implementation of Basel III framework applicable to banks in India with effect from January 1, 2015, measurement of LCR by Bank is undertaken for stress testing. LCR promotes short term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days. As per extant regulatory guidelines, the minimum LCR to be maintained by banks is specified at 100%.

##### i.a Objective

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

Bank has consistently maintained LCR above 100% during FY 2023-24 (as well as during FY 2022-23) i.e. at levels higher than the required regulatory minimum level, on an ongoing basis.

##### i.b Composition of HQLA

- Cash in hand
- Excess CRR balance as on that particular day
- Excess Government Securities in excess of minimum SLR requirement
- Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (presently to the extent of 2% of NDTL as allowed for MSF)
- Facility to avail liquidity for liquidity coverage ratio at 15% of NDTL
- AAA rated bonds and AA- & above and marketable securities representing claims guaranteed by sovereigns having risk weights higher than 20% but not higher than 50%
- Common equity shares not issued by the bank or any of its affiliated entities and included in NSE CNX Nifty and / or S&P BSE Sensex indices.

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### ii. Quantitative disclosure

The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2023-24

(₹ Crore)

Particulars	Quarter ended March 31, 2024		Quarter ended December 31, 2023		Quarter ended September 30, 2023		Quarter ended June 30, 2023		Quarter ended March 31, 2023	
	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)
<b>High Quality Liquid Assets</b>										
1 Total High Quality Liquid Assets (HQLA)		19,632.84		19,026.26		18,352.72		17,507.63		16,975.30
<b>Cash Outflows</b>										
2 Retail deposits and deposits from small business customers, of which:	57,207.88	5,479.70	55,849.90	5,042.69	54,782.86	4,274.99	53,309.56	4,140.63	52,093.55	4,038.01
(i) Stable deposits	4,821.74	241.09	10,846.01	542.30	24,065.99	1,203.30	23,806.48	1,190.32	23,426.85	1,171.34
(ii) Less stable deposits	52,386.14	5,238.61	45,003.85	4,500.39	30,716.87	3,071.69	29,503.08	2,950.31	28,666.70	2,866.67
3 Unsecured wholesale funding, of which:	11,205.90	3,840.96	10,243.68	3,221.02	10,068.61	3,167.94	9,150.07	2,552.82	9,182.55	2,637.26
(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)	11,205.90	3,840.96	10,243.68	3,221.02	10,068.61	3,167.94	9,150.07	2,552.82	9,182.55	2,637.26
(iii) Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4 Secured wholesale funding		0.00		0.00		0.00		0.00		0.00
5 Additional requirements, of which	6,703.07	1,248.04	6,585.43	1,265.21	6,354.75	1,222.36	6,266.38	1,216.94	6,254.95	1,247.68
(i) Outflows related to derivative exposures and other collateral requirements	22.64	22.64	16.31	16.31	22.65	22.65	24.49	24.49	36.13	36.13
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	6,680.43	1,225.40	6,569.12	1,248.90	6,332.10	1,199.71	6,241.89	1,192.45	6,218.82	1,211.55
6 Other contractual funding obligations	217.53	217.53	24.42	24.42	23.11	23.11	21.62	21.62	42.85	42.85
7 Other contingent funding obligations	43.66	1.31	44.09	1.32	45.08	1.35	45.00	1.35	39.55	1.19
<b>8 Total Cash Outflows</b>		<b>10,787.54</b>		<b>9,554.66</b>		<b>8,689.75</b>		<b>7,933.36</b>		<b>7,966.99</b>
<b>Cash Inflows</b>										
9 Secured lending (e.g. reverse repos)	15.30	0.00	4.95	0.00	46.75	0.00	53.01	0.00	36.50	0.00
10 Inflows from fully performing exposures	2,532.11	1,348.49	2,204.22	1,211.40	2,241.07	1,302.86	2,434.79	1,421.47	2,306.16	1,348.40
11 Other cash inflows	25.15	25.15	18.80	18.80	26.71	26.71	28.97	28.97	36.76	36.76
<b>12 Total Cash Inflows</b>	<b>2,572.56</b>	<b>1,373.64</b>	<b>2,227.97</b>	<b>1,230.20</b>	<b>2,314.52</b>	<b>1,329.57</b>	<b>2,516.77</b>	<b>1,450.44</b>	<b>2,379.42</b>	<b>1,385.16</b>
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
<b>13 TOTAL HQLA</b>		<b>19,632.84</b>		<b>19,026.26</b>		<b>18,352.72</b>		<b>17,507.63</b>		<b>16,975.30</b>
<b>14 Total Net Cash Outflows (8-12)</b>		<b>9,413.90</b>		<b>8,324.46</b>		<b>7,360.18</b>		<b>6,482.92</b>		<b>6,581.83</b>
<b>15 Liquidity Coverage Ratio (%)</b>		<b>208.55%</b>		<b>228.56%</b>		<b>249.35%</b>		<b>270.06%</b>		<b>257.91%</b>

Note – LCR data has been calculated based on simple average of all daily observations over the previous quarter. The above data has been furnished by the management and have been relied upon by the auditors.

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The following table sets forth the daily average of un-weighted and weighted values for all the quarters in FY 2022-23

Particulars	(₹ Crore)											
	Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022		Quarter ended March 31, 2022			
	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)		
<b>High Quality Liquid Assets</b>												
1 Total High Quality Liquid Assets (HQLA)		16,975.30		16,579.40		16,100.94		15,400.38		15,214.45		
<b>Cash Outflows</b>												
2 Retail deposits and deposits from small business customers, of which:	52,093.55	4,038.01	50,534.33	3,901.75	49,313.40	3,792.65	48,495.86	3,715.86	47,900.21	3,662.52		
(i) Stable deposits	23,426.85	1,171.34	23,033.67	1,151.68	22,773.72	1,138.68	22,674.54	1,133.73	22,550.00	1,127.50		
(ii) Less stable deposits	28,666.70	2,866.67	27,500.66	2,750.07	26,539.68	2,653.97	25,821.32	2,582.13	25,350.21	2,535.02		
3 Unsecured wholesale funding, of which:	9,182.55	2,637.26	8,913.68	2,359.85	9,010.45	2,522.40	8,111.19	1,959.65	7,682.52	1,737.63		
(i) Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
(ii) Non-operational deposits (all counterparties)	9,182.55	2,637.26	8,913.68	2,359.85	9,010.45	2,522.40	8,111.19	1,959.65	7,682.52	1,737.63		
(iii) Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
4 Secured wholesale funding		0.00		0.00		0.00		0.00		0.00		
5 Additional requirements, of which	6,254.95	1,247.68	6,183.47	1,176.70	5,479.13	1,099.31	5,109.14	1,045.88	4,975.67	930.67		
(i) Outflows related to derivative exposures and other collateral requirements	36.13	36.13	51.67	51.67	36.95	36.95	18.49	18.49	15.93	15.93		
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
(iii) Credit and liquidity facilities	6,218.82	1,211.55	6,131.80	1,125.03	5,442.18	1,062.36	5,090.65	1,027.39	4,959.74	914.74		
6 Other contractual funding obligations	42.85	42.85	20.30	20.30	16.72	16.72	16.84	16.84	34.01	34.01		
7 Other contingent funding obligations	39.55	1.19	44.41	1.33	38.56	1.16	38.54	1.16	37.48	1.12		
<b>8 Total Cash Outflows</b>		<b>7,966.99</b>		<b>7,459.93</b>		<b>7,432.24</b>		<b>6,739.39</b>		<b>6,365.95</b>		
9 Secured lending (e.g. reverse repos)	36.50	0.00	31.46	0.00	20.19	0.00	576.95	0.00	605.91	0.00		
10 Inflows from fully performing exposures	2,306.16	1,348.40	2,015.71	1,080.89	1,835.45	972.25	1,682.85	907.41	1,747.24	941.12		
11 Other cash inflows	36.76	36.76	51.42	51.42	39.55	39.55	26.53	26.53	26.23	26.23		
<b>12 Total Cash Inflows</b>	<b>2,379.42</b>	<b>1,385.16</b>	<b>2,098.59</b>	<b>1,132.31</b>	<b>1,895.19</b>	<b>1,011.80</b>	<b>2,286.33</b>	<b>933.94</b>	<b>2,379.38</b>	<b>967.35</b>		
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		
<b>13 TOTAL HQLA</b>		<b>16,975.30</b>		<b>16,579.40</b>		<b>16,100.94</b>		<b>15,400.38</b>		<b>15,214.45</b>		
<b>14 Total Net Cash Outflows (8-12)</b>		<b>6,581.83</b>		<b>6,327.62</b>		<b>6,420.44</b>		<b>5,805.45</b>		<b>5,398.60</b>		
<b>15 Liquidity Coverage Ratio (%)</b>		<b>257.91%</b>		<b>262.02%</b>		<b>250.78%</b>		<b>265.27%</b>		<b>281.82%</b>		

Note – LCR data has been calculated based on simple average of all daily observations over the previous quarter. The above data has been furnished by the management and have been relied upon by the auditors.

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### 2c. Net Stable Funding Ratio (NSFR)

#### Qualitative disclosure

NSFR = Amount of available stable funding (ASF) ÷ amount of required stable funding (RSF).

NSFR indicates that the Bank maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities and promotes funding stability i.e. resilience over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding, on an on-going basis.

ASF is defined as the portion of capital and liabilities, expected to be reliable over the time horizon considered by NSFR, which extends to one year. RSF is a function of the liquidity characteristics and residual maturity of various assets (including off-balance sheet exposures) held. RBI has mandated that minimum NSFR of 100% is to be maintained with effect from October 01, 2021.

NSFR standard is structured to:

- a) Ensure that investment banking inventories, off-balance sheet exposures, securitization pipelines and other assets and activities are funded with at-least a minimum amount of stable liabilities;
- b) Avoid over-reliance on wholesale funding during times of buoyant market liquidity;
- c) Counterbalance the cliff-effects of the liquidity coverage ratio approach;
- d) Offset incentives for institutions to fund their stock of liquid assets with short-term funds that mature just outside the supervisory defined horizon for LCR; and
- e) Require stable funding for all illiquid assets and securities held, including those held in HFT/AFS i.e. reckon illiquidity and not the assumed execution turnover period.

The following assumptions are used by RBI in the calibration of NSFR :

- Longer-term liabilities are assumed to be more stable than short-term liabilities;
- Short-term (maturing in less than one year) deposits provided by retail customers and funding provided by small business customers are behaviorally more stable than wholesale funding of the same maturity from other counterparties;
- For the sake of continuity and resilience of credit creation, stable funding for some proportion of lending to the real economy is required;
- Banks may seek to roll over a significant proportion of maturing loans to preserve customer relationships;
- Short-dated assets (maturing in less than one year) require a smaller proportion of stable funding because these could be allowed to mature without rolling-over;
- Unencumbered, high-quality assets that can be securitized or traded or used as collateral to secure additional funding, do not need to be wholly financed with stable funding; and
- At least a small portion of the potential calls on liquidity arising from off-balance sheet commitments and contingent funding obligations need to be met by stable funding.

NSFR is measured on a quarterly basis and advanced techniques such as stress testing, sensitivity analysis etc. are conducted periodically to assess the impact of various contingencies.

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### Quantitative disclosure - The following table sets out the details of NSFR of the Bank

Particulars	As on 31.03.2024					As on 31.12.2023				
	Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value
	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
(₹Crore)										
<b>ASF Item</b>										
1 Capital (2+3)	8,435.27	-	-	-	8,435.27	9,578.93	-	487.00	-	9,578.93
2 Regulatory capital	8,435.27	-	-	-	8,435.27	9,578.93	-	-	-	9,578.93
3 Other capital instruments	-	-	-	-	-	-	-	487.00	-	-
4 Retail deposits and deposits from small business customers (5+6)	-	-	64,216.23	-	58,063.72	-	-	57,057.85	-	51,595.09
5 Stable deposits	-	-	5,382.39	-	5,113.27	-	-	4,860.67	-	4,617.64
6 Less stable deposits	-	-	58,833.84	-	52,950.45	-	-	52,197.18	-	46,977.45
7 Wholesale funding (8+9)	10,572.22	3,074.25	2,640.96	11,091.58	18,018.62	9,253.35	5,614.31	4,077.42	12,170.00	19,053.11
8 Operational deposits	-	-	-	-	-	-	-	-	-	-
9 Other wholesale funding	10,572.22	3,074.25	2,640.96	11,091.58	18,018.62	9,253.35	5,614.31	4,077.42	12,170.00	19,053.11
10 Other liabilities (11+12)	7,411.18	-	-	-	-	5,902.31	-	-	-	-
11 NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	7,411.18	-	-	-	-	5,902.31	-	-	-	-
<b>13 Total ASF (1+4+7+10)</b>					<b>84,517.61</b>					<b>80,227.13</b>
<b>RSF Item</b>										
14 Total NSFR high-quality liquid assets (HQLA)					-					-
15 Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	200.00	-	-	200.00
16 Performing loans and securities (17+18+19+21+23)	56.97	36,129.14	14,465.72	32,670.82	52,842.68	34.68	9,698.94	13,267.94	50,835.33	53,573.26
17 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	972.37	741.02	2,866.41	3,382.78	-	779.27	105.98	3,955.71	4,125.59
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	28,389.29	13,064.19	28,512.27	44,949.62	-	8,247.61	13,109.69	40,002.07	44,503.37
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	747.00	112.43	1,358.92	1,313.01	-	1,996.42	832.30	2,142.91	2,807.25
21 Performing residential mortgages, of which:	-	5,949.95	5.35	335.05	3,198.11	-	2.01	5.72	6,113.11	4,141.27
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	4,996.89	5.35	321.65	2,710.19	-	2.01	5.72	5,293.72	3,444.79
23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	56.97	817.53	655.16	957.09	1,312.17	34.68	670.04	46.55	764.44	803.03

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Particulars	As on 31.03.2024					As on 31.12.2023				
	Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value
	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
24 <b>Other assets (25+26+27+28+29)</b>	<b>28,116.52</b>	-	-	-	<b>6,762.95</b>	<b>32,926.49</b>	-	-	-	<b>9,984.66</b>
25 Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	339.80	-	-	-	288.83	338.72	-	-	-	287.91
27 NSFR derivative assets	2.19	-	-	-	2.19	1.34	-	-	-	1.34
28 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
29 All other assets not included in the above categories	27,774.53	-	-	-	6,471.93	32,586.43	-	-	-	9,695.41
30 Off-balance sheet items	6,439.50	-	-	-	321.97	5,858.71	-	-	-	267.15
31 <b>Total RSF (14+15+16+24+30)</b>					<b>59,927.60</b>					<b>64,025.07</b>
32 <b>NSFR (%)</b>					<b>141.03%</b>					<b>125.31%</b>

Particulars	As on 30.09.2023					As on 30.06.2023				
	Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value
	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
<b>ASF Item</b>										
1 Capital (2+3)	<b>8,675.90</b>	-	<b>487.00</b>	-	<b>8,675.90</b>	<b>8,944.06</b>	-	<b>487.00</b>	-	<b>8,944.06</b>
2 Regulatory capital	8,675.90	-	-	-	8,675.90	8,944.06	-	-	-	8,944.06
3 Other capital instruments	-	-	487.00	-	-	-	-	487.00	-	-
4 Retail deposits and deposits from small business customers (5+6)	-	-	<b>55,510.16</b>	-	<b>51,183.49</b>	-	-	<b>50,762.79</b>	-	<b>46,849.08</b>
5 Stable deposits	-	-	24,486.87	-	23,262.53	-	-	23,251.34	-	22,088.77
6 Less stable deposits	-	-	31,023.29	-	27,920.96	-	-	27,511.45	-	24,760.31
7 Wholesale funding (8+9)	<b>7,163.22</b>	<b>4,683.20</b>	<b>5,134.81</b>	<b>12,679.67</b>	<b>19,096.24</b>	<b>5,377.69</b>	<b>3,928.11</b>	<b>5,321.81</b>	<b>16,881.79</b>	<b>21,937.88</b>
8 Operational deposits	-	-	-	-	-	-	-	-	-	-
9 Other wholesale funding	7,163.22	4,683.20	5,134.81	12,679.67	19,096.24	5,377.69	3,928.11	5,321.81	16,881.79	21,937.88
10 Other liabilities (11+12)	<b>4,938.69</b>	-	-	-	-	<b>4,763.07</b>	-	-	-	-
11 NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	4,938.69	-	-	-	-	4,763.07	-	-	-	-
13 <b>Total ASF (1+4+7+10)</b>					<b>78,955.63</b>					<b>77,731.02</b>
<b>RSF Item</b>										
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-	-	-	-	-	-
15 Deposits held at other financial institutions for operational purposes	-	241.00	-	-	241.00	-	238.15	-	-	238.15
16 Performing loans and securities (17+18+19+21+23)	<b>39.19</b>	<b>13,579.56</b>	<b>8,606.85</b>	<b>49,487.82</b>	<b>51,998.57</b>	<b>39.19</b>	<b>12,781.40</b>	<b>9,840.04</b>	<b>46,016.55</b>	<b>49,716.98</b>

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		(₹Crore)									
Particulars	As on 30.09.2023					As on 30.06.2023					
	Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value	
	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	113.10	28.05	3,919.03	3,950.02	-	868.37	493.98	3,597.39	3,974.64
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	12,478.44	8,432.24	38,241.70	42,658.83	-	11,624.96	8,587.85	35,803.10	40,095.04
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	253.48	273.56	7,710.78	5,275.53	-	1,142.68	303.38	2,966.82	2,651.46
21	Performing residential mortgages, of which:	-	2.08	5.54	5,927.02	3,947.96	-	2.06	7.67	5,729.59	3,823.92
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	2.08	5.54	5,469.08	3,558.72	-	2.06	5.68	5,255.49	3,419.93
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	39.19	985.93	141.02	1,400.06	1,441.76	39.19	286.01	750.54	886.49	1,823.38
24	Other assets (25+26+27+28+29)	<b>27,806.93</b>	-	-	-	<b>6,433.58</b>	<b>27,063.47</b>	-	-	-	<b>5,944.21</b>
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	346.00	-	-	-	294.10	349.13	-	-	-	296.76
27	NSFR derivative assets	2.74	-	-	-	2.74	4.65	-	-	-	4.65
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
29	All other assets not included in the above categories	27,458.19	-	-	-	6,136.74	26,709.68	-	-	-	5,642.80
30	Off-balance sheet items	5,342.95	-	-	-	267.15	5,793.09	-	-	-	289.65
31	<b>Total RSF (14+15+16+24+30)</b>					<b>58,940.30</b>					<b>56,188.99</b>
32	<b>NSFR (%)</b>					<b>133.96%</b>					<b>138.34%</b>

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Particulars	(₹Crore)									
	As on 31.03.2023					As on 31.12.2022				
	Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value
	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
<b>ASF Item</b>										
1 Capital (2+3)	8,423.24	-	-	487.00	8,910.24	7,704.38	-	-	487.00	8,191.38
2 Regulatory capital	8,423.24	-	-	-	8,423.24	7,704.38	-	-	-	7,704.38
3 Other capital instruments	-	-	-	487.00	487.00	-	-	-	487.00	487.00
4 Retail deposits and deposits from small business customers (5+6)	-	-	44,225.31	-	40,897.24	-	-	46,259.20	-	42,741.40
5 Stable deposits	-	-	21,889.22	-	20,794.76	-	-	22,162.30	-	21,054.19
6 Less stable deposits	-	-	22,336.09	-	20,102.48	-	-	24,096.90	-	21,687.21
7 Wholesale funding (8+9)	2,747.39	7,439.73	5,382.71	21,616.00	25,580.46	3,927.72	5,779.52	4,147.90	17,583.52	21,898.63
8 Operational deposits	-	-	-	-	-	-	-	-	-	-
9 Other wholesale funding	2,747.39	7,439.73	5,382.71	21,616.00	25,580.46	3,927.72	5,779.52	4,147.90	17,583.52	21,898.63
10 Other liabilities (11+12)	2,325.54	-	-	-	-	4,937.13	-	-	-	-
11 NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	2,325.54	-	-	-	-	4,937.13	-	-	-	-
<b>13 Total ASF (1+4+7+10)</b>					<b>75,387.94</b>					<b>72,831.41</b>
<b>RSF Item</b>										
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-	-	-	-	-	-
15 Deposits held at other financial institutions for operational purposes	-	-	-	-	-	-	791.78	-	-	791.78
16 Performing loans and securities (17+18+19+21+23)	35.05	12,539.69	8,602.08	44,752.56	48,536.38	29.11	22,999.98	11,165.61	28,189.06	40,688.80
17 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	155.90	67.92	3,402.40	3,459.75	-	562.51	117.57	3,093.01	3,236.17
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	11,848.72	7,446.87	34,193.58	38,400.30	-	20,821.50	10,942.21	18,563.46	31,071.38
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	1,021.29	292.02	3,271.27	2,126.33	-	1,837.35	223.91	3,510.97	3,312.76
21 Performing residential mortgages, of which:	-	1.78	511.83	5,942.56	4,505.87	-	1.96	5.87	5,310.30	3,603.58
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	5,050.60	3,939.54	-	1.94	5.80	4,570.43	2,974.65

## Schedules

Particulars	As on 31.03.2023					As on 31.12.2022				
	Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value
	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	35.05	533.29	575.46	1,214.02	2,170.46	29.11	1,614.01	99.96	1,222.29	2,777.67
24 Other assets (25+26+27+28+29)	<b>25,697.32</b>	-	-	-	<b>6,081.23</b>	<b>25,611.98</b>	-	-	-	<b>7,049.54</b>
25 Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	348.55	-	-	-	296.27	348.42	-	-	-	296.16
27 NSFR derivative assets	4.93	-	-	-	4.93	0.72	-	-	-	0.72
28 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
29 All other assets not included in the above categories	25,343.84	-	-	-	5,780.03	25,262.84	-	-	-	6,752.66
30 Off-balance sheet items	5,324.16	-	-	-	266.21	5,325.13	-	-	-	266.26
31 <b>Total RSF (14+15+16+24+30)</b>					<b>54,883.82</b>					<b>48,796.39</b>
32 <b>NSFR (%)</b>					<b>137.36%</b>					<b>149.26%</b>

Particulars	As on 30.09.2022					As on 30.06.2022				
	Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value
	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
<b>ASF Item</b>										
1 Capital (2+3)	<b>7,948.84</b>	-	-	<b>487.00</b>	<b>8,435.84</b>	<b>7,825.26</b>	-	-	<b>487.00</b>	<b>8,312.26</b>
2 Regulatory capital	7,948.84	-	-	-	7,948.84	7,825.26	-	-	-	7,825.26
3 Other capital instruments	-	-	-	487.00	487.00	-	-	-	487.00	487.00
4 Retail deposits and deposits from small business customers (5+6)	-	-	<b>47,700.98</b>	-	<b>44,056.56</b>	-	-	<b>46,583.69</b>	-	<b>43,033.92</b>
5 Stable deposits	-	-	22,513.37	-	21,387.71	-	-	22,172.03	-	21,063.43
6 Less stable deposits	-	-	25,187.61	-	22,668.85	-	-	24,411.66	-	21,970.49
7 Wholesale funding (8+9)	<b>1,898.31</b>	<b>4,857.81</b>	<b>9,509.73</b>	<b>13,700.16</b>	<b>18,642.79</b>	<b>2,048.08</b>	<b>4,495.64</b>	<b>6,360.77</b>	<b>13,770.35</b>	<b>18,720.66</b>
8 Operational deposits	-	-	-	-	-	-	-	-	-	-
9 Other wholesale funding	1,898.31	4,857.81	9,509.73	13,700.16	18,642.79	2,048.08	4,495.64	6,360.77	13,770.35	18,720.66
10 Other liabilities (11+12)	3,377.94	175.50	-	-	-	4,874.42	-	-	-	-
11 NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	3,377.94	175.50	-	-	-	4,874.42	-	-	-	-
13 <b>Total ASF (1+4+7+10)</b>					<b>71,135.19</b>					<b>70,066.84</b>
<b>RSF Item</b>										
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-	-	-	-	-	-
15 Deposits held at other financial institutions for operational purposes	-	1,180.26	-	-	1,180.26	-	1,611.29	-	-	1,611.29

## Schedules

		(₹Crore)									
Particulars	As on 30.09.2022					As on 30.06.2022					
	Unweighted value by Residual Maturity				Weighted Value	Unweighted value by Residual Maturity				Weighted Value	
	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year		
16	Performing loans and securities (17+18+19+21+23)	40.32	12,961.62	7,300.85	41,356.45	44,803.68	29.37	12,026.44	7,386.63	39,629.11	42,777.41
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	142.49	114.98	3,271.56	3,350.42	-	169.49	28.68	3,010.23	3,050.00
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	12,466.98	6,347.53	31,573.03	35,571.83	-	11,140.56	7,222.53	29,973.42	33,962.07
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	1,312.48	146.33	3,967.34	3,308.18	-	1,102.60	279.41	4,143.90	3,384.54
21	Performing residential mortgages, of which:	-	2.15	5.63	5,283.52	3,600.07	-	1.97	5.78	4,808.32	3,258.43
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	2.14	5.56	4,474.06	2,911.99	-	1.97	5.78	4,162.57	2,709.55
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	40.32	350.00	832.71	1,228.34	2,281.36	29.37	714.42	129.64	1,837.14	2,506.91
24	Other assets (25+26+27+28+29)	25,453.03	297.54	-	-	6,520.71	25,759.66	-	-	-	7,186.48
25	Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	347.94	-	-	-	295.75	349.44	-	-	-	297.02
27	NSFR derivative assets	3.43	-	-	-	3.43	4.81	-	-	-	7.48
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-	-	-	-	-	-
29	All other assets not included in the above categories	25,101.66	297.54	-	-	6,221.53	25,405.41	-	-	-	6,881.98
30	Off-balance sheet items	4,996.68	-	-	-	249.83	5,152.91	-	-	-	257.65
31	<b>Total RSF (14+15+16+24+30)</b>					<b>52,754.48</b>					<b>51,832.83</b>
32	<b>NSFR (%)</b>					<b>134.84%</b>					<b>135.18%</b>

## Schedules

### 3. Investments 3.1 Composition of Investment Portfolio

(₹Crore)

Particulars	Investments in India						Investments outside India				Total Investments	
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others		Total Investments outside India
<b>As on 31.03.2024</b>												
<b>Held to Maturity (HTM)</b>												
Gross	17,211.32	0.00	8.30	15.94	0.00	0.00	17,235.56	0.00	0.00	0.00	0.00	17,235.56
Less: Provision for non-performing investment (NPI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	17,211.32	0.00	8.30	15.94	0.00	0.00	17,235.56	0.00	0.00	0.00	0.00	17,235.56
<b>Available for Sale (AFS)</b>												
Gross	2,128.34	0.00	186.91	1,336.38	0.00	1,530.26	5,181.89	0.00	0.00	0.30	0.30	5,182.19
Less: Provision for depreciation and NPI	0.00	0.00	69.24	49.25	0.00	378.43	496.92	0.00	0.00	0.00	0.00	496.92
Net	2,128.34	0.00	117.67	1,287.13	0.00	1,151.83	4,684.97	0.00	0.00	0.30	0.30	4,685.27
<b>Held for Trading (HFT)</b>												
Gross	0.00	0.00	0.00	0.00	0.00	422.70	422.70	0.00	0.00	0.00	0.00	422.70
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	0.00	0.00	0.00	0.00	0.00	422.70	422.70	0.00	0.00	0.00	0.00	422.70
<b>Total Investments</b>												
Gross	19,339.66	0.00	195.21	1,352.32	0.00	1,952.96	22,840.15	0.00	0.00	0.30	0.30	22,840.45
Less: Provision for NPI	0.00	0.00	60.15	38.00	0.00	253.33	351.48	0.00	0.00	0.00	0.00	351.48
Less: Provision for depreciation	0.00	0.00	9.09	11.25	0.00	125.10	145.44	0.00	0.00	0.00	0.00	145.44
Net	19,339.66	0.00	125.97	1,303.07	0.00	1,574.53	22,343.23	0.00	0.00	0.30	0.30	22,343.53



## Schedules

### 3.2 Movement of provision for Depreciation and Investment Fluctuation Reserve (IFR)

Particulars	(₹ Crore)	
	2023-24	2022-23
<b>(1) Depreciation on investments</b>		
i. Opening balance	400.05	411.94
ii. Add: Provisions made during the year	0.00	37.09
iii. Less: Write-off/ write-back of excess provisions during the year	254.61	48.98
iv. Closing balance	145.44	400.05
<b>(2) Provision for Non-Performing Investments</b>		
i. Opening balance	203.35	127.08
ii. Add: Provisions made during the year	168.17	116.86
iii. Less: Write-off/ write-back of excess provisions during the year	20.04	40.59
iv. Closing balance	351.48	203.35
<b>(3) Investment Fluctuation Reserve (IFR)</b>		
i. Opening Balance	74.76	74.76
ii. Add: Amount transferred during the year	74.11	0.00
iii. Less: Drawdown	0.00	0.00
iv. Closing Balance	148.87	74.76
<b>(4) Closing balance in IFR as a % of closing balance of investments in AFS and HFT/ current category</b>	2.66%	2.21%

### 3.3 Sale and transfers to / from Held to Maturity (HTM) Category

During the year (as well as during the previous year), sale of securities from HTM category does not exceed 5% of the book value of investments held in HTM category at the beginning of the year. The market and book value of SLR investments held in HTM category as on March 31, 2024 is ₹ 17,031.63 Crore and ₹ 17,211.32 Crore respectively (₹ 15,628.11 Crore and ₹ 16,005.10 Crore respectively during the previous year), and shows a mark to market depreciation of ₹ 179.69 Crore (mark to market depreciation of ₹ 376.99 Crore during the previous year).

During the financial year, shifting was undertaken in Government securities from HTM to AFS category of ₹ 838.24 Crore (₹ Nil during the previous year). There were no shifting undertaken from AFS to HTM category in the current year as well as previous year. However, the bank has undertaken mandatory shifting of Investments held in Alternative Investment Fund (AIFs) amounting to ₹ 2.13 Crore (₹ 2.11 Crore during the previous year) from HTM to AFS category during the first quarter of the F.Y. as per RBI guidelines. Depreciation required to be provided on account of shifting of securities during the current year was Nil (₹ Nil during the previous year).

### 3.4 Non-SLR Investment Portfolio

#### i) Non performing Non-SLR investments

Particulars	(₹ Crore)	
	2023-24	2022-23
<b>Opening balance</b>	<b>216.70</b>	<b>137.00</b>
Additions during the year	168.18	120.72
Reductions during the year	26.78	41.02
<b>Closing balance</b>	<b>358.10</b>	<b>216.70</b>
Total provisions held	351.48	203.35

## Schedules

### ii) Issuer composition of Non-SLR investments

(₹ Crore)

S. N.	Issuer	Amount	Extent of			
			Private Placement	Below Investment Grade Securities	Unrated securities	Unlisted Securities
1	2	3	4	5	6	7
<b>As at March 31, 2024</b>						
i	PSUs	1,022.29	198.91		Nil	Nil
ii	FIs	780.14	275.87		7.38	7.38
iii	Banks	1,035.12	515.22		Nil	Nil
iv	Private Corporates	182.98	46.99		21.99	26.99
v	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
vi	Others *	480.26	378.43		253.33	378.43
<b>Sub Total</b>		<b>3,500.79</b>	<b>1,415.42</b>		<b>282.70</b>	<b>412.80</b>
Less: Provision for depreciation on investments		145.44				
Less: Provision for non performing investments		351.48				
<b>Total</b>		<b>3,003.87</b>	<b>1,415.42</b>	Nil	<b>282.70</b>	<b>412.80</b>
<b>As at March 31, 2023</b>						
i	PSUs	678.67	347.82		Nil	Nil
ii	FIs	931.94	327.71		7.73	7.73
iii	Banks	325.58	318.92		Nil	Nil
iv	Private Corporates	174.05	41.50		14.50	19.50
v	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
vi	Others *	563.91	462.08		107.53	462.08
<b>Sub Total</b>		<b>2,674.15</b>	<b>1,498.03</b>		<b>129.76</b>	<b>489.31</b>
Less: Provision for depreciation on investments		397.20				
Less: Provision for non performing investments		203.35				
<b>Total</b>		<b>2,073.60</b>	<b>1,498.03</b>	Nil	<b>129.76</b>	<b>489.31</b>

\* 1. Amounts reported under columns 4, 5, 6 and 7 above are not mutually exclusive; 2. Others include Security Receipts of ₹ 378.43 Crore and units of Mutual Funds of ₹ 101.83 Crore (Previous Year ₹ 462.08 Crore and ₹ 101.83 Crore respectively)

### 3.5 Repo Transactions (in face value terms)

(₹ Crore)

Particulars	Outstanding during FY						Outstanding as on	
	Minimum		Maximum		Daily Average		March 31, 2024	March 31, 2023
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23		
<b>1. Securities sold under RBI Repo</b>								
a. Government Securities	37.69	6.26	580.50	51.19	28.37	0.16	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>2. Securities purchased under RBI Reverse Repo</b>								
a. Government Securities	143.98	111.78	672.84	1,670.79	8.84	138.12	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>3. Securities sold under Market Repo</b>								
a. Government Securities	5.00	1.00	1,617.00	1,420.00	550.34	453.64	40.00	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Schedules

(₹ Crore)

Particulars	Outstanding during FY						Outstanding as on	
	Minimum		Maximum		Daily Average		March 31, 2024	March 31, 2023
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23		
<b>4. Securities purchased under Market Reverse Repo</b>								
a. Government Securities	235.00	30.00	839.00	585.00	7.27	2.96	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>5. Securities sold under Tri-Party Repo</b>								
a. Government Securities	17.53	4.95	1400.43	871.86	171.13	22.25	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>6. Securities purchased under Tri-Party Reverse Repo</b>								
a. Government Securities	32.00	7.80	342.50	608.70	10.38	20.77	Nil	Nil
b. Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### 3.6 Transfer to Capital Reserve

Net profit on sale of securities includes profit of ₹ 1.52 Crore on sale of securities from HTM category (₹ Nil during the previous year). As per RBI guidelines, an amount of ₹ 0.85 Crore (after netting of taxes and transfer to Statutory Reserve) is transferred to Capital Reserve for the year ended 31.03.2024 (₹ Nil during the previous year).

### 3.7 SLR investments under HTM category

The percentage of SLR investment under HTM category as on March 31, 2024 was 19.26% of Demand and Time Liability of the Bank (previous year 20.64%) which is within permissible limit as per RBI guidelines.

3.8 Interest income on investment is net of amortization expenses of ₹ 103.62 Crore (₹ 107.57 Crore during previous year).

### 3.9 Government securities lending (GSL) transactions (in Market value terms) (as per the RBI circular vide RBI/2023-24/97 FMRD.DIRD.No.05/14.03.061/2023-2024 dated 27.12.2023)

(₹ Crore)

Particulars	Outstanding during FY						Total Volume of transactions during the FY		Outstanding as on	
	Minimum		Maximum		Daily Average		2023-24	2022-23	March 31, 2024	March 31, 2023
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23				
Securities lent through GSL transactions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Securities borrowed through GSL transactions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Securities placed as collateral under GSL transactions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Securities received as collateral under GSL transactions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Schedules

### 4. Advances and Asset Quality

#### 4.1 Classification of advances and provisions held

Particulars	As on 31.03.2024						As on 31.03.2023						
	Total		NPA's		Total	Total	Total		NPA's		Total	Total	
	Standard	Sub-Std.	Doubtful	Loss			Standard	Sub-Std.	Doubtful	Loss			
<b>a. Gross Standard Advances and Non Performing Advances (NPAs)</b>													
Opening Balance	62,709.94	318.60	884.53	255.02	<b>64,168.09</b>	53,445.06	596.31	2,110.85	723.88	<b>3,431.04</b>	479.24	<b>56,876.10</b>	
Add: Additions during the year					499.23								
Less: Reductions during the year*					915.74								
Closing Balance	73,381.58	383.74	346.31	311.59	<b>74,423.22</b>	62,709.94	318.60	884.53	255.02	<b>1,458.15</b>	2,452.13	<b>64,168.09</b>	
*Reductions in Gross NPAs due to :					915.74								
i. Upgradation					28.12								
ii. Recoveries (excluding recoveries from upgraded accounts)					233.59								
iii. Technical/ Prudential Write-offs					650.94								
iv. Write-offs other than those under (iii) above					3.09								
<b>b. Provisions (excluding Floating provisions)</b>													
Opening balance	239.65	83.93	618.05	254.81	<b>956.79</b>	205.14	167.18	1,240.94	723.67	<b>2,131.79</b>	979.82	<b>2,336.93</b>	
Add: Fresh provisions made during the year					534.68								
Less: Excess provision reversed/write-off loans					761.05								
Closing balance	284.39	106.41	313.41	310.6	<b>730.42</b>	239.65	83.93	618.05	254.81	<b>956.79</b>	2,154.82	<b>1,196.44</b>	
<b>c. Net NPAs</b>													
Opening balance					<b>468.15</b>					<b>1,260.79</b>			
Add: Fresh additions during the year					-35.80*								
Less: Reductions during the year					134.39								
Closing balance					<b>297.97~</b>								
<b>d. Floating provisions</b>													
Opening Balance					<b>0</b>							<b>0</b>	
Add: Additional provisions made during the year					Nil							Nil	
Less: Amount drawn down during the year					Nil							Nil	
Closing balance					<b>0</b>							<b>0</b>	
<b>e. Technical / Prudential Write-offs (TWO) and the recoveries made there on</b>													
Opening balance					<b>4,495.90</b>							<b>2,960.60</b>	
Add : TWO during the year					650.94							1,884.18	
Less: Recoveries in previous TWO accounts during the year (including write-offs)					398.88							348.88	
Closing Balance					<b>4,747.96</b>							<b>4,495.90</b>	

\* Addition to provision is more than addition to GNPA due to application of ageing;

~ Net of other provisions, claims received/settled amounting to ₹11.90 Crore (₹ 30.36 Crore during previous year).

## Schedules

### 4.1.1 Gross and Net NPA Ratios

Ratios	2023-24	2022-23
Gross NPA to Gross Advances (%)	1.40	2.27
Net NPA to Net Advances (%)	0.40	0.74
Provision coverage ratio (%)	94.85	92.14

### 4.2 Sector-wise Advances and Gross NPAs

		As on March 31, 2024			As on March 31, 2023		
S	Sector	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
<b>A</b>	<b>Priority Sector</b>						
1	Agriculture and allied activities of which:	12,553.86	74.92	0.60	11,474.17	107.52	0.94
a	Food and cash crops	9,156.45	37.57	0.41	7,252.07	41.18	0.57
b	Plantation Crops	1,438.21	3.56	0.25	615.53	5.08	0.82
2	Industries eligible under priority sector of which:	10,030.72	184.42	1.84	9,169.44	235.81	2.57
a	Food processing others	1,778.47	16.73	0.94	1,432.67	20.68	1.44
b	Textiles	3,428.63	51.30	1.50	3,538.52	53.42	1.51
3	Services of which:	6,820.48	77.66	1.14	5,303.07	112.18	2.12
a	Wholesale and retail trade	5,189.71	53.09	1.02	4,354.82	88.97	2.04
b	Transport Storage and Communications	773.29	6.60	0.85	337.70	3.47	1.03
4	Personal Loans of which:	882.55	67.14	7.61	1,012.96	83.95	8.29
a	Housing loans other than staff	788.99	30.34	3.85	907.20	42.34	4.67
	<b>Subtotal (A)</b>	<b>30,287.61</b>	<b>404.14</b>	<b>1.33</b>	<b>26,959.64</b>	<b>539.46</b>	<b>2.00</b>
<b>B</b>	<b>Non Priority Sector</b>						
1	Agriculture and allied activities of which:	4,859.95	3.89	0.08	3,469.41	2.89	0.08
a	Food and cash crops	3,567.86	2.41	0.07	2,039.35	2.26	0.11
b	Plantation Crops	597.12	0.00	0.00	195.67	0.00	0.00
2	Industry of which:	7,192.68	159.60	2.22	6,866.59	200.51	2.92
a	Infrastructure	1,757.61	14.65	0.83	2,136.56	20.48	0.96
b	Textile	1,535.23	30.72	2.00	1,071.86	70.96	6.62
c	Gems&Jewellery	1,259.18	62.97	5.00	877.99	2.87	0.33
3	Services of which:	15,647.06	200.19	1.28	13,433.97	464.16	3.46
a	Wholesale and retail trade	4,704.04	109.24	2.32	3,977.71	261.48	6.57
b	Real estate renting and business activities	5,458.43	37.60	0.69	4,440.17	98.94	2.23
c	Financial intermediation	3,557.95	1.81	0.05	3,196.29	1.17	0.04
4	Personal Loans of which:	16,435.92	273.82	1.67	13,438.48	251.13	1.87
a	Housing loans other than staff	5,596.11	82.13	1.47	4,804.64	114.82	2.39
b	Personal loan others	6,594.70	143.77	2.18	4,831.54	77.84	1.61
	<b>Subtotal (B)</b>	<b>44,135.61</b>	<b>637.50</b>	<b>1.44</b>	<b>37,208.45</b>	<b>918.69</b>	<b>2.47</b>
	<b>Total (A+B)</b>	<b>74,423.22</b>	<b>1,041.64</b>	<b>1.40</b>	<b>64,168.09</b>	<b>1,458.15</b>	<b>2.27</b>

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

## Schedules

### 4.3 Overseas Asset, NPAs and Revenue

Particulars	(₹ Crore)	
	2023 - 24	2022 - 23
Total Assets	49.30	399.26
Total NPAs	Nil	Nil
Total Revenue	10.93	20.64

### 4.4 Particulars of Resolution Plan

#### a. Details of stressed asset accounts covered under RP are as under:

Particulars	(₹ Crore)			
	March 31, 2024		March 31, 2023	
	No.	Amount*	No.	Amount*
Accounts covered under RP#				
of above, accounts where RP –	6	364.51	6	378.94
a. implemented	Nil	Nil	Nil	Nil
b. implementation period is yet to be completed	Nil	Nil	Nil	Nil
c. not implemented within stipulated timelines	5	320.87	5	335.25
d. not applicable (account under CIRP/NCLT)	1	43.64	1	43.69

As on March 31, 2024, for above accounts bank holds provision of ₹ 20.13 Crore for non fund facilities (Previous year ₹ 24.95 Crores) and Fund loan facilities of ₹301.38 Crore (Previous year ₹ 307.65 Crore) were Technically written off .

\* Amount includes outstanding of Fund and Non Fund limits.

# Also includes Technically written off accounts.

Disclosures in respect of accounts where the resolution period was extended during the year ended 31<sup>st</sup> March 2021 (as per RBI circular DOR.No.BP.BC.72/21.04.048/2019-20 dated May 23, 2020 and DOR.No.BP.BC.62/21.04.048/2020-21 dated April 17, 2020):

Particulars#	2023 - 24	2022 - 23
No. of accounts in respect of which resolution period was extended	2	2
Amount outstanding as on 31 <sup>st</sup> March (₹ Crore)	160.02	167.84

#These accounts are Technically written off accounts

#### b. Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress

(RBI circular 1. DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 (Resolution Framework 1.0) and 2. DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021 (Resolution Framework 2.0) "Covid-19 Related Stress of Individuals and Small businesses")

## Schedules

### Position for the half-year ended September 30, 2023

(₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (31.03.2023)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year	Of (A), amount paid by the borrowers during the half-year <sup>1</sup>	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (30.09.2023)
	A	B	C	D	E
Personal Loans	440.79	19.76	-	37.61	383.42
Corporate persons*	163.73	-	-	7.96	155.77
Of which MSMEs	-	-	-	-	-
Others	38.87	0.23	-	11.27	27.37
<b>Total</b>	<b>643.39</b>	<b>19.99</b>	<b>-</b>	<b>56.84</b>	<b>566.56</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

<sup>1</sup> Represents Net Movement in Balances

### Position for the half-year ended March 31, 2024

(₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (30.09.2023)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year	Of (A), amount paid by the borrowers during the half-year <sup>1</sup>	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (31.03.2024)
	A	B	C	D	E
Personal Loans	383.42	15.32	-	34.78	333.32
Corporate persons*	155.77	-	-	31.65	124.12
Of which MSMEs	-	-	-	-	-
Others	27.37	-	-	3.69	23.68
<b>Total</b>	<b>566.56</b>	<b>15.32</b>	<b>-</b>	<b>70.12</b>	<b>481.12</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

<sup>1</sup> Represents Net Movement in Balances

#### c. Resolution framework for COVID-19 related stress

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the decline in the spread of the pandemic, the lockdown measures were eased and there is a gradual improvement in economic activity. The extent to which the current pandemic and its future waves, if any, including other related developments would impact the Bank's and the asset quality are uncertain. The Management continues to closely monitor the day to day operations, liquidity position and adequacy of capital and continues to maintain liquidity coverage and capital adequacy ratios at higher levels than the regulatory minimum as on March 31, 2024 (as well as on March 31, 2023).

## Schedules

### 4.5 a. Disclosure on restructured accounts

(₹ Crore)

Particulars	Agriculture and allied activities		Corporate (excluding MSME)		MSME		Retail (excl. agriculture & MSME)		Total *		
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	
Standard	No. of borrowers	1	2	1	2	164	215	1774	2259	1940	2478
	Gross Amount	0.01	0.08	3.82	35.56	370.00	479.03	340.93	461.55	714.76	976.22
	Provisions held	0.00	0.01	0.38	3.56	32.38	40.90	34.09	46.13	66.85	90.6
Sub-standard	No. of borrowers	0	0	0	1	17	27	98	160	115	188
	Gross Amount	0	0	0.00	6.04	15.85	63.44	23.13	36.72	38.98	106.2
	Provisions held	0	0	0.00	2.12	8.65	24.85	6.05	8.98	14.70	35.95
Doubtful	No. of borrowers	1	1	1	1	31	53	192	149	225	204
	Gross Amount	0.43	0.43	17.17	17.41	29.70	180.25	34.94	34.11	82.24	232.2
	Provisions held	0.43	0.43	17.17	17.41	27.65	115.71	30.44	15.15	75.69	148.7
Loss	No. of borrowers	2	3	1	1	15	11	322	273	340	288
	Gross Amount	0.02	0.03	7.90	7.9	4.72	4.83	18.25	15.05	30.89	27.81
	Provisions held	0.02	0.02	7.90	7.9	3.60	4.82	18.25	14.92	29.77	27.66
Total	No. of borrowers	4	6	3	5	227	306	2386	2841	2620	3158
	Gross Amount	0.46	0.54	28.90	66.91	420.27	727.55	417.25	547.43	866.89	1,342.43
	Provisions held	0.45	0.46	25.46	30.99	72.28	186.28	88.83	85.18	187.01	302.91

\*Note: The above disclosure includes accounts restructured under Covid-19 Resolution Framework 1.0 and 2.0.

### b. Restructuring of MSME Accounts

As per guidelines issued by RBI vide circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 and DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020, on "Micro, Small and Medium Enterprise (MSME) sector – Restructuring of Advances", the details of restructured MSME accounts is as under:

Year ended	No. of Borrowers	Amount (₹ Crore)
March 31, 2024	112	101.90
March 31, 2023	169	270.18

### 4.6 Divergence in asset classification and provisioning

No disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for the year ended March 31, 2023, based on the conditions mentioned in RBI circular No. RBI/2022-23/130 DOR.ACC.REC. No.74/21.04.018/2022-23 dated October 11, 2022.

## Schedules

### 4.7 Transfer of loan exposure

#### a. Details of loans not in default acquired through assignment during the year

(₹ Crore)

Particulars	Acquired from			
	SCBs, RRBs, UCBS, StCBs, DCCBs, AIFIs, SFBs and NBFCs (incl. HFCs)		ARCs	
	2023-24	2022-23	2023-24	2022-23
Aggregate principal outstanding of loans acquired	223.30	764.78		
Aggregate consideration paid	200.97	688.30		
Weighted average residual tenor of loans acquired	Ranging between 19.70 to 112.95 months	Ranging between 17.76 to 167.46 months		
Coverage of tangible security	Ranging between 168% to 224%	Ranging between 149% to 285%	Nil	Nil
Retention of beneficial economic interest by the transferor	10%	10%		
Rating wise distribution of loans acquired	Not applicable*	Not applicable*		

\* Loans acquired are under non-corporate category

#### b. Details of loans in default transferred during the year

(₹ Crore)

Particulars	To					
	ARCs		Permitted transferees		Other transferees	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
No. of accounts	2	1				
Aggregate principal outstanding of loans transferred	40.65	1.05				
Weighted average residual tenor of the loans transferred	0	0				
Net book value of loans transferred (at the time of transfer)	0	0				
Aggregate consideration	8.87	1.00	Nil	Nil	Nil	Nil
Additional consideration realized in respect of accounts transferred in earlier years	0	0				
Excess provisions were reversed to the Profit & Loss Account on account of sale of NPAs.	8.87	1.00				

- c. The Bank has neither transferred any stressed (SMA) loans and loans not in default during FY 2023-24; nor has acquired any stressed loans / loans classified as NPA acquired during the period 24 (also during previous year).

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### 4.8 Provision towards frauds

		(₹ Crore)	
SN	Particulars	2023-24	2022-23
A	Number of frauds reported during the year	29	33
B	Amount involved	28.04	356.35
C	Amount recovered / adjusted	1.58	29.89#
D	Amount of interest reversal on NPA	1.14	Nil
E	Balance outstanding as on 31 <sup>st</sup> March (Refer note below)	25.32	326.46~
F	Provisions held in respect of item 'E' above	4.23	3.94
G	Quantum of un-amortised provision, if any, debited to 'Other Reserves' at the end of the year	Nil	Nil

Note –

# includes amount of ₹ Nil (₹ 0.50 Crore for previous year) recovered and kept in sundries account.

~ includes interest suspense of ₹ Nil (36.23 Crore for Previous year) and technically written off accounts of ₹21.09 Crores (₹ 197.66 Crore for previous year).

### 4.9 Disclosure of material items as required under RBI Circular DOR.ACC.REC.No.91/21.04.018/2022-23 dated December 13, 2022

		(₹ Crore)	
Particulars	2023-24	2022-23	
Total Income	9,862.63	7,675.49	
1% of the above	98.63	76.75	
Items under 'Miscellaneous Income' under Schedule 14- other Income exceeding 1% of total income			
a) Recovery from Written off accounts	341.07	208.40	
Items under 'Other Expenditure' under Schedule 16 – Operating expenses exceeding 1% of total income	Nil	Nil	
Total Assets	10,5585.19	90,179.42	
1% of the above	1,055.85	901.79	
Items under Schedule 5(IV)- Other Liabilities and Provisions-“Others (including provisions)” exceeding 1% of total assets	Nil	Nil	
Items under Schedule 11(VI) – Other Assets- “Others” exceeding 1% of total assets	Nil	Nil	

## 5. Exposures

### 5.1 Exposure to Real Estate Sector

		(₹ Crore)	
Category	2023-24	2022-23	
<b>a) Direct exposure</b>			
(i) Residential Mortgages (including non-fund based (NFB) limits) –			
Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	7,097.65	6,499.68	
(ii) Commercial Real Estate (including non-fund based (NFB) limits) –			
Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.)	5,202.20	3,825.76	

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Category	(₹ Crore)	
	2023-24	2022-23
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
-		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	700.00	809.54
<b>Total Exposure to Real Estate Sector</b>	<b>12,999.85</b>	<b>11,134.98</b>

### 5.2 Exposure to Capital Market

Particulars	(₹ Crore)	
	2023-24	2022-23
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;	161.79	138.27
2. Advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.20	0.20
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;	223.24	100.84
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
<b>Total Exposure to Capital Market</b>	<b>385.23</b>	<b>239.31</b>

## Schedules

### 5.3 Risk Category wise Country Exposure

(₹ Crore)

Risk Category	2023-24		2022-23	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	160.79		376.28	
Low	83.13		240.24	
Moderately Low	107.96		115.35	
Moderate	0.25		2.82	
Moderately High	5.71	Nil	Nil	Nil
High	0.12		4.67	
Very High	5.76		0.24	
Restricted	Nil		Nil	
Off-credit	Nil		Nil	
<b>Total</b>	<b>363.72</b>	<b>Nil</b>	<b>739.60</b>	<b>Nil</b>

The net funded exposure of the bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no provision is required in terms of RBI guidelines (same for previous year).

### 5.4 Unsecured Advances

(₹ Crore)

Particulars	AS AT	AS AT
	31.03.2024	31.03.2023
Total Unsecured advances of the Bank (Gross)	1,697.49	1,238.73
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. have been taken as securities	Nil	Nil
Estimated value of such intangible securities	Nil	Nil

### 5.5 Factoring Exposures

Bank undertakes factoring, including factoring through TReDS (Trade Receivable Discounting System) platform. TReDS transactions are undertaken across various platforms viz., RXIL (Receivables Exchange of India Limited), M1Xchange and Invoicemart (A.Treds). Receivables of rated large corporates and that of MSME units from corporates are financed through factoring. Finance extended through factoring form part of advances portfolio of the Bank, and the position of factoring exposure is given below:

(₹ Crore)

Particulars	2023-24	2022-23
TReDS	5.00	103.00
Factoring	380.20	154.53
<b>Total</b>	<b>385.20</b>	<b>257.53</b>

**5.6 Intra Group Exposures** - The bank has no intra group exposures on 31.03.2024 and 31.03.2023.

### 5.7 Unhedged foreign currency exposure (UFCE)

Bank has a laid down Credit Policy, specifying that in respect of foreign currency loan exposure above USD Two million, hedging is to be insisted upon; its waiver shall be considered on merits, on a case to case basis, and after ensuring obtention of a minimum

## Schedules

cash margin of 5% on the exposure towards exchange rate fluctuation risk. In case of foreign currency loan extended to finance exports, considering the availability of natural hedge, hedging of risks may not be insisted upon. For foreign currency exposure of Corporate Borrowers, hedging is to be insisted upon in respect of exposures exceeding the thresholds specified. UFCE shall exclude items which are effective hedge of each other. Natural hedges and financial hedges already made shall be excluded for arriving at the UFCE.

Bank shall make incremental provisioning and capital provisioning as under, as prescribed by RBI, and shall adopt the provisioning and capital provisioning requirements of RBI in respect of those entities on which total exposure of the Banking system is above ₹ 25 Crore. Bank shall follow the RBI guidelines in respect of smaller entities (i.e. total exposure of the Banking system is at ₹ 25 Crore or less) and shall make an incremental provisioning of 10 bps over and above the extant standard asset provisioning for the unhedged exposure. In case of consortium/MBA lending, Bank shall make provisioning on the pro rata exposure of our Bank, provided the borrower is having foreign exchange business relationship with the Bank. Bank holds a provision of ₹ 6.99 Crore as on 31.03.2024 (Previous year ₹ 6.99 Crore) towards UFCE of its clients.

### 5.8 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank.

The Bank has not exceeded the prudential credit exposure limits in respect of Single Borrower Limit and Group Borrower Limit (not exceeded the same for previous year) other than food credit.

## 6. Concentration of business

Particulars	(₹ Crore)	
	2023-24	2022-23
<b>a. Concentration of Deposits</b>		
Total deposits of Twenty Largest Deposits	8,949.75	6,318.10
% of above to Total Deposits	10.04%	8.24%
<b>b. Concentration of Advances</b>		
Total Advances to Twenty Largest Borrowers	3,875.29	3,838.80
% of above to Total Advances	4.22%	4.74%
<b>c. Concentration of Exposures</b>		
Total Exposures to Twenty Largest Borrowers / Customers	3,970.98	4,204.89
% of above to Total Exposure	4.24%	5.09%
<b>d. Concentration of NPAs</b>		
Total Exposure to top twenty NPA Accounts	255.86	337.27
% of above to total Gross NPAs	24.56%	23.13%

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

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### 7. Derivatives

Particulars	(₹ Crore)	
	March 31, 2024	March 31, 2023
<b>7.1 Forward Rate Agreement/Interest Rate Swap</b>		
1. The notional principal of swap agreements		
2. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements		
3. Collateral required by the bank upon entering into swaps	Nil	Nil
4. Concentration of credit risk arising from the swaps		
5. The fair value of the swap book		
<b>7.2 Exchange Traded Interest Rate Derivatives</b>		
1. Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)		
2. Notional principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2024 (instrument wise)		
3. Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)	Nil	Nil
4. Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument wise)		

### 7.3 Disclosures on risk exposure in derivatives

#### Qualitative Disclosure

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

Dealing in derivatives is centralized in the integrated Treasury of the Bank. Treasury is segregated into three functional areas i.e., front office, mid office and back office.

Derivative transactions are entered into by the front office; mid office conducts an independent check of the transactions entered into by the front office and ensures compliance with various internal and regulatory guidelines. Back Office undertakes activities such as confirmation, settlement, accounting, risk monitoring and reporting.

Rupee derivative deals are executed for hedging or for trading. The risk in the derivatives portfolio is monitored by assessing the MTM position of the portfolio on a daily basis and the impact on account of probable market movements. The overall portfolio is operated within the risk limit fixed by the Bank. Forex derivative deals are offered to clients on back-to-back basis. The outstanding deals are marked to market on monthly basis. The MTM values are informed to the clients every month and margin topped up where required. Banks have been permitted to adopt the Current Exposure Method for measurement of Credit Exposure of Derivative products as per extant RBI guidelines.

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

#### Accounting

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

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### Collateral Security

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

### Credit Risk Mitigation

Most of the deals are contracted with Banks / major PDs / highly rated clients and no default risk is anticipated on the deals with them.

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

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

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

### Quantitative Disclosure

Particulars	(₹ Crore)			
	March 31, 2024		March 31, 2023	
	Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
<b>1. Derivatives (Notional Principal Amount)</b>				
a) For hedging	Nil		Nil	
b) For trading				
<b>2. Marked to Market Positions</b>				
a) Asset (+)	Nil		Nil	
b) Liability (-)				
<b>3. Credit Exposure (Note:1)</b>	Nil		Nil	
<b>4. Likely impact of one percentage change in interest rate (100*PV01)</b>				
a) on hedging derivatives	Nil		Nil	
b) on trading derivatives				
<b>5. Maximum and Minimum of 100*PV01 observed during the year</b>				
a) on hedging	Nil		Nil	
b) on trading				

Note: There are no derivative transactions undertaken during the year (also no derivative transactions undertaken during previous year), other than Forward Forex Contracts. Bank does not have any open position in the Derivative instruments in trading book as on March 31, 2024 (also as on March 31, 2023).

### 7.4 Credit default swaps

The bank has not undertaken any Credit Default Swaps during FY 2023-24 and FY 2022-23.

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### 8. Disclosures relating to Securitisation

The bank has not sponsored any SPE/SPVs, including off balance sheet SPVs (which are required to be consolidated as per accounting norms) during FY 2023-24 and FY 2022-23.

SN	Particulars	(₹ Crore)			
		2023-24		2022-23	
		Number	Amount	Number	Amount
1	No. of SPEs sponsored by the Bank for securitisation transactions				
2	Total amount of securitised assets as per the books of the SPVs sponsored by the bank				
3	Total amount of exposures retained by the bank to comply with MMR as on the date of balance sheet				
	a) Off-balance sheet exposures				
	i. First Loss				
	ii. Others				
	b) On-balance sheet exposures				
	i. First Loss				
	ii. Others				
4	Amount of exposures to securitisation transactions other than MMR				
	a) Off-balance sheet exposures				
	i. Exposures to own securitisations				
	1. First Loss				
	2. Others				
	ii. Exposures to third party securitisations				
	1. First Loss				
	2. Others				
	b) On-balance sheet exposures				
	i. Exposures to own securitisations				
	1. First Loss				
	2. Others				
	ii. Exposures to third party securitisations				
	1. First Loss				
	2. Others				
5	Sale consideration received for the securitized assets and gain/loss on sale on account of securitization				
6	Form and quantum (outstanding value) of services provided by way of liquidity support, post-securitisation asset servicing, etc.				
7	Performance of facility provided – viz. credit enhancement, liquidity support, servicing agent etc.				
	a. Amount paid				
	b. Repayment received				
	c. Outstanding amount				
8	Average default rate of portfolios observed in the past				
9	Amount and number of additional/top-up loan given on same underlying asset				
10	Investor complaints				
	a. Directly/Indirectly received				
	b. Complaints outstanding				

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### 8.1 Position of Security Receipts and Recovery Ratings thereof

#### a. Details of book value of Investments in Security Receipts

Particulars	(₹ Crore)	
	2023-24	2022-23
i. Backed by NPAs sold by the bank as underlying	378.43	462.08
ii. Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	Nil	Nil
<b>Total</b>	<b>378.43</b>	<b>462.08</b>

#### b. Recovery ratings assigned for Security Receipts

Rating Scale	(₹ Crore)	
	Book Value	
	2023-24	2022-23
R1	Nil	105.15
RR1	64.41	21.25
RR2	59.73	68.84
RR3	Nil	Nil
RR4	Nil	159.31
Unrated	0.96	Nil
Unrated* (Rating Withdrawn)	253.33	107.53
<b>Total</b>	<b>378.43</b>	<b>462.08</b>

\* As per RBI guidelines, rating is not applicable after eight years.

#### c. Age wise classification of Security Receipts

Particulars	(₹ Crore)					
	SRs issued					
	Within past 5 years		More than 5 years ago but within past 8 years		More than 8 years ago *	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
1 Book value of SRs backed by NPAs sold by the bank as underlying	125.10	156.66	Nil	197.89	253.33	107.53
Provision held	125.10	156.66	Nil	197.89	253.33	107.53
2 Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying			Nil			
Provision held			Nil			
<b>Gross Book value</b>	125.10	156.66	Nil	197.89	253.33	107.53
Total provision held against above	125.10	156.66	Nil	197.89	253.33	107.53
<b>Net Book Value</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

\*SRs ageing more than 8 years have been classified as loss assets in investment books

### 9. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The bank has not sponsored any off-balance sheet SPVs as on March 31, 2024 and March 31, 2023.

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### 10. Transfers to Depositor Education and Awareness Fund (DEA Fund)

As per RBI guidelines, the credit balance in accounts which have not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for a period exceeding ten years is transferred to DEAF.

(₹ Crore)

Particulars	2023-24	2022-23
Opening balance	210.59	181.07
Add : Amounts transferred during the year	36.07	33.26
Less : Amounts reimbursed towards claims paid	22.22	3.74
<b>Closing balance</b>	<b>224.44</b>	<b>210.59</b>

The closing balance of the amount transferred to DEA fund, as disclosed above, are also included under 'Schedule 12 – Contingent Liabilities- other items for which the bank is contingently liable'.

### 11. Disclosure on complaints

#### a) Disclosure on complaints received from customers and Banking Ombudsman (OBO)

SN	Particulars	2023-24	2022-23
<b>A. Complaints received by the bank from its customers</b>			
1	Number of complaints pending at beginning of the year	255	128
2	Number of complaints received during the year	5,557	4,430
3	Number of complaints disposed during the year	5,636	4,303
	3.1 Of which, number of complaints rejected by the bank	2,500	926
4	Number of complaints pending at the end of the year	176	255
<b>B. Maintainable complaints received by the bank from OBOs</b>			
5	Number of maintainable complaints received by the bank from OBOs	463#	369*
	5.1 Of 5, number of complaints resolved in favour of the bank by BOs	183	144
	5.2 Of 5, number of complaints resolved through conciliation / mediation / advisories issued by BOs	280#	225*
	5.3 Of 5, number of complaints resolved after passing of Awards by BOs against the bank	Nil	Nil
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 and covered within the ambit of the Scheme.

# 8 complaints were received and the same were reported in the previous FY 2022-23 but the said complaints were resolved by RBI during Apr 23 and May 23 and advised us to include the same as maintainable complaints for FY 2023-24.

\* One complaint received and the same was reported in the previous FY 2021-22 but the said complaint was resolved by RBI on 11.04.2022 and advised us to include the same as maintainable complaint for FY 2022-23.

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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
<b>2023-24</b>					
Internet/Mobile/Electronic Banking	53	1,911	85.71	75	0
Loans and advances	176	1,589	-20.15	57	3
Account opening/ Difficulty in operation of accounts	2	219	114.71	7	0
ATM/Debit cards	2	127	-20.13	5	0
Levy of charges without prior notice/excessive charges/ foreclosure charges	6	54	-48.57	0	0
Others	16	1,657	58.56	32	0
<b>Total</b>	<b>255</b>	<b>5,557</b>	<b>25.44</b>	<b>176</b>	<b>3</b>
<b>2022-23</b>					
Loans and advances	69	1,990	-7.48	176	38
Internet/Mobile/Electronic Banking	21	1,029	0.59	53	0
ATM/Debit cards	3	159	-45.17	2	0
Levy of charges without prior notice/excessive charges/ foreclosure charges	4	105	81.03	6	2
Account opening/ Difficulty in operation of accounts	5	102	-28.67	2	0
Others	26	1,045	5.44	16	0
<b>Total</b>	<b>128</b>	<b>4,430</b>	<b>-4.85</b>	<b>255</b>	<b>40</b>

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

### 12. Disclosure of penalties imposed by RBI

During the year RBI has levied the following penalties –

- ₹ 1,30,100/- emanating out of deficiencies found while processing the currency notes remitted by the Bank, ₹ 30,000/- for the deficiencies found in the branch incognito visit by RBI and ₹ 1,70,000/- for the deficiencies found in the ATM cash outs (Previous year ₹ 187,200/-).

### 13. Disclosures on Remuneration

#### Qualitative Disclosure

#### a. Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC)

As on March 31, 2024, the Nomination & Remuneration Committee (NRC) of the Board consists of three Independent Directors. Further as per RBI guidelines a Member of Risk Management Committee of the Board is also Member in

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NRC. The Composition complies with RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR').

The mandate of Nomination and Remuneration Committee includes:

- a. To formulate criteria for determining qualifications, positive attributes and independence of a director, in terms of fit and proper criteria issued by the RBI from time to time.
- b. To devise policy on Board Diversity, and policy on Appointment and Succession Planning for Directors.
- c. To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.
- d. To recommend persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- e. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy.
- f. To also review and recommend to the board, all remuneration, in whatever form, payable to Directors & senior management.
- g. To formulate the criteria for variable pay and fix the thresholds for applying malus & clawback on the grant of variable pay payable to MD & CEO/ WTD.
- h. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines.
- i. To provide inputs, if required, to Board for making disclosures regarding policies, appointments, remuneration etc. of Directors and Senior Management personnel in the Annual Reports/ Directors Reports/Financial Statements etc. as may be required by the regulations from time to time.
- j. To perform any other functions or duties as stipulated by the Companies Act, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

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

The Bank has Board approved Compensation Policy in terms of the RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR'). The Compensation Policy of the Bank covers the compensation payable to all the employees including the MD&CEO/ WTD, Key Managerial Personnel, Material Risk Takers, Control Function Staff as per the guidelines of RBI as also fee payable including profit related commission to Non- Executive Directors/ Independent Directors. Nomination and Remuneration Committee (NRC) of the Bank oversees the framing, review and implementation of compensation policy on behalf of the Board of Directors. NRC shall work in close co-ordination with the Risk Management and Asset Liability Management Committee of the Board in order to achieve effective alignment between remuneration and risks.

In terms of RBI Guidelines and Compensation Policy of the Bank the position of Managing Director & CEO and President & COO are identified as Material Risk Taker (MRT). The compensation payable to MRTs is divided into fixed and variable components. Non-Executive Directors/ Independent Directors are paid sitting Fees for attending Board/ Committee meetings. Part-time (Non-Executive) Chairperson is entitled for honorarium, as approved by Reserve Bank of India and Shareholders of the Bank. In terms

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of RBI Circulars and as approved by the shareholders in 103<sup>rd</sup> Annual General Meeting, Non-Executive Directors of the Bank including Independent directors (Other than Non-Executive (Part-time) Chairperson) are eligible for fixed compensation to the tune of 0.1% of the profit available for distribution subject to a maximum of ₹10 Lakhs for each Director per annum with effect from FY 2022-23, for a period of three (3) years. The said fixed compensation payable shall be in proportion to the tenure of the Directors on the Board during the year.

Remuneration to employees (other than MRTs) is defined by the IBA pay scale / CTC pay structure, both of which are approved by the Board. The IBA pay scale is an industry standard across all PSBs and old generation private banks, while the CTC pay structure specific to KVB has been formulated on the basis of comparative industry practices. The objective is to suitably compensate every employee as per his position in the organization so as to adequately recognize his contributions.

Objective of the Compensation policy is to align the compensation with prudent risk taking;

- Compensation must be adjusted for all types of risks
- Compensation outcomes must be symmetric with risk outcomes
- Compensation pay-out schedules must be sensitive to the time horizon of risks
- The proportion of cash, equity and other forms of compensation must be consistent with risk alignment.

**c. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks**

With respect MRTs the clauses of Compensation Policy adopted by the Bank address the issues pertaining to current and future risks. A wide variety of measures of credit, market and liquidity risks are used by the bank in implementation of

risk adjustment. This risk adjustment has both quantitative and qualitative elements. The Policy effectively aligns the compensation with prudent risk taking and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Risk measures relating to the compensation payable are reviewed on timely basis and are updated to suit the skill gaps and current day needs.

The remuneration (other than MRTs) as per IBA / CTC package is position / designation specific and not necessarily risk specific. However, there are sufficient systems and procedures in place in the Bank (including KVB Officer Employees, Conduct Regulations and Discipline & Appeal Regulations, and also Malus / Claw back clauses in the employment contracts wherever applicable and continuous monitoring / auditing etc) to ensure risk mitigation and prevention.

Board of Directors of the Bank through NRC shall exercise oversight & effective governance over the framing and implementing the Compensation policy.

**d. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration**

Bank follows a performance-based remuneration, which motivates and rewards high performers who strengthen long-term customer relations, and generate income and shareholder value. The Bank while designing the compensation structure ensures that there is a proper balance between fixed pay and variable pay. Bank ensures that variable pay shall relate to the performance. The variable pay could be in cash, stock linked instruments or a mix of both.

While fixing the Variable Pay, performance parameters under financial and non-financial areas of operations are assessed. The financial performance of the bank is factored while determining the amount of variable remuneration to be paid. Variable Pay shall be fixed on the basis of performance matrix broadly categorized as a) Bank as a whole, b) Business Unit, c) Individual, based on the quantitative and qualitative criteria. The quantitative criteria shall relate to the performance of the Bank and certain qualitative factors taking into

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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 in the relevant line of business in any year, the deferred compensation shall be subjected to malus and claw back arrangements in tune with the RBI guidelines.

**e. A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting**

As per the Compensation Policy, Variable pay is eligible on the achievement of certain business/compliance targets fixed by the management. The structuring of remuneration in case of MD & CEO/WTD shall be subject to the approval of RBI.

Deferral arrangements for variable pay in case of Managing Director & CEO/WTD and other employees who are MRTs and Control Function Staff, in adherence to FSB implementation standards shall be; a minimum of 60% of the total variable pay shall be under deferral arrangements.

If cash component of variable pay equals or exceeds ₹25.00 Lakhs, then at least 50% of the cash bonus shall be deferred.

The deferral period shall be a minimum of three years applicable to both cash and non-cash components of the variable pay. Deferred remuneration shall either vest fully at the end of the deferral period or be spread out over the course of the deferral period. The first such vesting shall be not before one year from the commencement of the deferral period. The vesting shall be no faster than on a pro-rata basis. Additionally, vesting, shall not take place more frequently than on a yearly basis, to ensure a proper assessment of risks before the application of ex-post adjustments.

Subject to bank's ESOP schemes, NRC at its discretion may specify a retention period after the vesting of stock linked instruments which have been awarded as variable pay during which they cannot be sold or accessed.

In cases where the compensation by way of share linked, instruments is not permitted by law / regulations, the entire variable pay can be in cash, subject to deferral /vesting / malus-clawback norms.

**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).

Bank has Employees Stock Option Scheme i.e. ESOS. NRC may grant stock options under the Employees Stock Options Plan/Scheme from time to time in terms of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014).

In case of other employees Bank also subscribes to different forms of variable pay such as performance linked incentives, Ex-gratia for other employees, non-cash incentives, Bonus, any other incentives by whatever name called having the similar features. The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions). Bank shall not provide any facility or funds or permit to insure or hedge his/her compensation structure to offset the risk alignment effects embedded in the compensation package.

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### Quantitative Disclosures:

Particulars	2023-24	2022-23
a) Number of meetings held by the Nomination & Remuneration Committee during the financial year and remuneration paid to its members.	14 meetings and remuneration of ₹ 23.00 Lakh	7 Meetings and remuneration of ₹ 12.05 Lakh
b) Number of employees having received a variable remuneration award during the financial year (see note 'a' below)	2	2
c) Number and total amount of sign-on/joining bonus made during the financial year	Nil	Nil
d) Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
e) Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms	a. Cash- ₹ 59,04,348/- b. Non-Cash- 21,1,348 ESOPs	a. Cash - ₹ 42,97,462/- b. Non-Cash - 2,08,829 ESOPs
f) Total amount of deferred remuneration paid out in the financial year	a. Cash- ₹ 16,15,821/- b. Non-Cash- 81,935 ESOPs	a. Cash - ₹ 5,50,000/- b. Non-Cash - 43,174 ESOPs
g) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred (Refer note below)	1. Fixed Pay ₹ 2,51,10,244/- 2. Variable Pay: ₹ 1,86,69,322/-	1. Fixed Pay ₹ 2,08,88,042/- 2. Variable Pay ₹ 1,87,69,850/-
h) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments	Nil	Nil
i) Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
j) Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil
k) Number of MRTs identified (see note 'b' below)	2	2
l) Number of cases where malus has been exercised	Nil	Nil
m) Number of cases where clawback has been exercised	Nil	Nil
n) Number of cases where both malus and clawback has been exercised	Nil	Nil
o) The mean pay for the Bank as a whole(excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay	Mean Pay ₹ 9,76,640 Deviation of the pay* 31.27X	Mean Pay ₹ 10,34,480 Deviation of the pay* 20.05X

\* - Deviation from Mean Pay of the Bank, in respect of MD & CEO compensation has seen a significant change due to the following reasons:

- a. The remuneration paid to MD&CEO during the FY 2023-24 has been considered and the increase compared to previous FY 2022-23 is because of variable pay payments i.e. cash component of FY 2022-23, deferral cash component of FY 2020-21, 2021-22 Exercise of non-cash component of variable pay (ESOS) pertaining to FY 2020-21, 2021-22 and perquisites as per Income Tax act, 1961.

### Note – a. Details of fixed remuneration paid:

SN	Name	Period	Designation	Amount (₹)*
1	Mr. B. Ramesh Babu	2023-24	MD & CEO (MRT)	1,79,52,656
2	Mr. J. Natarajan	2023-24	President (MRT)	71,57,587
<b>Total</b>				<b>2,51,10,243</b>
1	Mr. B. Ramesh Babu	2022-23	MD & CEO (MRT)	1,44,36,142
2	Mr. J. Natarajan	2022-23	President (MRT)	64,51,900
<b>Total</b>				<b>2,08,88,042</b>

\* Includes perquisites worked out as per Income Tax Rules, 1962.

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### b. Details of Variable Pay pertaining to FY 2022-23 granted during the FY 2023-24:

SN	Name	Variable Pay (₹)	Cash (₹)	Share linked remuneration (ESOPs)
1	Mr. B. Ramesh Babu, MD&CEO (MRT)	1,28,90,822	64,45,411 (Upfront 32.22 Lacs + 10.74 Lacs each deferred over a period of 3 years)	41,650 options to be vested in the ratio of 33:33:34
2	Mr. J. Natarajan, President (MRT)	57,78,500	10,40,130 (Upfront)	42,804 options to be vested in the ratio of 33:33:34
	Total	1,86,69,322		

a. RBI vide letter dated November 21, 2023 has approved variable pay to Mr. B Ramesh Babu, MD & CEO for performance period FY 2022-23, which was paid during the year ended March 31, 2024.

b. Position of MD & CEO and President are identified as Material Risk Takers in the Bank.

**13.1** Remuneration (including sitting fees, profit related commission and Honorarium) paid to non-executive directors during the year is ₹ 2.57 Crore (previous year ₹ 2.02 Crore).

### 13.2 Stock options

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

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

The grants made under the said schemes are in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014).

Stock option activity under the KVB ESOS 2011 & KVB ESOS 2018 Schemes for the year ended 31 March, 2024 is set out below:

Particulars	Status of options granted during				
	FY 2018-19	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>KVB-ESOS 2011 SCHEME</b>					
Outstanding at the beginning of the year i.e. as on 01.04.2023	59,320	21,30,638	Nil	Nil	Nil
Granted during the year (Note 3)	Nil	Nil	Nil	Nil	Nil
Vested during the year (Note 1)	Nil	10,92,446	Nil	Nil	Nil
Exercised during the year *	15,669	11,66,472	Nil	Nil	Nil
Lapsed/ forfeited/ cancelled (Nos.) (Note 2)	43,651	3,28,194	Nil	Nil	Nil
<b>Outstanding as on March 31, 2024</b>	<b>Nil</b>	<b>6,35,972</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

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Particulars	Status of options granted during				
	FY 2018-19	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
<b>KVB-ESOS 2018 SCHEME</b>					
Outstanding at the beginning of the year i.e. as on 01.04.2023	Nil	10,80,249	92,536	4,42,161	Nil
Granted during the year (Note 3)	Nil	Nil	Nil	Nil	1,97,775
Vested during the year (Note 1)	Nil	8,17,307	43,174	1,47,374	Nil
Exercised during the year *	Nil	9,60,649	43,174	1,47,374	Nil
Lapsed/ forfeited/ cancelled (Nos.) (Note 2)	Nil	32,700	Nil	Nil	Nil
Outstanding as on March 31, 2024	Nil	86,900	49,362	2,94,787	1,97,775

\* includes 10,000 shares forming part of share application pending for allotment.

Note:

- Vesting eligibility under these schemes are purely based on achievement of performance matrix of FY 2020-21. The vesting period shall be under deferral arrangement upto three years from the date of grant based on the employees left over service period in the Bank, however minimum vesting period of one year is mandatory.
- Consequent to the performance assessment for FY 2022-23 and based on eligibility conditions during the year, 3,60,894 options (ESOS 2011 scheme – 3,28,194 options and ESOS 2018 scheme –32,700 options) were lapsed, and the said options were added back to the Employee Stock Option pools (5,92,086 options lapsed during the previous year).
- The Bank has granted 84,454 options of face value ₹ 2/- each to Material Risk Takers (MRTs) – MD & CEO and President & COO under KVB ESOS 2018 scheme during the year(1,16,293 options during the previous year). In terms of RBI Guidelines on Compensation Policy, the said grant is part of their variable pay non-cash component for the performance assessment period of FY 2022-23. Further Bank has also granted 1,13,321 options of face value of ₹ 2/- each to Senior Management under KVB ESOS 2018 scheme during the year as a part of their non-cash component for the performance assessment period of FY 2022-23. The vesting period shall be under deferral arrangement of three years from the date of grant.

## 14. Other Disclosures

### 14.1 Business Ratios

Particulars	2023-24	2022-23
1. Interest Income as a percentage to Working Funds (%)	8.34	7.49
2. Non-interest income as a percentage to Working Funds (%)	1.69	1.33
3. Cost of Deposits (%)	5.19	4.27
4. Net Interest Margin (%)	4.19	4.18
5. Operating Profit as a percentage to Working Funds (%)	2.88	2.85
6. Return on Assets (%)	1.63	1.27
7. Business (Deposits plus Advances) per employee (₹ Crore)	18.00	18.14
8. Profit per employee (₹ Lakh)	17.66	14.25

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.

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### 14.2 Income from Bancassurance business

		(₹ Crore)	
SN	Fee/Remuneration from sale of	2023-24*	2022-23*
1	Life Insurance Products	59.50	23.50
2	Non-Life Insurance Products	15.56	6.82
3	Health Insurance Products	6.95	4.08
	<b>Total</b>	<b>82.01</b>	<b>34.40</b>

\* exclusive of GST.

### 14.3 Income from marketing and distribution

		(₹ Crore)	
SN	Fee/Remuneration from sale of	2023-24	2022-23
<b>A</b>	<b>Mutual fund products</b>	1.10	1.12
	<b>Total (A)</b>	<b>1.10</b>	<b>1.12</b>
<b>B</b>	<b>Other products</b>		
1	Demat & Trading	1.45	1.10
2	Co-branded Credit Card	0.95	0.51
3	PMJJBY Scheme	0.01	0.01
4	Sovereign Gold Bond Scheme	0.82	0.16
5	Atal Pension Yojana	0.08	0.07
6	National Pension Scheme	0.01	0.09
	<b>Total (B)</b>	<b>3.32</b>	<b>1.94</b>
	<b>Total (A+B)</b>	<b>4.42</b>	<b>3.06</b>

### 14.4 Priority Sector Lending Certificates sold/purchased during the year

		(₹ Crore)	
Particulars		2023-24	2022-23
<b>PSLC purchased during the year</b>			
1. Agriculture			
2. SF/MF			
3. Micro Finance		Nil	Nil
4. General			
<b>Total</b>			
<b>PSLC sold during the year</b>			
1. Agriculture			
2. SF/MF			
3. Micro Finance		Nil	Nil
4. General			
<b>Total</b>			

## Schedules

### 14.5 Provisions and Contingencies

Break-up of 'Provision and Contingencies' shown under the 'Expenditure' head in Profit & Loss Account

	(₹ Crore)	
<b>Provision for</b>	<b>2023-24</b>	<b>2022-23</b>
Standard Assets	44.74	34.51
Bad & Doubtful Debts	427.66	717.00
Non Performing Investments	148.14	102.38
Fraud (other than advances)	0.13	(0.04)
Floating provision	100.00	Nil
Restructured accounts including COVID-19 restructuring, Food Credit	(24.10)	(51.63)
Additional provision for accounts covered under Resolution Plan	(5.01)	(17.84)
Unhedged Foreign Currency Exposure	-	1.48
Other Provisions	37.39	253.06
Income Tax	465.68	375.18
Deferred Tax (Net)	29.70	(44.41)
<b>Total</b>	<b>1,224.33</b>	<b>1,369.69</b>

#### 14.5.1 Movement of Floating Provision/Counter Cyclical Buffer

	(₹ Crore)	
<b>Particulars</b>	<b>2023-24</b>	<b>2022-23</b>
Floating Provision at the beginning of the year	Nil	Nil
Floating Provision made during the year	100.00 *	Nil
Amount transferred to counter cyclical buffer as per RBI guidelines	Nil	Nil
Amount transferred to provision for NPAs during the year	Nil	Nil
Floating Provision at the end of the year	100.00	Nil

\* Floating provision is not netted off from advances, considered for Tier-II capital.

#### 14.5.2 Provisions on Standard Assets, Food Credit

	(₹ Crore)	
<b>Provision for</b>	<b>2023-24</b>	<b>2022-23</b>
1. Standard Assets	284.39	239.65
2. Food Credit (Punjab State Government) *	5.47	5.85

\* Provision @ 5% of outstanding food credit availed by Punjab State Government, vide RBI circular DBR.BP.No.3992/21.04.048/2016-17 dated 03<sup>rd</sup> Oct 2016.

### 14.6 Status with regard to IndAS Implementation

Ministry of Corporate Affairs (MCA), Government of India, notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Vide press release dated January 18, 2016, MCA notified the roadmap for implementation of Indian Accounting Standards (IndAS) (converging with the International Financial Reporting Standards (IFRS)) for Scheduled Commercial Banks (SCBs) excluding Regional Rural Banks, Non-Banking Financial Companies and Insurance Companies. Accordingly, RBI, vide circular DBR.BP.No.76/21.07.001/2015-16 dated February 11, 2016, advised SCBs to follow IndAS from April 01, 2018, subject to guidelines / directions to be issued in this regard.

## Schedules

RBI initially deferred IndAS implementation by SCBs to April 01, 2019; subsequently, vide circular DBR.BP.BC. No.29/21.07.001/2018-19 dated 22<sup>nd</sup> March 2019, implementation of IndAS by SCBs has been deferred till further notice. RBI has not issued any further notification on implementation of IndAS by SCBs during the financial year 2023-24.

In compliance to the RBI circular dated February 11, 2016, the status of IndAS implementation is given below:

Proforma IndAS statements have to be submitted to RBI on half-yearly basis with effect from FY 2021-22 (as against quarterly basis up to the previous year); accordingly, proforma IndAS statements for the half-year ended September 30, 2023 have been prepared and submitted to RBI. Bank has evaluated IndAS solution offered by various vendors. It is proposed to procure a suitable software to enable the Bank to comply with IndAS requirements including, inter-alia, to evaluate, determine and measure probability of default, loss given default, expected credit loss, effective interest rate etc., as well as support accounting, reporting and MIS generation for reporting purposes. Based on the Discussion Paper on Introduction of Expected Credit Loss Framework for Provisioning by Banks issued by Reserve Bank of India, the bank is in the process of evaluating and reviewing the same.

### 14.7 DICGC Insurance Premium paid

		(₹ Crore)	
SN	Particulars	2023-24	2022-23
1	Amount of DICGC insurance premium paid	113.98	100.78
2	Arrears in payment of DICGC premium, if any	Nil	Nil

### 14.8 Disclosure on amortisation of expenditure on account of enhancement in family pension of employees of banks

The revision in family pension payable to employees of the Bank covered under 11<sup>th</sup> Bipartite Settlement and Joint Note dated November 11, 2020 was quantified on August 26, 2021; the Bank opted to amortize the additional liability of ₹ 80.26 Crore based on actuarial valuation during the three quarters of financial year 2021-22 equally, and the same has been accordingly expensed to Profit & Loss account in the previous financial year 2021-22 itself.

### 14.9 Disclosure requirement as per Accounting Standards (AS)

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

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

For the preparation of these financial results, the bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended March 31, 2023.

**b. Revenue Recognition (AS-9)**

Bank recognises revenue on accrual basis, as per details given in item C.1 of the Accounting Policy of the Bank (Schedule 17).

**c. Effects of changes in Foreign Exchange Rates (AS-11)**

Bank has followed the guidelines issued by RBI and FEDAI, in order to comply with the applicable requirements under AS-11. Accordingly, foreign exchange transactions are accounted as per details given item C.6 of the Accounting Policy of the Bank (Schedule 17).

**d. Employee Benefits (AS -15)**

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

## Schedules

- a. In respect of Contributory Plan, viz.,

**Provident Fund:** The Bank pays fixed contribution at pre-determined rates to a separate trust, which invests in permitted securities. The obligation of the Bank is limited to such fixed contribution.

**National Pension Scheme:** As per industry settlement dated April 27, 2010, employees who have joined on or after April 01, 2010 are covered under National Pension System (NPS) regulated by Provident Fund Regulatory Development Authority (PFRDA). Employer's contribution to NPS has been recognised as expenditure in the profit and loss account.

- b. In respect of Defined Benefit Plans, viz.,

**Gratuity:** The Bank Provides for Gratuity, a defined benefit plan (the Gratuity Plan) covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and tenure of employment.

**Pension:** The Bank Provides for Monthly pension, a defined benefit plan (the Pension Plan) covering the eligible employees. The Pension Plan provides a monthly pension after the retirement of the employees till death and to the family after his death of the pensioner based on the respective employee's salary and tenure of the employment.

The disclosure requirements as per the AS-15 are given below

### Principal Actuarial Assumptions

Particulars	Gratuity		Pension	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Discount Rate (%)	7.22	7.52	7.24	7.53
Salary escalation rate (%)	5.00	5.00	5.00	5.00
Attrition rate (%)	*	~	0.50	0.50
Expected rate of return on Plan Assets (%)	7.22	7.52	7.24	7.53

\* Attrition rate for FY 2023-24 – 0.50% for those under defined benefit pension option and 1.22% for others.

~ Attrition rate for FY 2022-23 – 0.50% for those under defined benefit pension option and 5.94% for others.

### Expenses recognized in Profit and Loss Account

Particulars	Gratuity		Pension	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Current Service Cost	16.55	15.47	26.87	26.51
Past Service Cost	Nil	Nil	Nil	Nil
Interest cost on benefit obligation	21.80	19.69	62.82	58.76
Expected return on plan assets	20.99	(19.97)	60.66	(61.95)
Net Actuarial (gain) / loss recognised in the year	53.17	12.05	113.17	65.90
Expenses recognised in Profit & Loss A/c.	68.63	27.24	142.20	89.22

(₹ Crore)

## Schedules

### Changes in the present value of the defined benefit obligation

(₹ Crore)

Particulars	Gratuity		Pension	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Present value of obligation at the beginning of the year	289.90	269.36	834.25	793.99
Current Service Cost	16.55	15.47	26.87	26.51
Past Service Cost	Nil	Nil	Nil	Nil
Interest Cost	21.80	19.69	62.82	58.76
Net actuarial (gain) / loss on obligation	54.41	11.24	113.03	55.76
(Gains)/Losses on Curtailment	(1.89)	Nil	Nil	Nil
Benefits Paid	(20.80)	(25.86)	(94.68)	(100.77)
Present value of the obligation at the end of the year	359.97	289.90	942.29	834.25

### Change in the fair value of plan assets

(₹ Crore)

Particulars	Gratuity		Pension	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Fair value of plan assets at the beginning of the year	279.19	273.22	805.62	837.20
Expected Return on plan assets	21.00	19.97	60.66	61.95
Contribution by employer	10.70	12.67	108.58	17.39
Benefits Paid	(20.80)	(25.86)	(94.68)	(100.77)
Actuarial gain / (loss)	1.25	(0.81)	(0.13)	(10.14)
Fair value of plan assets at the end of the year	291.34	279.19	880.05	805.62

### Investment details of plan assets

Particulars (details in % terms)	Gratuity		Pension	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
LIC Managed Fund	98.26	95.86	89.92	87.48
Government Securities	1.00	3.22	2.22	3.60
Bonds, debentures and other fixed income instruments	0.73	0.70	0.02	0.38
Money Market Instruments	Nil	Nil	Nil	Nil
Equity Shares	Nil	Nil	Nil	Nil
Others	0.01	0.22	7.84	8.54
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### Experience adjustments

(₹ Crore)

Particulars	Gratuity					Pension				
	Year ended 31 <sup>st</sup> March					Year ended 31 <sup>st</sup> March				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
Defined Benefit Obligation	359.97	289.90	269.36	263.97	201.99	942.29	834.25	793.99	768.40	625.13
Plan Assets	291.34	279.19	273.22	223.96	202.02	880.05	805.62	837.20	749.38	626.36
Surplus / (Deficit)	(68.63)	(10.71)	3.86	(40.01)	0.03	(62.24)	(28.63)	43.21	(19.02)	1.23
Experience Adjustments on Plan Liabilities	71.18	3.07	5.34	63.70	5.11	85.42	67.11	60.86	178.47	90.76
Experience Adjustments on Plan Assets	1.25	(0.80)	3.95	(0.04)	0.31	(0.13)	(10.14)	2.67	(3.15)	(2.70)

## Schedules

### Compensated absences

The employees of the Bank are entitled to compensated absences. The employees can carry forward a portion of the unutilized accrued compensated absences and utilize it in future period or in case of privilege leave receive cash compensation at retirement or cessation of employment. The Bank measures the expected cost of compensated absences as the additional amount the Bank expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date on actuarial valuation.

Particulars	(₹ Crore)			
	Privilege leave		Medical leave	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Total Actuarial Liability	234.34	169.29	75.14	48.84
Assumptions				
Discount rate (%)	7.22	7.52	7.22	7.52
Salary escalation rate (%)	5.00	5.00	5.00	5.00
Attrition rate (%)	*	~	*	~

\* Attrition rate for FY 2023-24 – 0.50% for those under defined benefit pension option and 1.22% for others.

~ Attrition rate for FY 2022-23 – 0.50% for those under defined benefit pension option and 5.94% for others

### e. Segment Reporting: (AS-17)

#### 1. Business Segments

For the purpose of segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale banking, Retail banking and other banking operations, in compliance with RBI guidelines. Brief description of activities of each segment and revenue attributable thereto is as under:

1. Treasury portfolio comprises of investments in Central and State Government securities, debt instruments of Banks, FIs, Insurance companies, PSUs and corporates, certificate of deposits, equity shares, mutual funds, security receipts etc. as well as forward contracts, derivatives and foreign exchange operations on proprietary account and for customers, including trading in these instruments as well as borrowing and lending operations.

Treasury income is primarily earned through interest on investments, forex income as well as income from securities trading; expenditure includes interest on funds borrowed and other allocated overheads.

2. Corporate/ Wholesale banking includes all advances to trusts, partnership firms, companies, and statutory bodies, which are not included under Retail Banking.

Revenue comprises of interest and fees / charges earned from such clients and expenses are those incurred on interest towards funds utilized and other allocated overheads.

3. Retail banking comprises of lending of funds and other banking services to any legal person including small business customers, on the basis of the borrower, nature of the product, granularity of the exposure and quantum thereof.

Revenue comprises of interest and fees / charges earned from such clients and expenses are those incurred on interest towards funds utilized and other allocated overheads.

4. Other banking operations includes items not included above i.e. para-banking activities like bancassurance, thirdpartyproductdistribution, dematservicesandotherbankingtransactionsandincludesitemsslikedepositsinRIDF, MSME Funds etc.

Income earned from such services and costs related thereto are reported thereunder.

## Schedules

### 2. Geographical Segment

The Bank operates only in India and hence the reporting consists only of domestic segment.

Segment information is prepared on the basis of management estimates/ assumptions and is based on internal reporting systems. Methodology adopted in compiling the above information has been relied upon by the auditors.

#### Part 1 : Business segments

		(₹ Crore)	
SN	Particulars	2023-24 (Audited)	2022-23 (Audited)
<b>a</b>	<b>Segment Revenue</b>		
	1. Treasury	1,679.84	1,246.80
	2. Corporate/Wholesale Banking	1,741.49	1,576.07
	3. Retail Banking	6,335.16	4,803.25
	a) Digital Banking	0.01	Nil
	b) Other Retail Banking	6,335.15	4,803.25
	4. Other Banking	106.14	49.37
	<b>Total</b>	<b>9,862.63</b>	<b>7,675.49</b>
<b>b</b>	<b>Segment Results</b>		
	1. Treasury	584.46	415.38
	2. Corporate/Wholesale Banking	524.26	550.97
	3. Retail Banking	1,938.40	1,717.85
	a) Digital Banking	(0.41)	Nil
	b) Other Retail Banking	1,938.81	1,717.85
	4. Other Banking	79.78	37.34
	<b>Total</b>	<b>3,126.90</b>	<b>2,721.54</b>
c	Unallocated Income/Expenses	297.77	245.75
<b>d</b>	<b>Operating Profit</b>	<b>2,829.14</b>	<b>2,475.79</b>
e	Tax expense	495.38	330.77
f	Other Provisions	728.95	1,038.93
g	Exceptional Item	Nil	Nil
h	Net Profit	1,604.81	1,106.09
i	Other Information		
<b>j</b>	<b>Segment Assets</b>		
	1. Treasury	23,118.96	19,378.86
	2. Corporate/Wholesale Banking	15,679.49	13,879.59
	3. Retail Banking	57,988.00	49,254.55
	a) Digital Banking	0.02	Nil
	b) Other Retail Banking	57,987.98	49,254.55
	4. Other Banking Operations	Nil	Nil
	5. Unallocated	8,798.75	7,666.42
	<b>Total Segment Assets</b>	<b>1,05,585.20</b>	<b>90,179.42</b>
<b>k</b>	<b>Segment Liabilities</b>		
	1. Treasury	21,476.69	17,692.06
	2. Corporate/Wholesale Banking	14,083.43	12,526.71
	3. Retail Banking	52,085.00	44,458.01
	a) Digital Banking	-	Nil
	b) Other Retail Banking	52,085.00	44,458.01
	4. Other Banking	Nil	Nil
	5. Unallocated	7,899.98	6,918.59
	<b>Total (a)</b>	<b>95,545.10</b>	<b>81,595.37</b>

## Schedules

		(₹ Crore)	
SN	Particulars	2023-24 (Audited)	2022-23 (Audited)
<b>I</b>	<b>Capital Employed (Segment Assets-Segment Liabilities)</b>		
1.	Treasury	1,642.27	1,686.80
2.	Corporate/Wholesale Banking	1,596.06	1,352.88
3.	Retail Banking	5,903.00	4,796.54
	a) Digital Banking	0.02	Nil
	b) Other Retail Banking	5,902.98	4,796.54
4.	Other Banking	Nil	Nil
5.	Unallocated	898.77	747.83
	<b>Total (b)</b>	<b>10,040.10</b>	<b>8,584.05</b>
	<b>Total Segment Liabilities (a+b)</b>	<b>1,05,585.20</b>	<b>90,179.42</b>

RBI, vide circular dated April 07, 2022 on establishment of Digital Banking Units (DBUs), has prescribed that reporting of Digital Banking Segment has to be made as a sub-segment of Retail Banking Segment under Accounting Standard 17 – Segment Reporting. The Bank does not have any DBUs, hence no digital banking segment disclosures have been made for the year ended March 31, 2023.

### Part 2 : Geographic segments

Geographical segment consists only of domestic segment (also for previous year), as the Bank does not have any foreign branch.

### f. Related Party Transactions (AS-18)

Disclosure on transactions with Key Management Personnel (KMP)

Particulars	Designation	Nature of transaction	Amount (₹)*	
			2024	2023
Name of KMP : Shri. B. Ramesh Babu	MD & CEO	Remuneration	3,05,38,732	2,07,41,949
Relatives of KMP	1. B. Sujatha; 2. B. Nirmala; 3. B. Saketh; 4.S. Surabhi 5. B. Sravya; 6. B. Rajesh Babu			

\* Remuneration includes Fixed pay, variable pay and perquisites as per income tax act, 1961.

Items/ Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(₹ Crore)											
<b>Mar. 31</b>												
Borrowings							Nil	Nil			Nil	Nil
Deposit							0.56	0.30			0.56	0.30
							(maximum during the year 0.84)	(maximum during the year 0.38)				
Placement of deposits												
Advances												
Investments												
Non-funded commitments												
Leasing/HP arrangements availed	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Leasing/HP arrangements provided												
Purchase of fixed assets												
Sale of fixed assets												
Interest paid							0.04	0.02			0.04	0.02
Interest received												
Rendering of services												
Receiving of services							Nil	Nil			Nil	Nil
Management contracts												

## Schedules

### g. Earnings per Share (AS-20)

		(₹ Crore)	
SN	Particulars	2023-24	2022-23
<b>1. Computation of Basic EPS (before and after Extraordinary items)</b>			
1	Net Profit (₹ Crore)	1,604.81	1,106.09
2	Weighted number of shares	80,29,14,048	80,06,88,243
3	Basic EPS (1/2) (₹)	19.99	13.81
4	Nominal Value per share (₹)	2.00	2.00
<b>2. Computation of Diluted EPS (before and after Extraordinary items)</b>			
1	Net Profit (₹ Crore)	1,604.81	1106.09
2	Weighted number of shares (including Potential Equity Shares)	80,37,60,642	80,29,63,908
3	Diluted EPS (1/2) (₹)	19.97	13.78
4	Nominal Value per share (₹)	2.00	2.00

Note – There are no extraordinary items recognised in the profit and loss account during FY 2023-24 and FY 2022-23; accordingly, EPS is disclosed as above.

### h. Accounting for Taxes on Income (AS-22)

The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendments) Ordinance, 2019. Accordingly, provision for Income Tax for the year ended March 31, 2024 as well as re-measurement of Deferred Tax Liability and Asset (DTL & DTA) have been made basis the rate prescribed in the aforesaid section. The major components of DTA and DTL are as under:

		(₹ Crore)	
Particulars	2023-24	2022-23	
<b>Deferred Tax Liabilities</b>			
1. Depreciation on Fixed Asset	1.97	3.90	
2. Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	132.14	114.51	
<b>TOTAL</b>	<b>134.11</b>	<b>118.41</b>	
<b>Deferred Tax Assets</b>			
1. Provision for Standard Assets	71.57	60.32	
2. Provision for Leave Encashment	58.98	42.61	
3. Provision for Restructured Assets	16.85	22.86	
4. Others	61.42	97.03	
<b>TOTAL</b>	<b>208.82</b>	<b>222.82</b>	

Note: The provision for Income Tax has been worked based on the Income Computation and Disclosures Standards (ICDS).

### i. Accounting for Investments in Associates in Consolidated Financial Statements (AS-23)

The Bank has no Associates. Hence reporting under AS-23 is not applicable. (not applicable for previous year also)

### j. Discontinuing operations (AS-24)

The Bank has not discontinued any of its operations. Hence reporting under AS-24 is not applicable (not applicable for previous year also).

## Schedules

### k. Interim Financial Reporting (AS-25)

Quarterly financial reviews have been carried out as per extant RBI and SEBI guidelines, and reporting / filing of the prescribed information have been complied with by the Bank.

### l. Impairment of Assets (AS - 28)

In the opinion of the Management, there is no impairment of its Fixed Asset to any material extent as at March 31, 2024 requiring recognition in terms of Accounting Standard 28 (also as at March 31, 2023).

### 14.10 Letter of Comfort (LOCs)

Particulars	(₹ Crore)	
	2023-24	2022-23
Letter of Comfort issued during the year		
Outstanding Letter of Comfort as on 31 <sup>st</sup> March	Nil	Nil

**14.11** The Bank has deposited an amount of ₹ 599.91 Crore (₹563.54 Crore during the previous year) towards disputed tax liability. In the opinion of the Bank, no provision is considered necessary based on favourable decisions by various courts.

### 14.12 Disclosure on Investor Education and Protection Fund (IEPF)

As per the Companies Act 2013, dividends unclaimed for more than seven years from the date of their declaration and all shares in respect of which dividends remain unclaimed for the last seven consecutive years are to be transferred to Investor Education and Protection Fund.

In compliance with the above provisions, the unclaimed dividend amount of ₹ 56,05,194/- (₹60,35,354/- of previous year) for the FY 2015-16 and 85,482 shares (91,584 shares for previous year) of face value ₹ 2/- each, in respect of which the dividends remain unclaimed from FY 2015-16 for the last seven consecutive years, were transferred to the IEPF during the year ended March 31, 2024 within the timelines.

### 14.13 a. Corporate Social Responsibility (CSR)

The bank has incurred an expenditure of ₹ 8.06 Crore towards CSR and has also provided ₹ 10.33 Crore during the year for various future projects and its appropriateness for spending / coverage under CSR (Previous year ₹ 12.84 Crore).

### 14.13 b. Audit Trail

As required by Rule 11 (g) of the Companies (Audit and Auditors) Rules 2014, which is effective from April 1, 2023, the Company is using an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. In respect of Digital Gold Loan, PeopleSoft HRMS and Bullion Precious Metal where the audit trail (edit log) was enabled at database level/ captured in DAM tool from June 13, 2023, July 9, 2023 and February 01, 2024 respectively, based on the compensating controls and other monitoring activities in place at the application and database levels, in the opinion of the management, the above will not have any impact on the financial statements.

### 14.14 Description of Contingent Liabilities

#### a. Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

## Schedules

### b. Liability on account of forward exchange and derivative contracts

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank counterparties and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference. The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favourable (assets) or unfavourable (liabilities).

### c. Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.

### d. Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

### e. Other items for which the bank is contingently liable

Includes Capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF). (Refer schedule 12 for amounts relating to contingent liability.)

## 14.15 Inter-branch transactions

Inter Branch/Office accounts reconciliation has been completed upto March 31, 2024 and all the inter branch entries have been reconciled upto March 31, 2024.

## 14.16 Balancing of books

The books of accounts have been balanced and tallied in all branches of the Bank as on March 31, 2024 (also as on March 31, 2023).

## 15. Disclosure under Rule 11(e) of the Companies (Audit & Auditors) Rules, 2014

The Bank, as part of its normal business, grants loans and advances to Non-Banking Finance Company/ies, real estate promoters / developers, makes investment, provides guarantees (including against margin / guarantees received from third parties / banks) and accepts deposits and borrowings from its customers, other entities and persons. Also, the Bank, as part of its normal business, avails refinance from financial institutions and other entities wherein the proceeds are applied to a category of customers with specific profile parameters. These transactions are part of Bank's authorised normal business, which is conducted in adherence to extant regulatory requirements.

### Other than the transactions described above -

1. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend to or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or like on behalf of the Ultimate Beneficiaries.

## Schedules

2. The Bank has not received any funds from any person(s) or entity(ies) (“Funding Party”) with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend to or invest in other persons or entities identified by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

**Dr.MEENA HEMCHANDRA**

Non-Executive Independent  
(Part-time) Chairperson  
DIN: 05337181

**CHINNASAMY GANESAN**

Audit Committee Chairman  
DIN: 07615862

**B.RAMESH BABU**

Managing Director & CEO  
DIN: 06900325

**J.NATARAJAN**

President

**RAMSHANKAR R**

Chief Financial Officer

**M.SRINIVASA RAO**

Company Secretary

As per our report of even date

For **Sundaram & Srinivasan**  
Chartered Accountants  
FRN:004207S

For **R.G.N. Price & Co.,**  
Chartered Accountants  
FRN: 002785S

Place : Karur

Date : May 13, 2024

**P Menakshi Sundaram**

Partner

M. No. 217914

**Sriraam Alevoor M**

Partner

M. No. 221354

# Cash Flow Statement

for the year ended 31<sup>st</sup> march 2024

Particulars	(₹ 000's omitted)	
	Year ended 31-03-2024 (Audited)	Year ended 31-03-2023 (Audited)
<b>Cash flow from/(used in) operating activities</b>		
<b>Net Profit as per Profit and Loss account</b>	<b>16048079</b>	<b>11060918</b>
Adjustments for		
Depreciation on Bank's property	1002576	1056645
Interest paid on TIER II bonds	550077	581965
Provisions for other contingencies	1084173	1850318
Provision for taxes	4953792	3307747
Provision for depreciation on investment	(2546090)	(118854)
Provision for standard assets	447395	345083
Provision for bad and doubtful debts	4276588	7169976
Provision for non performing investments	1481353	1023811
Provision for compensated absences	726400	58800
Amortization of premium paid on Held to Maturity (HTM) investments	1036211	1075714
Provision for employees stock option plan / scheme	34137	17002
(Profit) /Loss on sale of fixed assets (net)	(78305)	(10363)
<b>Operating profit before working capital changes</b>	<b>29016386</b>	<b>27418762</b>
<b>Adjustments for working capital changes</b>		
(Increase) / Decrease in investments (excluding HTM investments)	(23261320)	(5813016)
(Increase) / Decrease in advances	(109589639)	(91812645)
(Increase) / Decrease in other assets	(4056521)	(8975789)
Increase / (Decrease) in deposits	124751400	81515775
Increase / (Decrease) in borrowings	15333382	929190
Increase / (Decrease) in other liabilities and provisions	1896952	6859868
	<b>34090640</b>	<b>10122145</b>
Direct taxes paid	(4550000)	2050000
<b>Net cash flow ( from )/ used in operating activities</b>	<b>29540640</b>	<b>12172145</b>

# Cash Flow Statement(Contd..)

 for the year ended 31<sup>st</sup> march 2024

Particulars	(₹ 000's omitted)	
	Year ended 31-03-2024 (Audited)	Year ended 31-03-2023 (Audited)
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(980975)	(622179)
(Increase)/Decrease in HTM investments	(12062167)	(12090250)
Sale of fixed assets / other assets	78305	10363
<b>Net cash flow from / (used in) investing activities</b>	<b>(12964837)</b>	<b>(12702066)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	4647	4084
Proceeds from share premium	78444	76722
Increase/(Decrease) in tier II bonds	(4870000)	-
Interest paid on tier II bonds	(550077)	(581965)
Dividend paid (including tax on dividend)	(1604482)	(1279358)
<b>Net cash flow from / (used in) financing activities</b>	<b>(6941468)</b>	<b>(1780517)</b>
<b>Net Increase / (decrease) in cash &amp; cash equivalents</b>	<b>9634335</b>	<b>(2310438)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>46951287</b>	<b>49261725</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>56585622</b>	<b>46951287</b>

The above Cash Flow Statement is based on indirect method

**Dr.MEENA HEMCHANDRA**

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

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**B.RAMESH BABU**

 Managing Director & CEO  
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**J.NATARAJAN**

President

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Chief Financial Officer

**M.SRINIVASA RAO**

Company Secretary

As per our report of even date

 For **Sundaram & Srinivasan**

Chartered Accountants

FRN:004207S

 For **R.G.N. Price & Co.,**

Chartered Accountants

FRN: 002785S

Place : Karur

Date : May 13, 2024

**P Menakshi Sundaram**

Partner

M. No. 217914

**Sriraam Alevoor M**

Partner

M. No. 221354

# Basel Pillar III Disclosures

## UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (31.03.2024)

### 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 31.03.2024, the Bank does not have any subsidiaries and hence the requirement of accounting scope of consolidation is not applicable to the Bank.

### 2. CAPITAL ADEQUACY AND CAPITAL STRUCTURE (DF 2)

Banks are required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% on an on-going basis (excluding Capital Conservation Buffer (CCB), Counter Cyclical Capital Buffer (CCCB) etc.). Banks are also required to maintain CCB of 2.50% on an ongoing basis with effect from 01.10.2021, as per extant RBI guidelines. Bank has a Board approved policy covering, inter-alia, the adherence to the maintenance of minimum regulatory CRAR on an on-going basis (which are elucidated in item 2.1 below). Capital funds are classified into Tier 1 and Tier 2 capital under the capital adequacy framework.

#### Tier 1 Capital

Tier 1 capital includes paid-up equity capital, share premium, statutory reserves, capital reserves, other disclosed free reserves and balance in Profit and Loss account at the end of the previous financial year. Profits in current financial year may be included in Tier 1 on fulfillment of certain conditions regarding incremental provisions for non-performing assets.

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

In addition to the minimum CET 1 capital of 5.5% of RWAs, banks are also required to maintain CCB in the form of CET 1 capital, progressively from Financial Year 2015-16, to reach a level of 2.50% of RWAs, by 01.10.2021.

#### Tier 2 Capital

Bank's Tier 2 capital includes provisions for standard assets, floating provisions, unhedged foreign currency exposure

provisions, debt capital instruments (Tier 2 bonds) and other reserves eligible for inclusion in Tier 2 capital.

Provisions or loan-loss reserves held against future, presently unidentified losses, which are freely available to meet losses which subsequently materialize, will qualify for inclusion within Tier 2 capital.

### 2.1 CAPITAL ADEQUACY ASSESSMENT PROCESS

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

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

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

1. Credit Risk	2. Market Risk	3. Operational Risk	4. Liquidity Risk
5. Interest Rate Risk in the Banking Book	6. Concentration Risk	7. Strategic Risk	8. Reputational Risk

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

## Basel Pillar III Disclosures

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 31.03.2024. Besides this, the Bank continues to apply the Standardized Duration

Approach (SDA) for computing capital requirement for Market Risk. RBI has prescribed banks to maintain a minimum CRAR of 11.50% with regard to credit risk, market risk and operational risk as on 31.03.2024. Bank has followed extant RBI guidelines to arrive at the eligible capital, risk weighted assets and CRAR.

### 2.2 CAPITAL ADEQUACY AS ON 31.03.2024

The total Capital to Risk Weighted Assets Ratio (CRAR) as per Basel III guidelines works to 16.67% as on 31.03.2024. Tier 1 CRAR stands at 15.46%.

#### Equity Capital

Bank has an authorized share capital of ₹ 2000 million comprising of 100,00,00,000 equity shares of ₹ 2/- each. As on 31.03.2024 the Bank has Subscribed and Paid-up capital of ₹ 1609 million constituting 80,43,76,998 shares of ₹ 2/- each.

#### Tier 2 bonds

Details of Basel III compliant subordinated debt instruments issued and outstanding as on 31.03.2024 are as under:

During the year ended March 31, 2024, the Bank did not raise any subordinated debt bonds qualifying for Tier II capital.

The Bank has repaid the Basel III compliant Tier II bonds by exercising the call option as indicated in the Information Memorandum on March 12, 2024 after getting necessary approvals from RBI.

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

	(₹ in million)
1. Capital requirement for Credit Risk	
- Portfolio subject to Standardized Approach	60,085
- Securitization exposures	-
2. Capital requirement for Market Risk	
Standardized Duration Approach	2,248
o Interest Rate Risk	1,233
o Foreign Exchange Risk (Including gold)	52
o Equity Risk	963
3. Capital requirement for Operational Risk	
Basic Indicator Approach	7,960
<b>Total capital requirements at 11.50% (1 + 2 + 3)</b>	<b>70,293</b>

## Basel Pillar III Disclosures

### CET1, Tier 1, Tier 2 and CRAR

	(₹ in million)
<b>1. Tier 1 capital</b>	
1.1 Paid-up share capital	1,609
1.2 Reserves	93,343
<b>1.3 Gross Tier 1 capital (1.1 + 1.2)</b>	<b>94,952</b>
1.4 Deductions	469
<b>1.5 Total Tier 1 capital (1.3 - 1.4)</b>	<b>94,483</b>
<b>2. Tier 2 capital</b>	
2.1 Subordinated Debt	
2.2 General Provisions and Revaluation Reserves	3,844
2.3 Investment Reserve & Investment Fluctuation Reserves	3,518
2.4 Unhedged Foreign currency exposure	70
2.5 Gross Tier 2 capital (2.1 + 2.2 + 2.3 + 2.4)	7,432
2.6 Deductions	-
2.7 Total Tier 2 capital (2.5 - 2.6)	7,432
<b>3. Debt capital instruments eligible for inclusion in Basel III Tier 2 capital</b>	-
3.1 Total amount outstanding	-
3.2 Of which amount raised during the current year	-
3.3 Amount eligible to be reckoned as capital funds	-
<b>4. Subordinated debt eligible for inclusion in Tier 2 capital</b>	-
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	-
<b>5. Other deductions from capital</b>	-
<b>6. Total eligible capital (1.5 + 2.7 - 5)</b>	<b>101,915</b>
<b>7. CET 1 Ratio (%)</b>	<b>15.46%</b>
<b>8. Tier 1 Ratio (%)</b>	<b>15.46%</b>
<b>9. Tier 2 Ratio (%)</b>	<b>1.21%</b>
<b>10. Total CRAR (Basel III) (%)</b>	<b>16.67%</b>

### 3. RISK EXPOSURE AND ASSESSMENT

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

The objective of risk management is to have optimum balance between risk and return. It entails the identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through framework

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

## Basel Pillar III Disclosures

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.	President
3	Operational Risk Management Committee (ORMC)	All aspects of Operational Risk Management, Monitoring & Control.	
4	Market Risk Management Committee (MRMC)	All aspects of Market Risk Management, Monitoring & Control.	Chief Financial Officer ( CFO)

## 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.

## Basel Pillar III Disclosures

### 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 at the following levels –

- Strategic or Portfolio level, so as to ensure that no single event can have a significant adverse impact.

- Established credit policy to have a minimum standard for assuming risk
- Reliance on the competence of trained staff to make sound credit decisions
- Digital underwriting process for retail loans

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

- The ability and willingness of borrowers to repay.
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment.
- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs.
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'.
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision.
- Documentation of all assessment, rationale and decisions.
- Know Your Customers 'KYC' forms the bedrock of initiating and sustaining any relationship.

## 4.2 Total gross credit risk exposure

(₹ in million)	
Category: Domestic	Amount
Fund based	826,753
Non fund based	40,301
<b>Total</b>	<b>867,054</b>

### 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.

## Basel Pillar III Disclosures

Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). The sanctioned limits or outstanding, whichever is higher, is reckoned for arriving at the exposure limit. In case of fully drawn term loans (i.e. where there is no scope for further drawal of any portion of the sanctioned limit), the outstanding is treated as the exposure.

### 4.3 Geographical Distribution of Credit

(₹ in million)					
STATE	FUND BASED	NON FUND BASED	STATE	FUND BASED	NON FUND BASED
ANDHRA PRADESH	112,801	3,849	MAHARASHTRA	100,672	2,347
BIHAR	135	1	ORISSA	1,312	251
CHANDIGARH	356	80	PONDICHERRY	5,544	101
CHHATTISGARH	93	2	PUNJAB	842	54
DELHI	9,437	3,289	RAJASTHAN	606	6
GOA	442	42	TAMILNADU	352,506	14,189
GUJARAT	14,722	5,911	TELANGANA	66,491	6,874
HARYANA	5,489	557	UTTARAKHAND	152	
JHARKHAND	250	5	UTTAR PRADESH	1,799	210
KARNATAKA	50,750	1,428	WEST BENGAL	3,825	724
KERALA	14,410	156	<b>TOTAL</b>	<b>744,232</b>	<b>40,302</b>
MADHYA PRADESH	1,598	226			

### 4.4 Industry wise distribution of exposures

(₹ in million)		
Industry	Fund Based	Non-Fund Based
ALL ENGINEERING	9,732	4,007
BASIC METAL AND METAL PRODUCTS	12,335	1,923
BEVERAGES [EXCLUDING TEA & COFFEE] AND TOBACCO	3,889	68
CEMENT AND CEMENT PRODUCTS	1,639	166
CHEMICALS AND CHEMICAL PRODUCTS [DYES, PAINTS, ETC.]	6,806	142
CONSTRUCTION	8,531	3,085
FOOD PROCESSING-OTHERS	24,751	3,147
GEMS AND JEWELLERY	18,784	420
GLASS & GLASSWARE	480	4
INFRASTRUCTURE	27,504	7,810
LEATHER AND LEATHER PRODUCTS	741	7
MINING AND QUARRYING	6,965	912
PAPER AND PAPER PRODUCTS	4,461	396
PETROLEUM [NON-INFRA], COAL PRODUCTS [NON-MINING] AND NUCLEAR FUELS	557	4
RUBBER, PLASTIC AND THEIR PRODUCTS	3,412	83
TEXTILES	56,371	1,771
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIPMENTS	2,145	119
WOOD AND WOOD PRODUCTS	3,332	763
OTHER INDUSTRIES	4,428	206
OTHERS	629,890	15,269
<b>TOTAL</b>	<b>826,753</b>	<b>40,302</b>

## Basel Pillar III Disclosures

### 4.5 Exposure to Industries in excess of 5% of total exposure

(₹ in million)

Industry	Fund based Facilities	Non-Fund based Facilities
TEXTILES	56,371	1,771
<b>Total</b>	<b>56,371</b>	<b>1,771</b>

### 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	7,786	9,022	203	25,024	23,297	-	-	7,395	72,727
2-7 Days	-	1,197	-	17,062	6,637	-	-	924	25,820
8-14 Days	-	565	-	14,878	6,295	-	-	924	22,662
15-30 Days	-	1,632	-	11,653	18,445	-	-	-	31,730
31 Days & upto 2 Months	-	1,780	-	9,738	26,546	-	-	-	38,064
<b>Over Upto</b>									
2 Months 3 Months	-	4,266	-	18,832	32,103	-	-	-	55,201
3 Months 6 Months	-	7,043	-	27,205	87,918	-	-	-	122,166
6 Months 1 Year	-	8,170	-	39,372	89,327	-	-	-	136,869
1 Year 3 Years	-	7,133	22	31,888	273,486	-	-	-	312,529
3 Years 5 Years	-	3,821	-	14,901	43,694	3,837	-	-	66,253
Over 5 Years	-	3,464	-	13,989	126,067	10,160	4,329	28,111	186,120
<b>Total</b>	<b>7,786</b>	<b>48,093</b>	<b>225</b>	<b>224,542</b>	<b>733,815</b>	<b>13,997</b>	<b>4,329</b>	<b>37,354</b>	

\* As per ALM Guidelines

### 4.7 Non Performing Advances, Investments and Provisions

(₹ in million)

Particulars	Amount
a) Gross NPA	
i. Substandard	3,837
ii. Doubtful 1	1,190
iii. Doubtful 2	1,369
iv. Doubtful 3	904
v. Loss	3,116
<b>Total</b>	<b>10,416</b>
b) Net NPA	2,980
c) NPA Ratios	
i. Gross NPAs to Gross Advances (%)	1.40%
ii. Net NPAs to Net Advances (%)	0.40%

## Basel Pillar III Disclosures

		(₹ in million)	
<b>Particulars</b>		<b>Amount</b>	
d)	Movement of NPA (Gross)		
i.	Opening balance 01.04.2023		14,581
ii.	Additions during the period		4,992
iii.	Reductions during the period		9,157
iv.	Closing balance 31.03.2024		10,416
e)	Movement of provisions for NPA	<b>Specific Provision</b>	<b>General Provision</b>
i.	Opening balance as on 01.04.2023	9,568	-
ii.	Provision made during the period	5,347	-
iii.	Write-off / write-back of excess provisions	7,611	-
iv.	Closing balance 31.03.2024	7,304	-
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		16
ii.	Recoveries that have been booked directly to the income statement		3,411
g)	Amount of Non-Performing Investments		3,581
h)	Amount of provisions held for Non-Performing Investments		3,515
i)	Movement of Provision for depreciation on investments		
i.	Opening balance as on 01.04.2023		4,000
ii.	Add - Provision made during the period		-
iii.	Less - Write-off/ write-back of excess provision during the year (including depreciation utilized on the sale of securities)		2,546
iv.	Closing balance as on 31.03.2024		1,454

### 4.8 Major Industry break up of NPA

				(₹ in million)
<b>Industry</b>	<b>Gross NPA</b>	<b>Specific Provision</b>	<b>Write Off during the current period</b>	
MINING & QUARRYING	111	24	89	
FOOD PROCESSING	263	210	172	
BEVERAGES & TOBACCO (EXCLUDING TEA & COFFEE)	4	4	2	
TEXTILES	820	568	615	
LEATHER AND LEATHER PRODUCTS	10	9	80	
WOOD AND WOOD PRODUCTS	95	48	28	
PAPER AND PAPER PRODUCTS	13	12	30	
PETROLEUM	-	-	-	
CHEMICALS AND CHEMICAL PRODUCTS	72	23	44	
RUBBER, PLASTIC AND THEIR PRODUCTS	110	18	204	
GLASS & GLASSWARE	2	1	0	
CEMENT & CEMENT PRODUCTS	119	31	213	
BASIC METAL AND METAL PRODUCTS	544	277	862	
ALL ENGINEERING	37	22	10	
VEHICLES, VEHICLE PARTS AND TRANSPORT EQUIP.	17	10	28	

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Industry	Gross NPA	Specific Provision	(₹ in million)
			Write Off during the current period
GEMS AND JEWELLERY	651	198	91
CONSTRUCTION	214	80	46
INFRASTRUCTURE	168	130	117
OTHER INDUSTRIES	127	48	28
<b>TOTAL</b>	<b>3,377</b>	<b>1,713</b>	<b>2,659</b>

### 4.9 Geographical distribution of NPA and Provision

Geography	Gross NPA	Specific Provision	(₹ in million)
Domestic	10,416	7,304	
Overseas	-	-	
<b>Total</b>	<b>10,416</b>	<b>7,304</b>	

## 5. CREDIT RISK: DISCLOSURES FOR PORTFOLIO SUBJECT TO THE STANDARDIZED APPROACH (DF 4)

**5 (a).** The Bank has used the ratings of the following domestic external Credit Rating Agencies (CRA) for the purpose of risk weighting Bank's claims on the domestic entities for capital adequacy purpose –

1. CRISIL	2. CARE	3. ICRA	4. India Ratings	5. Acuite	6. Infomerics	7. SMERA
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**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

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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 31.03.2024 are as follows:

		(₹ in million)		
SN	Risk Weight	Fund Based	Non Fund Based	Total Exposure
1	Below 100%	522,750	14,065	536,815
2	100%	168,356	22,629	190,985
3	More than 100%	110,549	5,781	116,330
4	Deducted	-	-	-
<b>Total</b>		<b>801,655</b>	<b>42,475</b>	<b>844,130</b>

### 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:

- 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.
- 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.

- 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 –

- Cash margins and fixed deposit receipts of the counterparty with the Bank
- Gold bullion and jewelry
- Securities issued by Central and State Governments
- National Savings Certificates, Kisan Vikas Patras
- Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.

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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:
- 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
  - 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:
- Issued by a Bank
  - Listed on a recognized exchange
  - Classified as senior debt
  - 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:
- Price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and
  - Mutual fund is limited to investing in permitted instruments listed.

### 6.3 Quantitative disclosure

- A. Credit risk exposure covered by eligible financial collaterals

(₹ in million)

SN	Type of exposure	Credit equivalent of gross exposure	Value of eligible financial collateral after haircuts	Net amount of credit exposure
1	Funded credit exposure	993,735	209,231	784,504
2	Non funded credit exposure	49,806	7,331	42,475
3	Securitization exposures – On balance sheet	18,081	929	17,152
4	Securitization exposures – Off balance sheet	-	-	-
	<b>TOTAL</b>	<b>1,061,622</b>	<b>217,491</b>	<b>844,131</b>

- B. Credit risk exposure covered by guarantees / credit derivative (specifically permitted by RBI)

(₹ in million)

SN	Type of exposure	Credit equivalent of gross exposure	Amount of guarantee (Credit equivalent)
1	Funded credit exposure	-	-
2	Non funded credit exposure	-	-
3	Securitization exposures – On balance sheet	-	-
4	Securitization exposures – Off balance sheet	-	-
	<b>TOTAL</b>	<b>-</b>	<b>-</b>

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### 7. SECURITIZATION EXPOSURES (DF 6)

#### 7.1 General disclosures on securitization exposures of the Bank (including accounting for securitization activities)

- a. Objectives of securitization activities of the Bank (including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the Bank to other entities and nature of other risks inherent in securitized assets)

Bank's securitisation exposure is limited to investments in securitisation instruments. Pass through Certificates (PTC) and purchase of asset portfolio by way of direct assignment route. The loans purchased through direct assignment route are classified as advances.

- b. Role of the Bank in securitization processes (as an originator / investor / service provider / facility provider etc.) and extent of involvement in each activity

- ✓ **As an investor** – Bank invests in PTCs backed by financial assets originated by third parties. Such investments are held in the investment trading book;
- ✓ **As an assignee** – Bank purchases asset portfolio by way of direct assignment from Banks / NBFCs.

- c. Processes in place to monitor changes in the credit and market risk of securitization exposures

The major risks involved in loan assignment transactions are:

- ✓ **Regulatory and legal risks:** Risks arising due to non-compliance of regulatory requirements resulting in keeping higher risk weight/ capital charge for assignment transactions. Risk of non-compliance of regulatory rules.
- ✓ **Credit Risk:** Risk arising on default of a debt that may arise from an obligor failing to make required repayments.

- ✓ **Co-mingling risks:** Risks arising due to co-mingling of funds belonging to the assignee with that of the originator. This occurs when there is a time lag between collection of repayments by the originator and remittance to the assignee.
- ✓ **Prepayment risk:** Risk arising due to prepayment of dues by obligors in the assigned pool either in part or full.

Changes in credit and market risk of securitization instruments held in the trading and banking book is constantly reviewed and monitored. In case of credit portfolio purchased through assignment route, monitoring is done at individual account level.

- d. Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposures

The Bank has not originated any securitization exposures. In the case of purchase by way of direct assignment route, Bank has not used any additional credit risk mitigant. For computation of capital requirements for loans purchased by way of direct assignment, Bank has used the credit rating from external CRAs where available.

Aggregate amount of securitization exposures retained or purchased during the period of FY 2023-24:

(₹ in million)	
Exposure type	Amount
<b>Fund based</b>	<b>2,010</b>
Loan against property	1,217
Mixed loans*	793
<b>Non Fund based</b>	<b>-</b>
<b>Total</b>	<b>2,010</b>

\* Mixed loans include Machinery loans, jewel loans, personal loans etc.

### 8. MARKET RISK IN TRADING BOOK (DF 7)

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes

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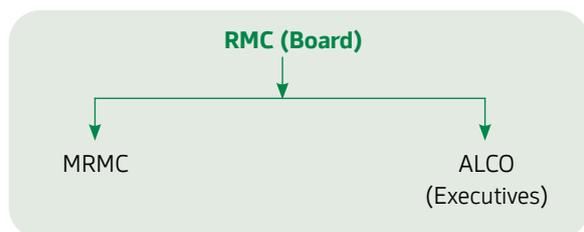
market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. Market Risk in Trading Book is assessed as per the Standardized Duration approach. The capital charge for Held for Trading (HFT) and Available for Sale (AFS) portfolios is computed as per RBI guidelines.

### Market risk management objectives

The objectives of market risk management are as follows:

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

Structure and organization of the market risk management function:



### Strategies and processes:

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

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

The strategy/guidelines for controlling market risk include:

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

The scope and nature of risk reporting and measurement systems:

**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	1,233
2	Foreign Exchange Risk (including gold/bullion)	52
3	Equity Risk	963
Capital requirement for Market Risk (1 + 2 + 3)		<b>2,248</b>

## 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.

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The Bank manages Operational Risk by way of adopting best practices in processes as well as products. Utmost importance is given on communication and understanding of processes at transactional level and compliance to same are monitored through effective internal audits.

The Bank's selection of personnel and systems of rewarding performance are aligned to meet Bank's stated key priorities. There is a commitment to training and upgrading of staff skills. Strong 'ownership' of exposures is encouraged, through rewards as well as strong accountability.

The Bank understands the criticality of business continuity in the event of any undesirable/ unforeseen incident and has put in place an exhaustive Business Continuity Plan (BCP) in place which is subject to periodic drills. The Bank has robust Information Technology set up with Disaster Recovery (DR) site for critical functions and backups. Further there is a strict adherence to Information Security Policy across the Bank.

As per the mandate from RBI, the Bank is following the Basic Indicator Approach (BIA) for assessment of Operational Risk Capital.

**Capital requirement for operational risk as per BIA as on 31.03.2024 is ₹ 7,960 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 analysis is taken up to understand whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL > RSA). The Bank monitors the EaR on NII for 2% change in interest rates on the open periodic gaps.

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### c) Stress testing

The Bank measures the impact on NII/ EaR after taking into account various possible movement in interest rates across tenor and impact on the earnings is calculated for each of these scenarios.

### d) Duration gap analysis

Movement in the interest rates also have a long-term impact on the market value of equity of the Bank, as the economic value of the Bank's assets, liabilities and off-Balance Sheet positions get affected. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage change in the market value of an asset or liability (or equity) for a given change in interest rates. Thus, Duration Gap Analysis measures by how much the market value of equity of a firm would change for the possible change in the interest rates.

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

	(₹ in million)	
Currency = INR (*)	100 bps	200 bps
Impact on NII	(884)	(1,769)
Impact on economic value of equity	1,597	3,195

\* 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	76,609	159	1,639	1,798

## 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)	22,458
2	Retained earnings	103
3	Accumulated other comprehensive income (other reserves)	72,391
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-

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		(₹ in million)
5	Common share capital issued by subsidiaries and held by third parties ( amount allowed in group CET 1)	-
<b>6</b>	<b>CET 1 capital before regulatory adjustments</b>	<b>94,952</b>
<b>CET 1 capital : regulatory adjustments</b>		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles (net of related tax liability)	442
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	27
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold of which :	-
23	Significant investments in the common stock of financial entities	-
24	Mortgage servicing rights	-
25	Deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments(26a+26b+26c+26d)	-
26a	Investments in the equity capital of unconsolidated insurance subsidiaries	-
26b	Investments in the equity capital of unconsolidated non - financial subsidiaries	-
26c	Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-
27	Regulatory adjustments applied to CET 1 due to insufficient Additional Tier 1 (AT1) and Tier 2 to cover deductions	-
28	<b>Total regulatory adjustments to CET 1</b>	<b>469</b>
29	<b>Common Equity Tier1 capital</b>	<b>94,483</b>
<b>AT1 Capital instruments</b>		
30	Directly issued qualifying AT1 instruments plus related stock surplus (share premium) (31+32)	-
	of which :	
31	Classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-
32	Classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-
33	Directly issued capital instruments subject to phase out from AT1	-
34	AT 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	of which: instruments issued by subsidiaries subject to phase out	-

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		(₹ in million)
36	<b>AT 1 capital before regulatory adjustments</b>	-
<b>AT 1 capital regulatory adjustments</b>		
37	Investments in own AT 1 instruments	-
38	Reciprocal cross-holdings in AT 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (41a+41b) of which	-
41a	Investments in the AT 1 capital of unconsolidated insurance subsidiaries	-
41b	Shortfall in the AT 1 capital of majority owned financial entities which have not been consolidated with the bank	-
42	Regulatory adjustments applied to AT1 due to insufficient Tier 2 to cover deductions	-
43	<b>Total regulatory adjustments to AT1 capital</b>	-
44	<b>Additional Tier 1 capital</b>	-
44a	<b>AT1 capital reckoned for capital adequacy</b>	-
45	<b>Tier 1 capital (T1 = CET 1 + AT 1) (29+44a)</b>	94,483
<b>Tier 2 capital instruments and provisions</b>		
46	Directly issued qualifying Tier2 instruments plus related stock surplus	-
47	Directly issued capital instruments subject to phase out from Tier 2	-
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	7,432
51	Tier 2 capital before regulatory adjustments	7,432
<b>Tier 2 capital : regulatory adjustments</b>		
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)	-
54a	Progressive discount on Tier II Bonds	-
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	<b>Total regulatory adjustments to Tier2 capital</b>	-
58	<b>Tier 2 capital (T2)</b>	7,432
59	<b>Total capital (TC = T1 + Admissible T2) (45+58)</b>	101,915
60	<b>Total risk weighted assets (60a+60b+60c)</b>	611,245

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		(₹ in million)
60a	<b>Total credit risk weighted assets</b>	<b>522,473</b>
60b	<b>Total market risk weighted assets</b>	<b>19,554</b>
60c	<b>Total operational risk weighted assets</b>	<b>69,218</b>
<b>Capital ratios and buffers</b>		
61	<b>Common Equity Tier1 (as a percentage of risk weighted assets)</b>	<b>15.46%</b>
62	<b>Tier1 (as a percentage of risk weighted assets)</b>	<b>15.46%</b>
63	<b>Total capital (as a percentage of risk weighted assets)</b>	<b>16.67%</b>
64	<b>Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus counter cyclical buffer requirements plus higher of G-SIB &amp; D-SIB buffer requirement, expressed as a percentage of risk weighted assets)</b>	<b>8.00%</b>
65	<b>Of which: capital conservation buffer requirement</b>	<b>2.50%</b>
66	<b>Of which: bank specific counter cyclical buffer requirement</b>	-
67	<b>Of which: G-SIB &amp; D-SIB buffer requirement</b>	-
68	<b>Common Equity Tier1 available to meet buffers (as a percentage of RWAs)</b>	<b>7.46%</b>
<b>National minima (if different from Basel III )</b>		
69	National Common Equity Tier1 minimum ratio (if different from Basel III minimum)	8.00%
70	National Tier1 minimum ratio (if different from Basel III minimum)	7%
71	National total capital minimum ratio (if different from Basel III minimum)	11.50%
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
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)	-
<b>Applicable caps on the inclusion of provisions in Tier2</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	3,914
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	-
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b>		
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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### Notes:

(₹ in million)

SN in DF 11	Particulars	Amount
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of deferred tax liability	-
	Total as indicated in row 10	-
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in CET 1 capital	-
	of which: Increase in AT 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in CET 1 capital	-
	(ii) Increase in risk weighted assets	-
50	Eligible Provisions included in Tier 2 capital	3,914
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	3,914

### 13. MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS (DF-13) and (DF-14)

During the year ended March 31, 2024, the Bank did not raise any subordinated debt bonds qualifying for Tier II capital.

The Bank has repaid the Basel III compliant Tier II bonds by exercising the call option as indicated in the Information Memorandum on March 12, 2024 after getting necessary approvals from RBI.

### 15. DISCLOSURE ON REMUNERATION (DF-15)

#### Quantitative Disclosures:

The RBI circular RBI/2019-20/89 DOR.Appt. BC.No.23/29.67.001/2019-20 dated November 4, 2019 on "Compensation of whole time Directors/Chief Executive Officers/Risk takers and Control function staff etc." requires the Bank to make following disclosures on remuneration on an annual basis in their Annual Report:

#### a) Information relating to the composition and mandate of the Nomination and Remuneration Committee (NRC)

As on March 31, 2024, the Nomination & Remuneration Committee (NRC) of the Board

consists of three Independent Directors. Further as per RBI guidelines a Member of Risk Management Committee of the Board is also Member in NRC. The Composition complies with RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR').

The mandate of Nomination & Remuneration Committee includes:

- 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.
- To devise/review a Policy on Appointment and Succession Planning for Directors.
- To devise/review a policy on Board Diversity.
- To formulate/review criteria for evaluation of performance of Chairman, Independent Directors, Board of Directors, Committees of Board.

## Basel Pillar III Disclosures

5. To recommend persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
6. To frame/review Compensation Policy towards ensuring effective alignment between remuneration and risk. Directors and Senior Management Personnel shall be part of the Compensation Policy.
7. To formulate the criteria for variable pay and fix the thresholds for applying malus & clawback on the grant of variable pay payable to MD & CEO/ WTD.
8. To also review and recommend to the board, all remuneration, in whatever form, payable to Directors & senior management.
9. To consider grant of stock options to employees, administer and supervise the Employee Stock Option Plans in conformity with statutory provisions and guidelines.
10. To provide inputs, if required, to Board for making disclosures regarding policies, appointments, remuneration etc. of Directors and Senior Management personnel in the Annual Reports/ Directors Reports/Financial Statements etc. as may be required by the regulations from time to time.
11. To perform any other functions or duties as stipulated by the Companies Act, RBI, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

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

The Bank has Board approved Compensation Policy in terms of the RBI guidelines, provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('SEBI LODR'). The Compensation Policy of the Bank covers the compensation payable to all the

employees including the MD&CEO/ WTD, Key Managerial Personnel, Material Risk Takers, Control Function Staff as per the guidelines of RBI as also fee payable including profit related commission to Non- Executive Directors/ Independent Directors. Nomination and Remuneration Committee (NRC) of the Bank oversees the framing, review and implementation of compensation policy on behalf of the Board of Directors. NRC shall work in close co-ordination with the Risk Management and Asset Liability Management Committee of the Board in order to achieve effective alignment between remuneration and risks.

In terms of RBI Guidelines and Compensation Policy of the Bank the position of Managing Director & CEO and President & COO are identified as Material Risk Taker (MRT). The compensation payable to MRTs is divided into fixed and variable components. Non-Executive Directors/ Independent Directors are paid sitting Fees for attending Board/ Committee meetings. Part-time (Non-Executive) Chairperson is entitled for honorarium, as approved by Reserve Bank of India and Shareholders of the Bank.

In terms of RBI Circulars and as approved by the shareholders in 103<sup>rd</sup> Annual General Meeting, Non-Executive Directors of the Bank including Independent directors (Other than Non-Executive (Part-time) Chairperson) are eligible for fixed compensation to the tune of 0.1% of the profit available for distribution subject to a maximum of ₹ 10 Lakhs for each Director per annum with effect from FY 2022-23, for a period of three (3) years. The said fixed compensation payable shall be in proportion to the tenure of the Directors on the Board during the year.

Remuneration to employees (other than MRTs) is defined by the IBA pay scale / CTC pay structure, both of which are approved by the Board. The IBA pay scale is an industry standard across all PSBs and old generation private banks, while the CTC pay structure specific to KVB has been formulated on the basis of comparative industry practices. The objective is to suitably compensate every employee as per his position in the organization so as to adequately recognize his contributions.

## Basel Pillar III Disclosures

Objective of the Compensation policy is to align the compensation with prudent risk taking;

- Compensation must be adjusted for all types of risks
- Compensation outcomes must be symmetric with risk outcomes
- Compensation pay-out schedules must be sensitive to the time horizon of risks
- The proportion of cash, equity and other forms of compensation must be consistent with risk alignment.

### c) **Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks**

With respect MRTs the clauses of Compensation Policy adopted by the Bank address the issues pertaining to current and future risks. A wide variety of measures of credit, market and liquidity risks are used by the bank in implementation of risk adjustment. This risk adjustment has both quantitative and qualitative elements. The Policy effectively aligns the compensation with prudent risk taking and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Risk measures relating to the compensation payable are reviewed on timely basis and are updated to suit the skill gaps and current day needs.

The remuneration (other than MRTs) as per IBA / CTC package is position / designation specific and not necessarily risk specific. However, there are sufficient systems and procedures in place in the Bank (including KVB Officer Employees, Conduct Regulations and Discipline & Appeal Regulations, and also Malus / Claw back clauses in the employment contracts wherever applicable and continuous monitoring / auditing etc) to ensure risk mitigation and prevention.

Board of Directors of the Bank through NRC shall exercise oversight & effective governance over the framing and implementing the Compensation policy.

### d) **Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.**

Bank follows a performance-based remuneration, which motivates and rewards high performers who strengthen long-term customer relations, and generate income and shareholder value. The Bank while designing the compensation structure ensures that there is a proper balance between fixed pay and variable pay. Bank ensures that variable pay shall relate to the performance. The variable pay could be in cash, stock linked instruments or a mix of both.

While fixing the Variable Pay, performance parameters under financial and non-financial areas of operations are assessed. The financial performance of the bank is factored while determining the amount of variable remuneration to be paid. Variable Pay shall be fixed on the basis of performance matrix broadly categorized as a) Bank as a whole, b) Business Unit, c) Individual, based on the quantitative and qualitative criteria. The quantitative criteria shall relate to the performance of the Bank and certain qualitative factors taking into account the, Governance Improvement Measures, Cost to Income Ratio, Capital Adequacy Ratio, extraordinary items, appropriate risk management and efficient consumption of capital, etc as set out by NRC.

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

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

As per the Compensation Policy, Variable pay is eligible on the achievement of certain business/ compliance targets fixed by the management. The structuring of remuneration in case of MD & CEO/ WTD shall be subject to the approval of RBI.

Deferral arrangements for variable pay in case of Managing Director & CEO/WTD and other employees

## Basel Pillar III Disclosures

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).

Bank has Employees Stock Option Scheme i.e. ESOS. NRC may grant stock options under the Employees Stock Options Plan/Scheme from time to time in terms of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014).

In case of other employees Bank also subscribes to different forms of variable pay such as performance linked incentives, Ex-gratia for other employees, non-cash incentives, Bonus, any other incentives by whatever name called having the similar features.

The Bank shall not grant any severance pay (other than the terminal benefits and gratuity as per the provisions).

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

### Quantitative Disclosures:

Particulars	2023-24	2022-23
a) Number of meetings held by the Nomination & Remuneration Committee during the financial year and remuneration paid to its members.	14 Meetings and sitting fees of ₹23.00 Lakh	7 Meetings and sitting fees of ₹12.05 Lakh
b) Number of employees having received a variable remuneration award during the financial year (see note 'a' below)	2	2
c) Number and total amount of sign-on/joining bonus made during the financial year	Nil	Nil
d) Details of severance pay, in addition to accrued benefits, if any	NA	NA
e) Total amount of outstanding deferred remuneration, split into cash, types of share-linked instruments and other forms	Cash-₹59,04,348/- Non-Cash (ESOPs): 2,11,348 Options	Cash-₹42,97,462/- Non-Cash (ESOPs): 2,08,829 Options

## Basel Pillar III Disclosures

f)	Total amount of deferred remuneration paid out in the financial year	Cash-₹16,15,821/- Non-Cash (ESOPs): 81,935 Options	Cash-₹5,50,000/- Non-Cash (ESOPs): 43,174 Options	
g)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred (Refer note below)	1. Fixed Pay ₹2,51,10,244/- 2. Variable Pay ₹1,86,69,322/-	1. Fixed Pay ₹2,08,88,042/- 2. Variable Pay ₹1,87,69,850/-	
h)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments	Nil	Nil	
i)	Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil	
j)	Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil	
k)	Number of MRTs identified (see note 'b' below)	2	2	
l)	Number of cases where malus has been exercised	Nil	Nil	
m)	Number of cases where clawback has been exercised	Nil	Nil	
n)	Number of cases where both malus and clawback has been exercised	Nil	Nil	
o)	The mean pay for the Bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay	Mean Pay	₹ 9,76,639.64	₹ 10,34,480/-
		Deviation of the pay*	31.27X	20.05X

\* With respect to calculation of deviation in mean pay, the remuneration paid to MD & CEO during the FY(2023-24) has been considered and the increase compared to previous FY(2022-23) is because of variable pay payments, i.e., cash component of FY 2022-23, deferral of cash component of FY 2020-21, 2021-22 Exercise of Non cash component of variable pay (ESOP) pertaining to FY 2020-21, 2021-2022 and perquisites as per Income Tax Act, 1961.

Note - Details of fixed remuneration paid:

S. No	Name	FY 2023-24	FY 2022-23
1	Shri B Ramesh Babu, MD & CEO (MRT)*	1,79,52,656	1,44,36,142
2	Shri J Natarajan, President & COO (MRT)*#	71,57,587	64,51,900
		2,51,10,243	2,08,88,042

\* includes perquisites worked out as per Income Tax Rules, 1962.

Note - Details of Variable Pay pertaining to FY 2022-23 granted during the FY 2023-24:

SN	Name	Variable Pay (₹)	Cash (₹)	Share linked remuneration (ESOPs)
1	Mr. B. Ramesh Babu, MD&CEO (MRT)	1,28,90,822/-	64,45,411/- (Upfront 32.22 Lacs + 10.74 Lacs each deferred over a period of 3 years)	41,650 options to be vested in the ratio of 33:33:34
2	Mr. J. Natarajan, President & COO (MRT)	57,78,500/-	10,40,130 (Upfront)	42,804 options to be vested in the ratio of 33:33:34
<b>Total</b>		<b>1,86,69,322</b>		

a. RBI vide letter dated 21.11.2023 has approved variable pay to Mr. B Ramesh Babu, MD & CEO for performance period FY 2022-23, which was paid during the year ended March 31, 2024.

b. Position of MD & CEO and President & COO are identified as Material Risk Takers by the Bank.

## Basel Pillar III Disclosures

### 16. DISCLOSURE ON BANKING BOOK POSITION (DF-16)

#### Qualitative Disclosures

In accordance with the RBI guidelines, entire investment portfolio of the Bank including equity investments is classified on the date of purchase as:

- HFT - Held for Trading
- AFS - Available for Sale and
- HTM - Held to Maturity.

Investments which the Bank intends to hold till maturity are classified as HTM securities. In accordance with the RBI guidelines, equity investments held under the HTM category are classified as banking book for capital adequacy purpose. Equity investments only in the equity of subsidiaries/joint ventures are eligible to be categorized as HTM in accordance with the RBI guidelines.

Investments in Private Equity funds are eligible to be accounted under HTM portfolio for the initial period of 3 years; bank will shift all such portions of draw down for the respective financial year to AFS category. All other investments are required to be classified as HFT / AFS securities.

Further, Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any diminution, other than temporary, in the value of equity investments is provided for.

The Bank has classified investments in Private Equity (PE) of ₹ 83 million as at March 31, 2024 under HTM as per extant RBI guidelines.

#### Quantitative Disclosures

		(₹ in million)
1	Value disclosed in the balance sheet of investments (Book Value)	83
	Fair value of those investments (Market Value as on 31.03.2024)	95
	For quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value	Unquoted
2	The types and nature of investments, including the amount that can be classified as- publically traded and privately held	Privately Held
3	The cumulative realised gains (losses) arising from sales and liquidations in the reporting period (Long Term Capital Gains)	-
4	Total unrealized gains (losses)	-
5	Total latent revaluation gains (losses) (MTM Gains)	12
6	Any amounts of the above included in Tier 1 and/or Tier 2 capital	-
7	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirements.	-

### 17. LEVERAGE RATIO DISCLOSURES

Leverage ratio is a measure of exposure of the Bank vis-à-vis its capital i.e. Leverage Ratio = Tier 1 Capital ÷ Total Exposure, expressed in percentage terms. Exposure for this purpose includes on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off- balance sheet (OBS) items.

Leverage ratio is not a risk based measure; it is designed to be a supplementary measure to the prescribed risk based capital requirements.

## Basel Pillar III Disclosures

### DF -17 : Summary comparison of accounting assets vs. leverage ratio exposure measure

(₹ in million)

SN	Particulars	March 24	December 23	September 23	June 23
1	Total consolidated assets as per published financial statements	1,055,852	1,028,683	984,349	946,072
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-	-	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-	-	-
4	Adjustments for derivative financial instruments	1,268	999	990	983
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-	-	-	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	48,522	47,121	40,317	37,991
7	Other adjustments	(469)	(387)	(422)	(461)
8	Leverage ratio exposure	1,105,173	1,076,416	1,025,234	984,585

### DF -17 : Leverage ratio disclosure

(₹ in million)

Item	March 24	December 23	September 23	June 23	
<b>On-balance sheet exposures</b>					
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,055,852	1,028,683	984,349	946,072
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(469)	(387)	(422)	(461)
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (1 + 2)</b>	<b>1,055,383</b>	<b>1,028,296</b>	<b>983,927</b>	<b>945,611</b>
<b>Derivative exposures</b>					
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	72	92	97	219
5	Add-on amounts for PFE associated with all derivatives transactions	1,196	907	893	764
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	<b>Total derivative exposures (sum of 4 to 10)</b>	<b>1,268</b>	<b>999</b>	<b>990</b>	<b>983</b>
<b>Securities financing transaction exposures</b>					
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)	-	-	-	-

## Basel Pillar III Disclosures

(₹ in million)

Item	March 24	December 23	September 23	June 23
14 CCR exposure for SFT assets	-	-	-	-
15 Agent transaction exposures	-	-	-	-
16 Total securities financing transaction exposures (sum of 12 to 15)	-	-	-	-
<b>Other off-balance sheet exposures</b>				
17 Off-balance sheet exposure at gross notional amount	129,438	139,176	114,072	107,050
18 (Adjustments for conversion to credit equivalent amounts)	(80,916)	(92,055)	(73,755)	(69,059)
<b>19 Off-balance sheet items (17 + 18)</b>	<b>48,522</b>	<b>47,121</b>	<b>40,317</b>	<b>37,991</b>
<b>Capital and total exposures</b>				
<b>20 Tier 1 capital</b>	<b>94,483</b>	<b>82,567</b>	<b>82,488</b>	<b>82,441</b>
<b>21 Total exposures (3 + 11 + 16 + 19)</b>	<b>1,105,173</b>	<b>10,76,416</b>	<b>10,25,234</b>	<b>984,585</b>
<b>22 Basel III leverage ratio</b>	<b>8.55%</b>	<b>7.67%</b>	<b>8.05%</b>	<b>8.37%</b>

### 18. LIQUIDITY COVERAGE RATIO (DF-18)

(₹ in million)

Particulars	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>		
1 Total High Quality Liquid Assets (HQLA)		196,328
<b>Cash Outflows</b>		
2 Retail deposits and deposits from small business customers, of which:	572,078	54,797
(i) Stable deposits	48,217	2,411
(ii) Less: stable deposits	523,861	52,386
3 Unsecured wholesale funding, of which:	112,059	38,410
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	112,059	38,410
(iii) Unsecured debt	-	-
4 Secured wholesale funding	-	-
5 Additional requirements, of which	67,030	12,480
(i) Outflows related to derivative exposures and other collateral requirements	226	226
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and liquidity facilities	66,804	12,254
6 Other contractual funding obligations	2,175	2,175
7 Other contingent funding obligations	437	13
8 Total Cash Outflows		107,875
<b>Cash Inflows</b>		
9 Secured lending (e.g. reverse repos)	153	-
10 Inflows from fully performing exposures	25,321	13,485
11 Other cash inflows	251	251
12 Total Cash Inflows	25,725	13,736
		Total Adjusted Value
<b>13 TOTAL HQLA</b>		<b>196,328</b>
<b>14 Total Net Cash Outflows</b>		<b>94,139</b>
<b>15 Liquidity Coverage Ratio (%)</b>		<b>208.55%</b>

# Network of Branches

## REGISTERED AND CENTRAL OFFICE

No. 20, Erode Road, Vadivel Nagar,  
L.N.S., Karur - 639002.  
{CIN No.L65110TN1916PLC001295}  
Ph. : 04324 - 269000, 226520, 225521-25  
Fax No. 04324-225700  
Website : www.kvb.co.in

## INTEGRATED TREASURY

Second Floor, 954, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025

## DIVISIONAL OFFICE

AHMEDABAD	First Floor, Motilal Centre, Near Income Tax Circle, Ashram Road, Ahmedabad-380009
BANGALORE	No.6, Second Floor, Vasavi Temple Road, Sajjanrao Circle, V.V.Puram, Next to Sri Vasavi temple, Bangalore - 560004
CHENNAI	KVB Towers, 1st Floor, 568 Anna Salai, Teynampet, Chennai-600018
COIMBATORE	No.1498-C, 3rd Floor, KVB Towers, Avinashi Road, Peelamedu, Coimbatore, Tamil Nadu, 641004
DELHI	3rd Floor No. 6 Pusa Road, Opposite to Metro Pillar No. 80, Karolbagh, New Delhi-110005
ERNAKULAM	Amritha Towers, No.40/1045c, First Floor, Opp: Maharaja's College Ground, M.G.Road, Ernakulam - 682011
HYDERABAD	No.5-8-356 to 362, Second Floor, Chirag Ali Lane, Abids, Hyderabad-500001
KARUR	No.633-637, First Floor, Jawahar Bazaar, Karur - 639001
KOLKATA	No.15, Bondel Road, First Floor, Ballygunge, Kolkata-700019
MADURAI	Gayathri Illam, 16 A.A.Road, First Floor, Gnanaolivapuram, Madurai-625016
MUMBAI	No.954, Ground Floor, Appa Saheb Marathe Marg, Gayathri Towers, Prabhadevi, Mumbai-400025
SALEM	No.269-A, First Floor, Bharathi Street, Swarnapuri, Alagapuram, Salem-636004
TAMBARAM	SBA Complex, No.7/73, First Floor, Venkatesa Choudhary Street, West Tambaram, Chennai-600045
TRICHY	Kvb Towers, Second Floor, Near Income Tax Office, Alexandria Road, Cantonment, Trichy - 620001.
VIJAYAWADA	Gayathri Nilayam, I Floor, 38-8-46, Opp. A.I.R., Labbipet, M.G.Road, Vijayawada -520010.
VISAKHAPATNAM	No: 47-10-15, Shop No.1 A.G Avenue, First Floor, Opp: Pollocks School, 2nd Lane, Dwarkanagar, Visakhapatnam - 530016
TIRUPATHI	Prya Towers, No.6-8-1250, First Floor, NGOs Colony, K.T.Road, Near Anna Rao Circle, Tirupathi-517501
VILLUPURAM	No.15, First Floor, G.V.Farms Building, Mampazhapattu Road, Villupuram-605602
TIRUNELVELI	Malti Square, No 10/10, First Floor, North By Pass Road, Vannarpettai, Tirunelveli - 627003

## OTHER OFFICES

DATA CENTRE	Sixth Floor, D North Block, Tidel Park, Taramani, Chennai-600113
DISASTER RECOVERY SITE	Fifth Floor, Unit - 3, Block-I, Cyber Pearl, Hi-Tech City, Madhapur, Hyderabad - 500 081
DEMAT CELL	No.1, Padmavathiyar Road, Fourth Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CENTRALISED OPERATIONS CENTRE	Block D, Third Floor, Hanudev InfoPark, Udayampalayam Road, Nava India, Coimbatore - 641 028.
CENTRALISED FOREX PROCESSING CELL	Unit No.156/4, Second Floor, Jeevan Anand Building, No.556 Anna Salai, Teynampet, Chennai- 600018
CHENNAI TAX CELL	No.1 Padmavathiyar Road, Second Floor, Off Peters Road, Gopalapuram, Chennai - 600086
TRANSACTION BANKING GROUP	No.1 Padmavathiar Road, Second Floor, Off Peters Road, Gopalapuram, Chennai - 600086
CHANNEL RECONCILIATION CELL	No.338/1, Uffizi Complex First Floor, Avinashi road, Peelamedu, Coimbatore-641004
CHENNAI D.T.P.C.	Elenet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.

## Network of Branches

CALL CENTRE - CHENNAI	First floor, A - North Block, Tidel Park, Taramani, Chennai - 600 113.
INFORMATION SECURITY GROUP	Elnet Software City, Ground Floor Module G3, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
EXPENSES MANAGEMENT CELL	No.1 Padmavathiar Road, Third Floor, Off Peters Road, Gopalapuram, Chennai - 600086.
ANALYTICS CELL	Elnet Software City, 4th Floor Module 43, TS 140, Block 2&9, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
RETAIL CREDIT RISK CELL	Ground Floor, Elnet Software City, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
CREDIT CARD CELL - CHENNAI	Ground Floor, Elnet Software City, Rajiv Gandhi Salai, Taramani, Chennai - 600113.
TECHNOLOGY QUALITY ASSURANCE DEPT	Ts 140, Block 2 And 9, Rajiv Gandhi Salai, Ground Floor, Module G2, Elnet Software City, Taramani, Chennai - 600113.
COIMBATORE - CBG CLUSTER	No.1498-C, 3rd Floor, KVB Towers, Avinashi Road, Peelamedu, Coimbatore, Tamil Nadu, 641004.
VIJAYAWADA - CBG CLUSTER	Gayathri Nilayam, 2nd Floor 38-8-46, Labbipet, M.G.Road, Vijayawada-520010.
TRICHY - CBG CLUSTER	KVB Towers, No.1, Second Floor, Alexandria Road, Cantonment, Trichy-620001.
GOVERNMENT BUSINESS OPERATION CENTER	No.1 Padmavathiar Road, 2nd Floor, Off Peters Road, Gopalapuram, Chennai - 600086.
CONSUMER BANKING DEPARTMENT	Ground Floor, Elnet Software City, Rajiv Gandhi salai, Taramani, Chennai - 600 113.
DIGITAL EXCELLENCE	Ground Floor, Elnet Software City, Rajiv Gandhi Salai, Taramani, Chennai -600113.

### CENTRAL CLEARING OFFICES

CHENNAI  
 DELHI  
 MUMBAI

### CURRENCY CHEST

CHENNAI  
 KARUR  
 MADURAI  
 VIJAYAWADA  
 BANGALORE  
 COIMBATORE  
 HYDERABAD  
 TRICHY

### NEO - OFFICES

NEO - VIJAYAWADA  
 NEO - DELHI  
 NEO - AHMEDABAD  
 NEO - SURAT  
 NEO - BANGALORE  
 NEO - MYSORE  
 NEO - MUMBAI  
 NEO - PUNE  
 NEO - JAIPUR  
 NEO - CHENNAI  
 NEO - HYDERABAD

## Network of Branches

### ANDHRA PRADESH

#### **ANAKAPALLI**

ANAKAPALLE  
YELAMANCHILI  
NARSIPATNAM  
ATCHUTAPURAM

#### **ANANTHAPURAMU**

ANANTAPUR  
GUNTAKAL  
TADIPATRI

ANNAMAYYA  
MADANAPALLE  
RAJAMPET  
RAYACHOTY

#### **BAPATLA**

CHIRALA  
BAPATLA  
BUDDHAM  
KONIKI  
ADDANKI

#### **CHITTOOR**

CHITTOOR  
RALLABUDUGURU  
NAGARI  
KUPPAM  
MURAKAMBATTU  
PUNGANUR  
PALAMANERU

#### **EAST GODAVARI**

RAJAHMUNDRY  
NIDADAVOLU  
KADIAM  
RAJAHMUNDRY - TILAK ROAD  
BOMMURU

#### **ELURU**

JANGAREDDYGUDEM  
ELURU  
NUZVID  
GANAPAVARAM

#### **GUNTUR**

GUNTUR  
TENALI  
GUNTUR - LAKSHMIPURAM  
CHINTALAPUDI  
MANGALAGIRI  
GUNTUR - GUJJANAGUNDLA  
VENKATAPALEM  
BANDARUPALLE  
GUNTUR - PATTABHIPURAM

#### **KAKINADA**

KAKINADA  
PEDDAPURAM  
TUNI  
SAMALKOT  
PITHAPURAM  
ARYAVATAM  
KAKINADA - BHANUGUDI JUNCTION  
G.MAMIDADA

#### **DR. B.R. AMBEDKAR KONASEEMA**

MANDAPETA  
RAVULAPALEM  
AMALAPURAM  
RAZOLE  
ANNAIPETA  
MUMMIDIVARAM

#### **KRISHNA**

VIJAYAWADA - GOVERNORPET  
VIJAYAWADA - NO.1 TOWN  
GUDIVADA  
VIJAYAWADA - BUNDER ROAD  
KANKIPADU  
PORANKI  
MACHILIPATNAM  
VUYURU  
VIJAYAWADA - BHAVANIPURAM  
GANNAVARAM  
VIJAYAWADA - SATYANARAYANAPURAM  
CHORAGUDI  
AVANIGADDA

#### **KURNOOL**

KURNOOL  
ADONI  
KURNOOL - VENKATARAMANA COLONY

#### **NANDYAL**

NANDYAL  
MAYALURU  
KADUMUR  
ALLAGADA  
DHONE  
ATMAKUR

#### **NTR**

VIJAYAWADA - BENZ CIRCLE  
TIRUVURU  
CORPORATE BUSINESS UNIT - VIJAYAWADA  
BUSINESS BANKING UNIT - VIJAYAWADA  
NANDIGAMA  
VIJAYAWADA - VISALANDHRA ROAD

#### **PALNADU**

NARASARAOPET  
CHILAKALURIPET  
PIDUGURALLA

VINUKONDA  
SATTENAPALLE

#### **PARVATHIPURAM MANYAM**

SALUR  
PARVATHIPURAM

#### **PRAKASAM**

ONGOLE  
MARKAPUR  
VALLURU  
BUDAWADA  
DARSI  
KANIGIRI

#### **SRI POTTI SRIRAMULU NELLORE**

NELLORE  
KAVALI  
KANDUKUR  
NELLORE - ISKON CITY

#### **SRI SATHYA SAI**

DHARMAVARAM  
HINDUPUR  
KADIRI  
GORANTLA

#### **SRIKAKULAM**

SRIKAKULAM  
RAJAM  
PALASA  
ICHCHAPURAM  
NARASANNAPETA  
TEKKALI

#### **TIRUPATI**

TIRUPATHI - MAIN  
TIRUPATHI - KHADI COLONY  
SRIKALAHASTI  
PUTTUR  
TIRUPATI - M R PALLI  
NAIDUPET  
BUSINESS BANKING UNIT - TIRUPATHI

#### **VISAKHAPATNAM**

VISAKHAPATNAM - PEDAWALTAIR  
VISAKHAPATNAM - MAIN  
GAJUWAKA  
PENDURTHI  
VIZAG - DWARKANAGAR  
VISAKHAPATNAM - GOPALAPATNAM  
VISAKHAPATNAM - SEETHAMMADHARA  
VIZAG - MADHURAWADA  
VIZAG - MVP COLONY  
VIZAG - AKKAYAPALEM  
BUSINESS BANKING UNIT - VISAKHAPATNAM  
TAGARAPUVALASA

## Network of Branches

### **VIZIANAGARAM**

VIZIANAGARAM  
BOBBILI  
GAJAPATHINAGARAM  
G. AGRAHARAM  
KOTHAVALASA  
VIZIANAGARAM - FORT

### **WEST GODAVARI**

PALAKOL  
TADEPALLIGUDEM  
BHIMAVARAM  
TANUKU  
NARASAPUR  
AKIVIDU  
CHINAAMIRAM

### **Y.S.R.**

PRODDATUR  
KADAPA

### **BIHAR**

### **PATNA**

PATNA

### **CHANDIGARH - UT**

### **CHANDIGARH**

CHANDIGARH

### **CHATTISGARH**

### **RAIPUR**

RAIPUR

### **DELHI**

#### **CENTRAL DELHI**

DELHI - KAROL BAGH  
DELHI - CHANDINI CHOWK  
CORPORATE BUSINESS UNIT - DELHI  
BUSINESS BANKING UNIT - DELHI  
ASSET RECOVERY BRANCH - DELHI

#### **EAST DELHI**

DELHI - LAXMINAGAR

#### **NORTH DELHI**

DELHI - KASHMERE GATE  
DELHI - KAMLANAGAR

#### **NORTH WEST DELHI**

DELHI - LAWRENCE ROAD  
DELHI - ROHINI

### **SOUTH EAST DELHI**

DELHI - EAST OF KAILASH  
NEW DELHI - OKHLA

### **WEST DELHI**

DELHI - RAMESH NAGAR  
DELHI - PITAMPURA  
DELHI - JANAKPURI

### **GOA**

#### **NORTH GOA**

PANAJI

### **GUJARAT**

#### **AHMEDABAD**

AHMEDABAD  
AHMEDABAD - MANINAGAR  
AHMEDABAD - SATELLITE ROAD  
AHMEDABAD - SANAND  
AHMEDABAD - NARODA  
AHMEDABAD - SHAHIBAUG  
CORPORATE BUSINESS UNIT - AHMEDABAD  
BUSINESS BANKING UNIT - AHMEDABAD

#### **ANAND**

ANAND

#### **BHARUCH**

BHARUCH

#### **KACHCHH**

GANDHIDHAM

#### **MAHESANA**

UNJHA  
MAHESANA

#### **RAJKOT**

RAJKOT - MAIN

#### **SURAT**

SURAT  
SURAT - UM ROAD

#### **VADODARA**

VADODARA

### **HARYANA**

#### **FARIDABAD**

FARIDABAD

### **GURGAON**

GURGAON

### **KARNAL**

KARNAL

### **PANIPAT**

PANIPAT

### **ROHTAK**

ROHTAK

### **SONIPAT**

SONIPAT

### **JHARKHAND**

### **RANCHI**

RANCHI

### **KARNATAKA**

#### **BANGALORE URBAN**

BANGALORE - MAIN  
BANGALORE - J.C. ROAD  
BANGALORE - MALLESWARAM  
BANGALORE - HALASURU  
BANGALORE - RAJAJINAGAR  
BANGALORE - ISRO NAGAR  
BANGALORE - JAYANAGAR  
BANGALORE - KORAMANGALA  
BANGALORE - BASAVANAGUDI  
CHANDAPUR  
ATTIBELE  
BANGALORE - BTM LAYOUT  
BANGALORE - INDIRA NAGAR  
BANGALORE - HSR LAYOUT  
HEBBAGODI  
BANGALORE - RT NAGAR  
CHIKKABANAVARA  
BANGALORE - WHITEFIELD  
BANGALORE - V V PURAM  
BANGALORE - J P NAGAR  
BANGALORE - VIDYARANYAPURA  
BANGALORE - KENGERI  
BANGALORE - BANASHANKARI  
BANGALORE - CHANDRA LAYOUT  
BANGALORE - RAJA RAJESHWARI NAGAR  
BANGALORE - YESHWANTHPUR  
BANGALORE - KALYAN NAGAR  
CORPORATE BUSINESS UNIT - BANGALORE  
BANGALORE - SAHAKAR NAGAR  
BUSINESS BANKING UNIT - BANGALORE  
PRECIOUS METALS DIVISION  
ASSET RECOVERY BRANCH - BANGALORE  
KVB SMART - BANGALORE  
SARJAPURA ROAD

## Network of Branches

### **BANGALORE RURAL**

DODDABALLAPUR  
HOSAKOTTE  
NELAMANGALA  
DEVANAHALLI  
DOBBASPET

### **BELGAUM**

BELGAUM

### **BELLARY**

BELLARY

### **CHIKKABALLAPUR**

CHINTAMANI  
GAURIBIDANUR

### **CHITRADURGA**

CHITRADURGA  
HIRIYUR

### **DAKSHIN KANNAD**

MANGALORE

### **DAVANGERE**

DAVANGERE

### **DHARWAD**

HUBLI

### **HASSAN**

HASSAN  
ARISEKERE

### **KALABURAGI**

GULBARGA

### **KOLAR**

KOLAR GOLD FIELDS

### **KOPPAL**

GANGAVATHI

### **MYSORE**

MYSORE

### **RAICHUR**

RAICHUR

### **RAMANAGARAM**

RAMANAGARAM

### **SHIMOGA**

SHIMOGA

### **TUMKUR**

TUMKUR

## **KERALA**

### **ALAPPUZHA**

CHENGANNUR  
ALAPPUZHA

### **ERNAKULAM**

ERNAKULAM  
ERNAKULAM - EDAPPALLY  
TRIPUNITHURA  
ERNAKULAM - PALARIVATTOM  
ANGAMALY

### **IDUKKI**

THODUPUZHA

### **KANNUR**

KANNUR  
THALASSERY

### **KASARAGOD**

KASARGOD

### **KOLLAM**

KOLLAM

### **KOTTAYAM**

KOTTAYAM

### **KOZHIKODE**

KOZHIKODE

### **PALAKKAD**

PALAKKAD

### **PATHANAMTHITTA**

TIRUVALLA  
PATHANAMTHITTA

### **THRISSUR**

THRISSUR  
IRINJALAKUDA

### **THIRUVANANTHAPURAM**

THIRUVANANTHAPURAM  
BALARAMAPURAM

## **MADHYA PRADESH**

### **BHOPAL**

BHOPAL

### **GWALIOR**

GWALIOR

## **INDORE**

INDORE

### **JABALPUR**

JABALPUR

## **MAHARASHTRA**

### **AMARAVATI**

AMARAVATI

### **CHHATRAPATI SAMBHAJINAGAR**

AURANGABAD

### **KOLHAPUR**

ICHALKARANJI  
KOLHAPUR

## **MUMBAI**

MUMBAI - FORT  
MUMBAI - PRABHADEVI  
MUMBAI - KALBADEVI  
MUMBAI - MATUNGA  
ASSET RECOVERY BRANCH - MUMBAI  
NEO

### **MUMBAI SUBURBAN**

MUMBAI - BORIVALI  
MUMBAI - MULUND  
MUMBAI - CHEMBUR  
MUMBAI - ANDHERI  
MUMBAI - GHATKOPAR  
MUMBAI - KANDIVALI  
CORPORATE BUSINESS UNIT - MUMBAI  
BUSINESS BANKING UNIT - MUMBAI

### **NAGPUR**

NAGPUR

### **NANDED**

NANDED

### **NASIK**

NASIK

### **PUNE**

PUNE

### **SOLAPUR**

SOLAPUR

### **THANE**

MUMBAI - VASHI  
MUMBAI - ICL SCHOOL  
MUMBAI - THANE

## Network of Branches

MUMBAI - NERUL  
BHIWANDI  
DOMBIVALI

### **ORISSA**

**CUTTACK**  
CUTTACK

**GANJAM**  
BERHAMPUR  
ASIKA

**KHURDA**  
BHUBANESHWAR

**SUNDERGARH**  
ROURKELA

### **PONDICHERY-UT**

**PUDUCHERRY**  
PONDICHERY  
PONDICHERY - LAWSPET  
VILLIANUR  
PILLAYARKUPPAM  
REDDIYARPALAYAM

**KARAIKAL**  
KARAIKAL

**YANAM**  
YANAM

### **PUNJAB**

**AMRITSAR**  
AMRITSAR

**FATEHGARH SAHIB**  
MANDI GOBINDGARH

**JALANDHAR**  
JALANDHAR

**LUDHIANA**  
LUDHIANA

**PATIALA**  
PATIALA

### **RAJASTHAN**

**JAIPUR**  
JAIPUR

### **TAMILNADU**

**ARIYALUR**  
ARIYALUR  
JAYANKONDAM  
SENDURAI  
THELUR

**CHENGALPATTU**  
CHENNAI - CHROME PET  
CHENNAI - TAMBARAM  
CHENNAI - ST. THOMAS MOUNT  
CHENNAI - URAPPAKKAM  
CHENNAI - SINGAPERUMAL KOIL  
CHENNAI - KELAMBAKKAM  
CHENNAI - MEDAVAKKAM  
CHENNAI - SELAIYUR  
CHENGALPATTU  
CHENNAI - PALLAVARAM  
GUDUVANCHERRY  
CHENNAI - SITTALAPAKKAM  
MADURANTHAKAM  
ACHARAPAKKAM  
EAST - TAMBARAM  
CHEMMANCHERY  
NANMANGALAM  
OLD PERUNGALATHUR  
VARADHARAJAPURAM  
NEW COLONY - CHROMPET  
MADAMBAKKAM  
ANAKAPUTHUR  
PERUMBAKKAM - CHENNAI

**CHENNAI**  
CHENNAI - ALANDUR  
CHENNAI - MAIN  
CHENNAI - ANNA NAGAR  
CHENNAI - KODAMBAKKAM  
CHENNAI - MYLAPORE  
CHENNAI - ROYAPURAM  
CHENNAI - TRIPLICANE  
CHENNAI - T.NAGAR  
CHENNAI - WHITES ROAD  
CHENNAI - PURASAWALKAM  
CHENNAI - DHANDAPANI STREET  
CHENNAI - TEYNAMPET  
CHENNAI - NANGANALLUR  
CHENNAI - ADYAR  
CHENNAI - MOGAPPAIR  
CHENNAI - VALASARAVAKKAM  
CHENNAI - VELACHERY  
CHENNAI - ASHOK NAGAR  
CHENNAI - EGMORE  
CHENNAI - SHOLINGANALLUR  
CHENNAI - RAJA ANNAMALAI PURAM  
CHENNAI - ARUMBAKKAM

CHENNAI - MADIPAKKAM  
CHENNAI - KK NAGAR  
CHENNAI - PALAVAKKAM  
PORUR  
CHENNAI - SAIDAPET  
CHENNAI - SALIGRAMAM  
PERUNGUDI  
CHENNAI - NUNGAMBAKKAM  
PADI  
CHENNAI - GODOWN STREET  
CHENNAI - RAMAPURAM  
MADURAVOYIL  
THORAIPAKKAM  
CHENNAI - NELSON MANICKAM ROAD  
CHENNAI - BESANT NAGAR  
MADHAVARAM  
CHENNAI - PERIYAR NAGAR  
CHENNAI - MANDAVELI  
CORPORATE BUSINESS UNIT - CHENNAI  
CHENNAI - KOTTURPURAM  
ASSET RECOVERY BRANCH - CHENNAI  
CHENNAI - WEST MAMBALAM  
CHENNAI - CHINMAYA NAGAR  
CHENNAI - PERAMBUR  
CHENNAI - HARRINGTON ROAD  
BUSINESS BANKING UNIT - CHENNAI  
CHENNAI - TIRUVOTTIYUR  
CHENNAI - AYANAVARAM  
CHENNAI - ANNA NAGAR EAST  
KVB SMART - CHENNAI  
CHENNAI - ANNA SALAI

**COIMBATORE**  
ANAIMALAI  
COIMBATORE - MAIN  
COIMBATORE - DR. NANJAPPA ROAD  
COIMBATORE - R.S.PURAM  
DHULLY  
POLLACHI  
COIMBATORE - SARAVANAMPATTI  
COIMBATORE - SAIBABA COLONY  
COIMBATORE - GANAPATHY  
SOMANUR  
KOVAIPUDUR  
COIMBATORE - VADAVALLI  
COIMBATORE - RAMANATHAPURAM  
ANNUR  
COIMBATORE - KUNIAMUTHUR  
METTUPALAYAM  
COIMBATORE - AVINASHI ROAD  
COIMBATORE - KALAPATTI  
COIMBATORE - SULUR  
COIMBATORE - SIVANANDA COLONY  
COIMBATORE - GOUNDAMPALAYAM  
CHINNIYAMPALAYAM

## Network of Branches

THEETHIPALAYAM  
 VADASITHUR  
 COIMBATORE - THUDIYALUR  
 COIMBATORE - SINGANALLUR  
 COIMBATORE - SARAVANAMPATTI MAIN  
 KUNNATHUR  
 PERIYANAICKENPALAYAM  
 VILANKURICHI  
 NALLATTIPALAYAM  
 COIMBATORE - SUNDARAPURAM  
 KITTAMPALAYAM  
 COIMBATORE - NEW SIDDHAPUDUR  
 CORPORATE BUSINESS UNIT - COIMBATORE  
 COIMBATORE - PAPANAIKENPALAYAM  
 RASIPALAYAM  
 ASSET RECOVERY BRANCH - COIMBATORE  
 BUSINESS BANKING UNIT - COIMBATORE  
 COIMBATORE - KANUVAI  
 KVB SMART - COIMBATORE  
 COIMBATORE - SELVAPURAM

### **CUDDALORE**

CHIDAMBARAM  
 CUDDALORE  
 VIRUDHACHALAM  
 NEYVELI  
 CHIDAMBARAM - ANNAMALAI NAGAR  
 PANRUTI  
 ERAIYUR  
 VADALUR  
 BHUVANAGIRI  
 KALLUR  
 PARANGIPETTAI

### **DHARMAPURI**

KAMBAINALLUR  
 DHARMAPURI  
 HARUR  
 PAPPIREDDIPATTI  
 PALACODE

### **DINDIGUL**

BATLAGUNDU  
 CHINNALAPATTI  
 DINDIGUL  
 NEIKARAPATTI  
 PALANI  
 ODDANCHATRAN  
 VEDASANDUR  
 NILAKOTTAI  
 VILPATTI  
 KOOMBUR  
 DINDIGUL - R M COLONY

### **ERODE**

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

### **KALLAKURICHI**

KADUVANUR  
 THOTTIYAM  
 KALLAKURICHI  
 ULLUNDURPETTAI  
 CHINNASALEM  
 MURARBADU  
 PRIDIVIMANGALAM  
 TIRUKKOYILUR  
 RANGAPANUR  
 SANKARAPURAM  
 KACHIRAPALAYAM

### **KANCHEEPURAM**

KANCHEEPURAM  
 ULLAVOOR  
 CHENNAI - SRIPERUMPUDUR  
 KUNDRATHUR  
 PADAPPAI  
 CHENNAI - MANGADU  
 CHENNAI - KOLAPAKKAM  
 SUNGUVARCHATRAN

### **KANYAKUMARI**

NAGERCOIL  
 MARTHANDAM  
 PANCHALINGAPURAM

### **KARUR**

KARUR - MAIN  
 KARUR - CENTRAL  
 KULITHALAI  
 KARUR - WEST  
 VEERARAKKIYAM  
 KARUR - GANDHIGRAMAM  
 KARUR - VENGAMEDU  
 ARAVAKURICHI  
 KARUR - THANTHONIMALAI  
 PADIRIPATTI  
 BUSINESS BANKING UNIT - KARUR  
 VELLIYANAI  
 POYYAMANI

### **KRISHNAGIRI**

SAMALPATTI  
 KRISHNAGIRI  
 HOSUR  
 BARGUR  
 HOSUR - BATHALAPALLI  
 AGARAM  
 MARUDANDAPALLI  
 RAYAKOTTAI  
 VADAMALAMPATTI  
 HOSUR - BAGALUR ROAD

### **MADURAI**

ALANGANALLUR  
 MADURAI - MAIN  
 MADURAI - GNANAO LIVUPURAM  
 MADURAI - SOUTH  
 ELUMALAI  
 MADURAI - TALLAKULAM  
 MADURAI - ANNA NAGAR  
 MADURAI - PALANGANATHAM  
 MELUR  
 MADURAI - THIRUNAGAR  
 MADURAI - THIRUPPALAI  
 THENUR  
 MADURAI - KAMARAJAR SALAI  
 POTHUMBUR  
 MADURAI - NORTH  
 MADURAI - VILLAPURAM  
 MADURAI - K.PUDUR  
 MADURAI - THIRUMANGALAM  
 MADURAI - BIBIKULAM  
 MADURAI - KOSAKULAM  
 MADURAI - MATTUTHAVANI  
 ASSET RECOVERY BRANCH - MADURAI  
 AYYANKOTTAI  
 CORPORATE BUSINESS UNIT - MADURAI  
 BUSINESS BANKING UNIT - MADURAI  
 MADURAI - K.K.NAGAR  
 KVB SMART - MADURAI  
 USILAMPATTI

## Network of Branches

### **MAYILADUTHURAI**

MAYILADUTHURAI

### **NAGAPATTINAM**

NAGAPATTINAM  
NEERMULAI

### **NAMAKKAL**

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

### **NILGIRIS**

COONOR  
UDHAGAMANDALAM  
KOTAGIRI

### **PERAMBALUR**

PERAMBALUR

### **PUDUKKOTTAI**

KOTHAMANGALAM  
PUDUKKOTTAI  
ARANTHANGI  
PONNAMARAVATHI  
KURUVIKKONDANPATTI  
ALAVAYAL  
PUDUKKOTTAI - NORTH  
ALANGUDI

### **RAMANATHAPURAM**

RAMANATHAPURAM  
PARAMAKUDI  
RAMANATHAPURAM - BHARATHI NAGAR  
NARIPAYYUR

### **RANIPET**

ARAKONAM  
SALAI  
SHOLINGUR  
RANIPET

POOTUTHAKKU  
ARCOT  
PERUMUCHI

### **SALEM**

ATTUR  
IDAPPADI  
KARIPATTI  
KARUPPUR  
METTUR DAM R.S.  
SALEM - MAIN  
SALEM - SHEVAPET  
SALEM - ALAGAPURAM  
ILAMPILLAI  
JALAKANDAPURAM  
SALEM - GUGAI  
AYOTHIAPATTINAM  
THAMMAMPATTI  
SANKAGIRI (SANKARI)  
DEVYAKURICHI  
OMALUR  
VAZHAPADI  
SALEM - KONDALAMPATTI  
PANJAKALIPATTI  
BUSINESS BANKING UNIT - SALEM  
VEERAGANUR

### **SIVAGANGAI**

KARAIKUDI  
SINGAMPUNERI  
SAKKOTTAI  
DEVAKOTTAI  
KOVILOOR

### **TENKASI**

TENKASI  
SANKARANKOIL  
SURANDAI  
KADAYANALLUR  
MUDALIYARPATTI  
ALANGULAM

### **THANJAVUR**

KUMBAKONAM  
THANJAVUR  
THIRUPALATHURAI  
PATTUKOTTAI  
MADUKKUR  
PERAVURANI  
VILAR  
THIRUVIDAIMARUDUR  
PULIYANTHOPPU  
THANJAVUR - R.R.NAGAR

### **THENI**

AUNDIPATTI

KATHIRNARASINGAPURAM  
BODINAYAKANUR  
CHINNAMANUR  
CUMBUM  
GUDALUR  
KOMBAI  
PERIYAKULAM  
THENI  
UPPUKOTTAI

### **TIRUVALLUR**

CHENNAI - TIRUVERKADU  
CHENNAI - P.H.ROAD  
CHENNAI - AMBATTUR  
CHENNAI - RED HILLS  
TIRUVALLUR  
PUTHAGARAM  
AVADI  
PODATHURPET  
SEETHANJERI  
TIRUTTANI  
NEMILICHERRY  
MINJUR  
CHENNAI - POONAMALLEE  
PONNERI  
AYAPAKKAM  
MATHUR

### **THIRUVARUR**

THIRUVARUR  
MANNARGUDI  
KOOTHANUR  
THAMBIKOTTAI

### **TIRUNELVELI**

PALAYAMKOTTAI  
TIRUNELVELI - TOWN  
AMBASAMUDRAM  
VALLIYUR  
TIRUNELVELI JUNCTION

### **TIRUPATHUR**

VANIYAMBADI - NEW TOWN  
TIRUPATHUR  
NARIYANERI  
NATRAMPALLI  
JOLARPET  
DEVALAPURAM

### **TIRUPUR**

DHARAPURAM  
GANAPATHIPALAYAM  
KOLUMAM  
MULANUR  
TIRUPUR - MAIN  
UDUMALPET

## Network of Branches

ERISANAMPATTI  
PAPPANKULAM  
TIRUPUR - OVERSEAS  
TIRUPUR - P.N.ROAD  
KANGEYAM  
PALLADAM  
VELLAKOIL  
AVINASHI  
PKOMARAPALAYAM  
PATTANAM  
MANNARAI  
MUDALIPALAYAM  
VELAMPALAYAM  
MUTHANAMPALAYAM  
TIRUPUR - S.R. NAGAR  
PONGALUR  
TIRUPUR - VEERAPANDI PIRIVU  
UTHUKULI  
KODUVAI

### **TIRUVANNAMALAI**

ARNI  
PERUNDURAI PATTU  
POLUR  
VANDAVASI  
TIRUVANNAMALAI  
TIRUVETHIPURAM (CHEYYAR)  
CHENGAM  
KORUKKATHUR  
ADAMANGALAM  
NADUKUPPAM  
KONALUR  
ALATHUR  
CHETPET

### **TRICHY**

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

MANACHANALLUR  
TRICHY - WEST BOULIWARD ROAD  
VENKATESAPURAM  
MONDIPATTI  
THIRUPPATTUR  
TRICHY - ARIYAMANGALAM  
BUSINESS BANKING UNIT - TRICHY  
TRICHY - ALEXANDRIA ROAD  
TRICHY - BHEEMA NAGAR

### **TUTICORIN**

KOVILPATTI  
TUTICORIN  
SEYDUNGANALLUR  
VAZHAVALLAN  
IDAICHIVILAI  
TIRUCHENDUR  
VILATHIKULAM

### **VELLORE**

KANIYAMBADI  
VELLORE  
GUDIYATHAM  
BRAHMAPURAM  
VIRUPAKSHIPURAM  
KATPADI  
SATHUVACHARI  
PERNAMBU

### **VILLUPURAM**

VILLUPURAM  
TINDIVANAM  
GINJEE  
TIRUMANGALAM  
PANANKUPPAM  
MARAKKANAM  
TIRUVENNAINALLUR

### **VIRUDHUNAGAR**

VIRUDHUNAGAR  
RAJAPALAYAM  
SIVAKASI  
ARUPPUKOTTAI  
NAKKENERI  
SRIVILLIPUTTUR  
S.N.PURAM

### **TELANGANA**

#### **ADILABAD**

ADILABAD

#### **BHADRADRI KOTHAGUDEM**

KOTHAGUDEM  
PALONCHA (PALWANCHA)

### **HANUMAKONDA**

WARANGAL - HANAMAKONDA  
WARANGAL - KHAZIPET

### **HYDERABAD**

#### **HYDERABAD - MAIN**

SECUNDERABAD  
HYDERABAD - NALLAKUNTA  
HYDERABAD - ABIDS  
HYDERABAD - S R NAGAR  
HYDERABAD - JUBILLEE HILLS  
HYDERABAD - HIMAYATNAGAR  
HYDERABAD - MEHADIPATNAM  
HYDERABAD - HABSIGUDA  
HYDERABAD - AMEERPET  
HYDERABAD - SANTOSH NAGAR  
HYDERABAD - BANJARA HILLS  
CORPORATE BUSINESS UNIT - HYDERABAD  
ASSET RECOVERY BRANCH - HYDERABAD  
HYDERABAD - TADBUND  
BUSINESS BANKING UNIT - HYDERABAD  
RETAILS ASSET & PERSONAL BANKING  
KVB SMART - HYDERABAD

#### **JOGULAMBA GADWAL**

GADWAL

#### **JAGTIAL**

JAGTIAL

#### **KAMAREDDY**

KAMAREDDY

#### **KARIMNAGAR**

KARIMNAGAR  
JAMMIKUNTA

#### **KHAMMAM**

KHAMMAM  
KHAMMAM - KAVIRAJ NAGAR

#### **MAHABUBNAGAR**

MAHABUBNAGAR  
JADCHERLA

#### **MANCHERIAL**

MANCHERIAL

#### **MEDAK**

MEDAK

#### **MEDCHAL- MALKAJGIRI**

HYDERABAD - MALKAJ GIRI  
HYDERABAD - A.S.RAO NAGAR

## Network of Branches

HYDERABAD - PRAGATHI NAGAR  
HYDERABAD - KUKATPALLY  
HYDERABAD - BODUPPAL  
HYDERABAD - NIZAMPET  
HYDERABAD - ALWAL  
MEDCHAL  
NAGARAM

**NAGAR KURNOOL**  
NAGAR KURNOOL

**NALGONDA**  
MIRYALAGUDA  
NALGONDA

**NIRMAL**  
BHAINSA

**NIZAMABAD**  
NIZAMABAD

**RANGA REDDY**  
HYDERABAD - DILSUKH NAGAR  
HYDERABAD - MANIKONDA  
HYDERABAD - MEERPET  
HYDERABAD - CHANDANAGAR  
HYDERABAD - MIYAPUR  
HYDERABAD - VANASTHALIPURAM  
HYDERABAD - KONDAPUR  
HYDERABAD - L.B. NAGAR  
HYDERABAD - HAYATHNAGAR  
BRAHMANAPALLY  
SHADNAGAR  
IBRAHIMPATNAM

**SANGAREDDY**  
SANGAREDDY  
ZAHEERABAD

**SIDDIPET**  
SIDDIPET

**SURYAPET**  
KODAD

**WANAPARTHY**  
WANAPARTHY

**WARANGAL**  
WARANGAL - MAIN

**YADADRI BHUVANAGIRI**  
YADAGIRIGUTTA

### **UTTARAKHAND**

**DEHRADUN**  
DEHRADUN

### **UTTARPRADESH**

**GAUTAM BUDDHA NAGAR**  
NOIDA

**GHAZIABAD**  
GHAZIABAD

**KANPUR**  
KANPUR

**LUCKNOW**  
LUCKNOW

**MEERUT**  
MEERUT

**VARANASI**  
VARANASI

### **WEST-BENGAL**

**PASCHIM BARDHAMAN**  
DURGAPUR

**HOWRAH**  
JAGACHA  
BAGNAN  
GHOSH PARA

**KOLKATA**  
KOLKATA - BURRA BAZAAR  
KOLKATA - SHAKESPERE SARANI  
KOLKATA - BALLYGANGE  
KOLKATA - N.S.ROAD  
ASSET RECOVERY BRANCH - KOLKATA  
JOKA  
KOLKATA - DAKSHINESHWAR  
KOLKATA - BANGUR AVENUE

**NORTH 24 PARGANAS**  
KOLKATA - SALT LAKE

**PASCHIM MEDINIPUR**  
KHARAGPUR

**SOUTH 24 PARGANAS**  
GARIA

### **DIGITAL BANKING UNIT TAMIL NADU**

**CHENNAI**  
CHENNAI - NANDANAM D.B.U.

# PRINCIPAL CORRESPONDENT BANKS

Name of the Bank and address  
OUR SWIFT CODE KVBLINBBIND  
CHIPS UID: 154137

## USD

### Citi Bank, N A

111,Wall Street  
New York City ,  
NY 10018, USA

**Ac.No.36844037**

**SWIFT : CITIUS33**

**FEDWIRE ROUTING NUMBER  
021000089**

## EURO

### Commerz Bank AG

Theodor-Heuss-Allee 50  
60489 Frankfurt AM Main  
Germany

**Ac. No. 400875119000EUR**

**SWIFT : COBADEFF**

## JPY

### Standard Chartered Bank

30-16, Ogikubo 4-chome,  
Suginami-ku  
Tokyo 167-8530, Japan

**Ac.No. 0219600 - 1110**

**SWIFT:SCBLJPJT**

## GBP

### Standard Chartered Bank

1 Alderman bury Square  
London EC2V 7SB  
United Kingdom

**Ac.No. GBP 01 265520901**

**SWIFT : SCBLGB2L**

**I-BAN NO  
GB94SCBL60910412655209**

## USD

### Standard Chartered Bank

One Madison Avenue  
New York, NY 10010-3603  
USA

**Ac.No.3582069922001**

**SWIFT : SCBLUS33**

**FEDWIRE ROUTING NUMBER  
026002561**

## EURO

### Standard Chartered Bank Gmbh

Postfach 110162  
Theodor-Heuss-Allee 112  
D-60036,Frankfurt am Main,  
GERMANY

**Ac.No.18021504**

**SWIFT : SCBLDEFX**

**I-BAN NO  
DE39512305000018021504**

## AUD

### Australia & Newzealand Banking Corporation

55 Collins Street  
Melbourne, Victoria  
AUSTRALIA

**Ac.No. 237776-00001**

**SWIFT : ANZBAU3M**

**BSB Number: 013024**

## CHF

### ZUERCHER KANTONAL BANK

Zurich, Switzerland

**Ac.No.0700-01283278**

**SWIFT :ZKBKCHZZ80A**

**I-BAN NO**

**CH5200700070001283278**

## SGD

### Standard Chartered Bank

Battery Road Branch,  
6, Battery Road,  
SINGAPORE 049909

**Ac.No. 0106342533**

**SWIFT:SCBLSG22**

## CAD

### ICICI Bank Canada

Don Valley Business Park,  
150 Ferrand Drive, Suit No 700  
North York, Ontario  
CANADA M3C3E5

**Ac.No.101928815**

**SWIFT:ICICATT**

## AED

### Commercial Bank of Dubai

Po Box 2668,  
Al Ittihad street  
Dubai,UAE

**A/c.No.1001361656**

**Swift: CBDUAEADXXX**

**I-BAN NO**

**AE590230000001001361656**

## SGD

### Indian Overseas Bank

64, Cecil Street,  
IOB Building,  
Singapore 049711

**A/c. No. 4916210132**

**SWIFT: IOBASGSG**

# A Decade of Progress

Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Paid up Capital	107	122	122	122	145	160	160	160	160	160	161
Reserves	3,219	4,124	4,451	4,723	6,066	6,205	6,440	6,760	7,308	8,264	9,879 <sup>^</sup>
Owned funds	3,326	4,246	4,573	4,845	6,211	6,365	6,600	6,920	7,596	8,584	10,040
Basel III (%)	12.60	14.62	12.17	12.54	14.43	16.00	17.17	18.98	19.46	18.56	16.67
Deposits	43,758	44,690	50,079	53,700	56,890	59,868	59,075	63,278	68,486	76,638	89,113
Advances	34,226	36,691	39,476	41,435	45,973	50,616	48,516	52,820	56,876	64,168	74,423
Total Business	77,984	81,381	89,555	95,135	1,02,863	1,10,484	1,07,591	1,16,098	1,25,362	1,40,806	1,63,536
Total Income	5,680	5,977	6,150	6,405	6,600	6,779	7,145	6,389	6,357 <sup>**</sup>	7,675	9,863
Operating Profit	838	943	1,303	1,571	1,777	1,711	1,761	1,291	1,630 <sup>**</sup>	2,476	2,829
Net Profit	430	464	568	606	346	211	235	359	673	1,106	1,605
Return on Assets (%)	0.86	0.88	1.03	1.00	0.53	0.31	0.32	0.49	0.86	1.27	1.63
Cost of Deposit (%)	8.24	7.96	7.40	6.60	5.99	5.80	5.76	4.96	4.30	4.27	5.19
Yield on Advance (%)	12.28	12.14	11.67	11.34	10.30	9.75	9.63	8.93	8.47	8.93	9.93
EPS (₹)	40	40	47	9.95 <sup>*</sup>	5	3	3	5	8	14	20
Book Value(₹)	308.91	348.42	375.25	79.51 <sup>*</sup>	85.49	79.63	82.57	86.57	94.95	105.03	122.42
Dividend (%)	130	130	140	130	30	30	-	25	80	100	120 <sup>#</sup>
No of Employees	7,339	7,197	7,211	7,400	7,956	7,663	7,935	7,746	7,306	7,764	9,085
Business per employee	10.63	11.31	12.42	12.86	12.93	14.42	13.56	14.99	17.28	18.14	18.00
Branches (No.)	572	629	667	711	790	778	779	780	789	799	838

\* 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

<sup>^</sup>Includes proposed dividend; # proposed subject to approval at AGM.

<sup>\*\*</sup>After reclassification of depreciation on investments as an item of other income.



## THE KARUR VYSYA BANK LIMITED

### Registered & Central Office

No. 20, Erode Road,  
Vadivel Nagar, L.N.S., Karur - 639002.  
Phone : 04324 - 269000

CIN : L65110TN1916PLC001295

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website : [www.kvb.co.in](http://www.kvb.co.in)