

# Digitizing for a Better Banking Experience

## ANNUAL REPORT 2022 -23





# ABOUT THE BANK

We were incorporated as '**Nadar Bank Limited**' in 1921 and our name was changed to '**Tamilnad Mercantile Bank Limited**' in the year 1962. We received our license to carry on banking business from the Reserve Bank of India (the "RBI") in 1962. Since our incorporation, having head quartered at Thoothukudi, Tamil Nadu, India, we have built a strong presence in the state of Tamil Nadu, with 386 branches and 956 automated teller machines ("ATMs") and 292 cash recycler machines ("CRMs") as of March 31, 2023. Apart from Tamil Nadu, we have sizable presence in the states of Maharashtra, Gujarat, Karnataka, and Andhra Pradesh with presence across **93 branches** and **125 ATMs** and **21 CRMs** as of March 31, 2023.

During the year **2022-23**, our bank has added **21 new branches** and the branch network increased to **530 branches**. Further, the bank has added **50 new ATMs / CRMs**. It has also added **12 new e-lobbies**. The Bank's ATM and alternate delivery channel network stood at **1,149 ATMs, 324 CRMs, 113 e-lobbies, covering 17 States and 4 Union Territories**.





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## Forward Looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.





## OUR VISION

"To be a progressive bank with strong brand equity, enhancing value for all the stake holders through excellence in performance and good governance"

## OUR MISSION

"We shall provide exemplary service with highest delivery efficiency, based on ethics, honesty and sincerity with cutting edge technology and emerge as a truly national Bank"



# YEAR AT A GLANCE

- Bank's Core Banking version migration from Finacle 7.0.25 to 10.2.25.
- Bank's 98th, 99th & 100th Annual General Meeting was held on 09.06.2022.
- Shri S. Krishnan, MD & CEO has joined the Bank on 04.09.2022
- Your Bank has listed its shares in BSE & NSE on 15.9.2022
- Launched new Current Account scheme TMB Agaram on 16.11.2022.
- Launched various Term Deposit Schemes
- Tied up with Max Life Insurance Company Limited, Bajaj Allianz Life Insurance Company Limited, Chola MS General Insurance Company Limited and Kotak General Insurance Company Limited for insurance products
- Highest ever Net Profit **₹1029 Cr**
- Highest ever Operating Profit **₹1573 Cr**
- Highest ever Net Interest Income **₹2094 Cr**





**Shri. S. Krishnan**

M.Com., ICWA, CAIIB  
Managing Director & CEO



**Shri. A. Niranjana Sankar**

B.Tech., MBA  
Director



**Shri. P.C.G. Asok Kumar**

B.Sc  
Director



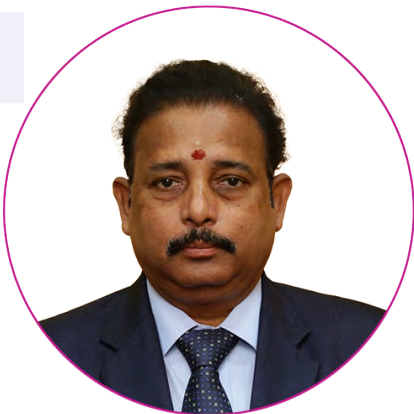
**Shri. S.R. Ashok**

MBBS., D.Ortho  
Director



**Shri. D. N. Nirranjan Kani**

M.A  
Director



**Shri. S. B. Suresh Kumar**

M.Com, CAIIB  
Additional Director,  
RBI



**Shri. C. S. Ram Kumar**

B.Com., CAIIB  
Additional Director,  
RBI





**Shri. B. Prabakaran**

B.Tech., M.S, Phd  
Independent Director



**Shri. K. Nagarajan**

B.Sc., LL.B  
Independent Director



**Shri. B. Vijayadurai**

B.Com., F.C.A. DISA  
Independent Director



**Shri. B. S. Keshava Murthy**

M.Sc., CAIIB-Part I  
Independent Director



**Smt. S. Ezhil Jothi**

B.Com., F.C.S, R.V  
Independent Director



**Shri. C. Chiranjeeviraj**

B.Com., F.C.A, DISA  
Independent Director

**BOARD OF  
DIRECTORS**



# GENERAL MANAGERS AND KMPs



**Shri. D. Inbamani**  
General Manager



**Shri. P. Suriaraj**  
General Manager



**Shri. D. Ramesh**  
General Manager



**Shri. S. Narayanan**  
General Manager



**Shri. V. Jayaraman**  
General Manager



**Shri. R. Vishweshwaran**  
Chief Digital Officer



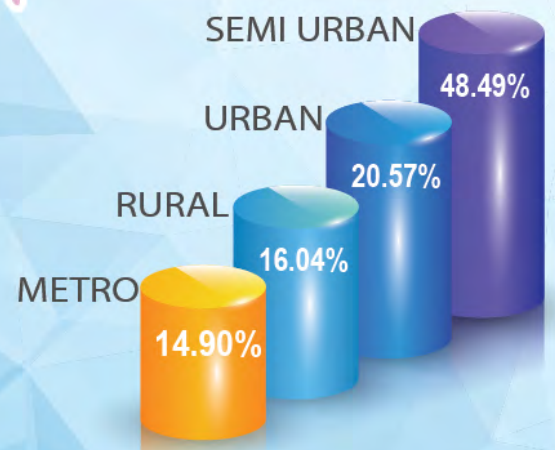
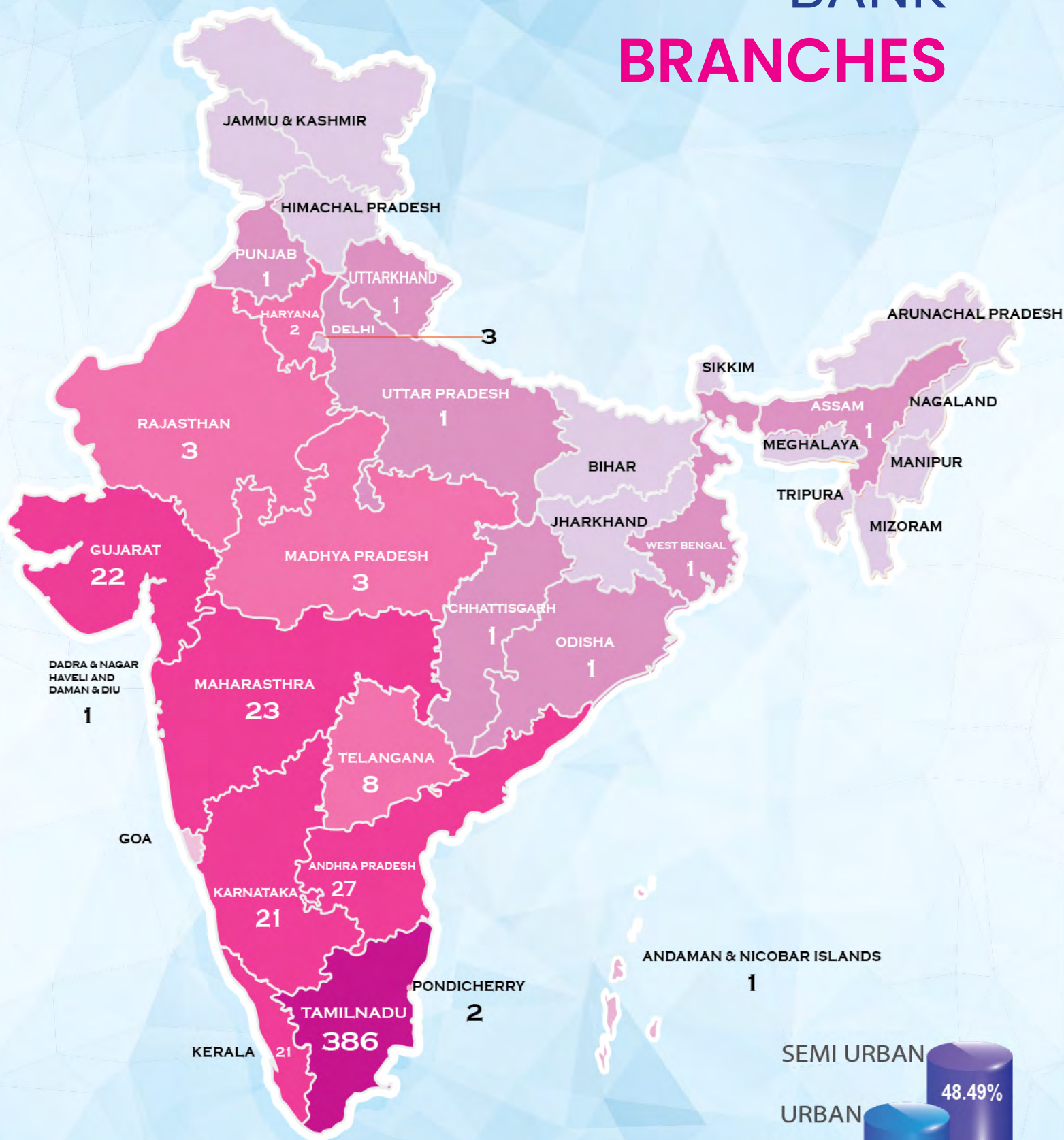
**Shri. P. A. Krishnan**  
Chief Financial Officer



**Shri. Prakash Chandra  
Panda**  
Company Secretary and  
Compliance Officer



# BANK BRANCHES







# Message from **MD & CEO**

**Dear Shareholders,**

It gives me great pleasure to present to you the Annual Report of Tamilnad Mercantile Bank Ltd. for the year 2022-23. As the MD & CEO of the Bank, I am happy to say that the Bank has continued to progress and grow over the past year, despite the many challenges posed by the pandemic and the overall economic environment.

As a bank, we stand for integrity, transparency, and customer-centricity. These values have been at the core of our operations since inception, and we have strived to maintain them in all our interactions with our customers and stakeholders.

We believe that banking is not just about transactions, but about building relationships with our customers, understanding their needs, and providing them with the best solutions that meet their financial objectives. With this approach, we have been able to build a loyal customer base that trusts us for their financial requirements.

I state with great pride that during the FY 22-23, the bank entered the listed community with our maiden IPO being accepted by the market.

Over the past year, the Bank has continued to focus on expanding its reach and increasing its customer base. We have opened new branches in strategic locations across the country, and have also strengthened our digital capabilities to provide our customers with a seamless and convenient banking experience. We have also introduced new products and services that cater to the evolving expectation of our customers, and have ensured that our offerings are competitively priced.



In addition to our focus on customer service, we have also been committed to strengthening our risk management processes and improving our operational efficiencies. We believe that a strong risk management framework is essential for ensuring the safety and soundness of the Bank, and we have implemented various measures to identify and mitigate potential risks.

We have also invested in technology and automation to streamline our processes and reduce operational costs. This has not only helped us to improve our efficiency, but has also enabled us to provide our customers with faster and more reliable services.

At Tamilnad Mercantile Bank Ltd., we understand that our success is closely linked to the success of our customers, and we are committed to be along with them in their journey towards financial prosperity. To this end, we have continued to focus on financial inclusion, and have implemented various initiatives to bring banking services to the unbanked and underbanked segments of the population.

We have also been actively involved in various CSR initiatives, and have contributed to the development of the communities in which we operate. We believe that it is our responsibility as a socially conscious organization to give back to the society and contribute towards its progress and development.

Looking ahead, we remain optimistic about the future of the Bank. We believe that our focus on customer service, strong risk management framework, and commitment to innovation and technology will continue to drive our growth and success in the years to come.

With restrictions imposed by the regulator with regard opening of branches removed, we are poised to take advantage of the improving economy and new opportunities. The bank has established MSME-hubs in various centres, which will accelerate our growth.

As we move forward, we are confident that with the support of our shareholders, customers, and stakeholders, we will be able to achieve our goals and continue to make a positive impact on the lives of people.

I would like to express my sincere gratitude to all our stakeholders for their unwavering support and faith in us. We remain committed to delivering value to all our stakeholders, and look forward to your continued support in our journey towards excellence.

**Thank you.**

**Sincerely,**

**Shri. S. Krishnan**

**MD & CEO,**

**Tamilnad Mercantile Bank Ltd.**



# IPO

## Tamilnad Mercantile Bank Limited

TMB Equity Shares listed on both the stock exchanges i.e. NSE  
and BSE on 15.09.2022.

The Listing ceremony was celebrated in the international  
convention hall, BSE.





# Tamilnad Mercantile Bank Limited (TMB) IPO

Price fixed at ₹510 per equity share



The initial public offering (IPO) of private sector lender Tamilnad Mercantile Bank was subscribed 2.86 times over the 87 lakh shares that were on offer during the subscription period from September 5-7, 2022. The price band was fixed at Rs 500-525 per share.

Tamilnad Mercantile Bank IPO received bids of over 2.49 crore (2,49,39,292) shares against the total issue size of over 87 lakh (87,12,000) shares.





# MILESTONES

15.09.2022

**IPO**

Listing Date



23.11.2022

Tie up with  
**Max Life Insurance**



23.11.2022

Tie up with  
**Chola MS General Insurance**



01

02

03

04

05



04.09.2022

New MD & CEO  
**Mr.S.Krishnan**  
has joined our Bank.



30.11.2022

RBI has authorised TMB for  
undertaking Government  
Business on behalf of RBI.

07.12.2022

Tie up arrangement with  
**Bajaj Allianz Life  
Insurance Company  
limited**



*Sigma Surfinar*

13.01.2023

**Best Bank award** among  
all small banks in India



14.12.2022

Tie up arrangement  
with **Kotak Mahindra  
General Insurance  
Company Limited**

30.01.2023

**"Best Bank at National Level  
for the year 2022"** under  
other than large Private  
Sector Banks category, in 14th  
SFBCK Banking Excellence  
Awards, 2022.





# OUR **STAKEHOLDERS**

**BORROWERS**



**TAM**

**SOCIETY**



## DEPOSITORS



## SHAREHOLDERS



**B** Tamilnad  
Mercantile  
Bank Ltd  
Be a step ahead in life



## EMPLOYEES









# SHTGNGT \$TR KEY

## **STRONG LEGACY, LOYAL CUSTOMER BASE AND FOCUS ON IMPROVING SERVICING FRAMEWORK**

We have established ourselves as a well-recognized scheduled commercial bank having a strong network of branches, ATMs and CRMs across several states of India including Tamil Nadu being our home state, Maharashtra, Gujarat, Karnataka, and Andhra Pradesh, which has enabled us to maintain a strong customer base. We have consistently worked towards developing long-term relationships with our customers based on our knowledge of local needs and our experience in the sector, amongst other things.

We have also received several awards in recognition of our operations which was instrumental to the creation of loyal customer base over the years.

## **ADVANCES WITH FOCUS ON MSME, AGRICULTURAL AND RETAIL SEGMENTS**

We have traditionally focused on small ticket size loan products to MSME customers, agricultural and retail customers for our growth. Our advances portfolio consists of a wide basket of retail finance and small ticket size MSME finance products. Our focus is on understanding the needs and expectation of our customers, particularly in the RAM space and adopting strategies to target these customer segments for our growth. We have dedicated marketing managers and agri-officers across our regional offices who specifically focus on growing the network of our existing MSME and agricultural customers. We leverage our presence in semi-urban and rural regions where we are located to attract more customers in the RAM segment. We have dedicated branches at Thoothukudi and Chennai in Tamil Nadu, and at Surat, Gujarat to cater to the requirements of MSME customers in these regions. Further, these dedicated branches act as facilitators for our MSME customers with a focus on improving our loan processing timelines and faster disbursals to benefit our MSME customers.

We have structured loan products available to meet the financial requirements of our MSME customers, which aids in growing our MSME customer base across all places where we are currently present. These products include "TMB-Traders & Services", "TMB – MSME Credit", "TMB Vehicle Finance (for commercial purposes)", "TMB-Rice Mill", "TMB-Dhall Mill", "TMB-Pharma and Health Care", "TMB-Micro Entrepreneurs under Pradhan Mantri MUDRA Yojna ("PMMY")", "TMB Vyapari" and TMB Rental-100" (for business purposes).



# Best in the last

# 10 Years

NIM has increased to

**4.46%**

ROA has moved to

**1.97%**

Gross NPA has decreased to

**1.39%**

Net NPA has decreased to

**0.62%**

PCR has increased to

**90.90%**

CRAR has stood at

**26.26%**

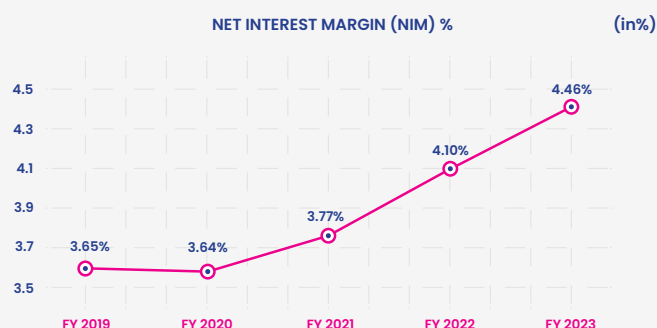
HIGHEST EVER NET PROFIT **₹1029 Cr**

HIGHEST EVER OPERATING PROFIT **₹1573 Cr**

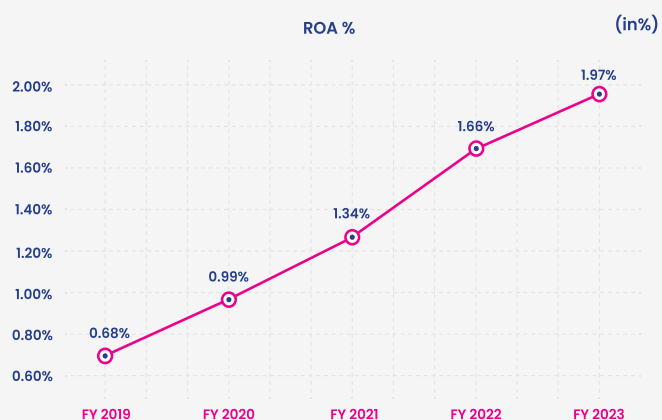
HIGHEST EVER NET INTEREST INCOME **₹2094 Cr**

# Financial Highlights

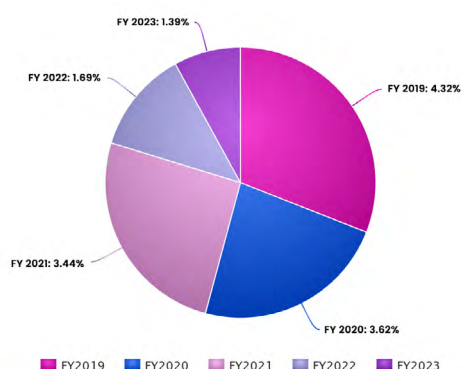
## NET INTEREST MARGIN (NIM) %



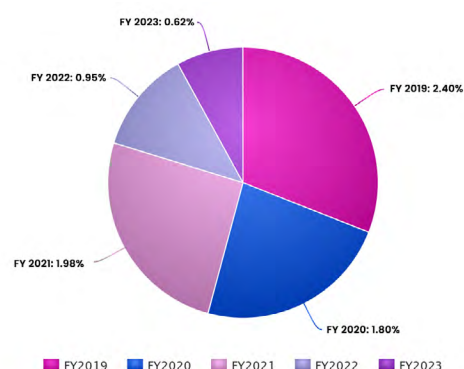
## ROA



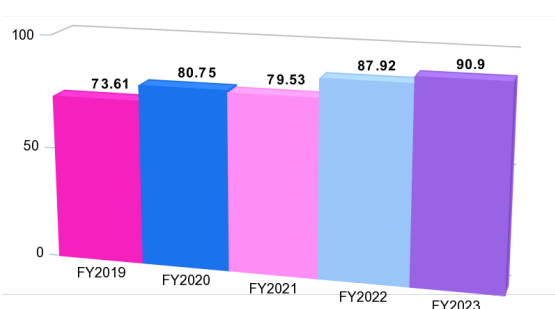
## GROSS NPA %



## NET NPA %



## PCR %



## CAPITAL ADEQUACY %





# PERFORMANCE OF RAM SECTOR

We offer banking products and services to retail, MSME, agricultural and corporate customers. Our retail asset products include home loans, personal loans, auto loans, educational loans, business loans as well as security-backed loans of various types to our retail customers. Our MSME portfolio consists primarily of various loan products to our MSME customers such as manufacturing, traders and services sector. Our loans to the agricultural sector include loans to individual farmers, group of farmers, agriculture businesses and agriculture corporates. For corporate customers, we offer various loans to corporates, in textiles and other industries, with our assortment of banking products and services including working capital, term financial, trade financial, structured finance services, foreign exchange business funding in domestic and foreign currencies.

BUSINESS PARAMETERS	FY22	FY23	%
RETAIL	6,758	7,866	16.39%
AGRI	10,023	11,574	15.48%
MSME	12,615	13,320	5.58%
OTHERS	4,352	4,822	10.80%
TOTAL ADVANCES	33,748	37,582	11.36%

Our lending products are primarily focused on Retail, MSME and Agri-financing (RAM) customers.

Our RAM portfolio has increased in the last Fiscal from **₹29396 crore** to **₹32760 crore in Fiscal 2023**, and represents **87.17%** of our total advances as on **March 31,2023**.





## ADVANCES WITH FOCUS ON MSME, AGRICULTURAL AND RETAIL SEGMENTS

We have traditionally focused on small ticket size loan products to MSME customers, agricultural and retail customers for our growth. Our advances portfolio consists of a wide basket of retail finance and small ticket size MSME finance products.

Our focus is on understanding the needs and expectation of our customers, particularly in the RAM space and adopting strategies to target these customer segments for our growth. We have dedicated marketing managers and agri-officers across our regional offices who specifically focus on growing the network of our existing MSME and agricultural customers.

We have structured loan products available to meet the financial requirements of our MSME customers, which aids in growing our MSME customer base across all places where we are currently present.

### THESE PRODUCTS INCLUDE



**TMB Traders & Services**



**TMB MSME Credit**



**TMB Vehicle Finance  
(for commercial  
purposes)**



**TMB Rice Mill**



**TMB Dhall Mill**



**TMB-Pharma and  
Health Care**



**TMB Micro  
Entrepreneurs under  
Pradhan Mantri  
MUDRA Yojna (PMMY)**



**TMB Vyapari**



**TMB Rental 100 (for  
business purposes)**



# OTHER ADVANCE PRODUCTS



## MSMES

We offer a variety of Asset Products to our MSME customers with specific needs. These loans are typically in the form of working capital requirements with flexible security conditions, loans for establishing and enhancing businesses.



## AGRICULTURAL CUSTOMERS

We provide a range of loans to agricultural customers to cater their personal and business needs such as short term crop loans, loans to meet various financial requirements such as to purchase machinery with specific terms and conditions.



## HOME LOANS

We offer long-term housing loans 'TMB Home Loans' catering to various housing requirements of individuals ranging from purchase, construction and renovations.



## LOAN AGAINST PROPERTY (LAP)

We offer financial support against properties that cater towards providing finance to traders, professionals, service enterprises, individuals, HUFs various activities including medical treatment, foreign travels, family settlement.



## VEHICLE LOANS

We offer a variety of secured loans under our vehicle loan portfolio for personal and commercial purposes. These loans are usually secured by way of hypothecation of the vehicle for which the loan is advanced.



# CSR ACTIVITY

## FOR THE FY 2022-23

Our Bank supports various social and environmental initiatives under health, education, renewable energy, rural development and protection of heritage and culture.



We have donated the recurring expenses (Clinic Salary, water charges, and cleaning expenses) to **Rural Health Clinic Centre, Saveriyarpuram Clinic, Thoothukudi** on monthly basis.

Establishment of Miyawaki model park at **Sankar Colony, Park Site, (Near Railway Track) Thoothukudi.**



**Thoothukudi – TMB donates Rs.21.80 Lakh to Thoothukudi City Municipal Corporation** towards establishment of Miyawaki model park at Sankar Colony, Park Site, (Near Railway Track) Thoothukudi.

Sponsor of the construction of four class rooms in the **“Seena Vaana Corporation Primary School”, Sivanthakulam, Thoothukudi.**



**Thoothukudi – TMB donates Rs.16.00 Lakh to Thoothukudi City Municipal Corporation** towards construction of 4 number of classrooms in the “Seena Vaana Corporation Primary School”, Sivanthakulam, Thoothukudi.

Contribute to **M/s.Vivekananda Kendra, Kanyakumari Rural Development Trust, Thoothukudi** towards contribute for the welfare of CRECHES.



**Thoothukudi – TMB donates Rs.5.40 Lakh to M/s.Vivekananda Kendra, Kanyakumari Rural Development Trust, Thoothukudi** towards contribute the expense of CRECHES.





We have donated **10 numbers of push cart** (waste collection vehicle) and **100 numbers of baskets of Rs.4,50,000/-** to our **Srivilliputhur Municipality**. Cleanliness of Srivilliputhur under solid waste management. **Bio-degradable and Non Bio-degradable waste are segregated.**



**Donation of RO Plant to Mariamman Temple, Irukkangudi under CSR activities through Sattur Branch.**





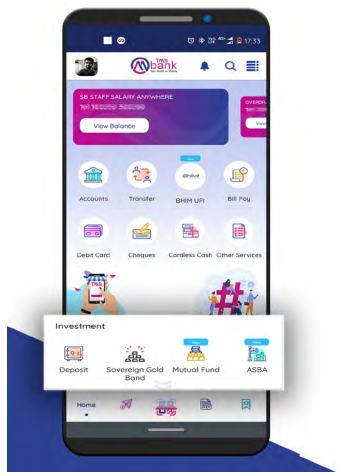
**Park – Thoothukudi**



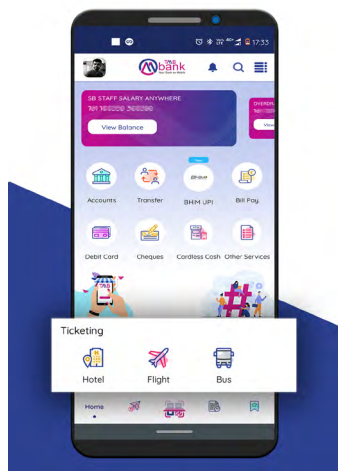
**TMB donates Rs.3.00 lakh to M/s.Virudhunagar Indu Nadarkalukku Pathiyamana Senthikumara Nadar Uyarthara Kalluri Paripalana Sabai, Virudhunagar towards construction of Classrooms.**



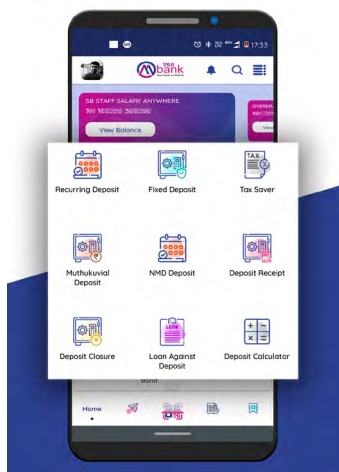
Invest your Funds in  
**Gold, Mutual Funds, IPO**



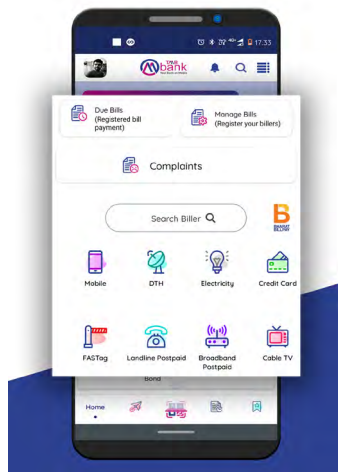
**Book Flight/Bus/Hotel**  
anywhere, everywhere



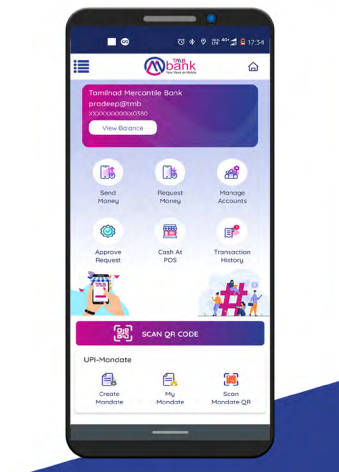
Open Deposits at  
**Attractive Interest Rates**



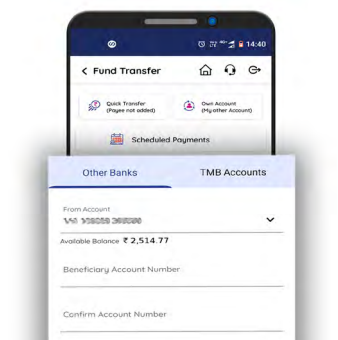
**Recharge/Pay all Bills**  
at one place



Create your UPI ID to  
**Scan QR, Pay/Collect Funds**



Transfer Money through  
**IMPS or NEFT or RTGS**



# Digital data

TMB has introduced various digital banking products.

**6.36 lakhs**  
Mobile Banking  
Users

**3.07 lakhs**  
Net Banking Users

**78,684**  
UPI Merchants

**900,000**  
UPI transactions  
per month

**₹110 crores**  
in transaction per  
month

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# Agaram Current Account

Our First Digital-Only Account

ATM, Net Banking, Mobile Banking, UPI, Digital Signature

180 0425 0426 | www.tmb.in

#ForwardTogether

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# CLEAR OUT THE DOUBTS

Reach out to us at

All India Toll-Free  
**180 0425 0426**

TMB Customer Care  
**+91 9842 461 461**

180 0425 0426 | www.tmb.in

#ForwardTogether

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# 300 நாட்கள் வைப்புத் திட்டம்

**8.5%** மூத்த குடிமக்களுக்கு

8% பொது மக்களுக்கு

வாடிக்கையாளர் சேவை மையம்

**TOLL FREE 180 0425 0426**

180 0425 0426 | www.tmb.in

#ForwardTogether

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# INVEST IN SOVEREIGN GOLD BONDS

YOUR SAFE INVESTMENT WITH THE PERFECT RETURNS

Apply through TMB Net Banking or TMB MBank and get a discount of ₹50/g

TRANCHE PERIOD: MARCH 06, 2023 TO MARCH 10, 2023

**GOLD BOND SERIES IV**

Assured return of 2.50% p.a. payable half yearly

No GST and making charges unlike physical gold

Secure, No storage hassles like physical gold

Can be used as collateral for loans

Liquidity: Tradable on exchanges

No capital Gains Tax on redemption

**SOVEREIGN GOLD BONDS**

#ForwardTogether

# A STRONG DIGITAL COMMUNITY

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# WHAT'S UP?

Ask this to us on WhatsApp.

**TMB WhatsApp Banking 92821 12225**

180 0425 0426 | www.tmb.in

#ForwardTogether

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# Why live a normal life, When you can live the Royal life?

**CHOOSE TMB ROYAL SAVINGS ACCOUNT TODAY!**

180 0425 0426 | www.tmb.in

#ForwardTogether

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# Your Key to Happiness

**TMB Home Loan at 8.30% p.a.**

- Instant sanction
- No pre-payment penalty
- Zero processing fees

180 0425 0426 | www.tmb.in

#ForwardTogether

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# Invest today. Maximize your Savings.

180 0425 0426 | www.tmb.in

#ForwardTogether

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# GET YOUR DREAM CAR WITH TMB CAR LOANS.

180 0425 0426 | www.tmb.in

#ForwardTogether

**TMB** Tamilnad Mercantile Bank Ltd.  
Be a step ahead in life.

# Want to buy a bike of your own?

Get a **TW WHEELER LOAN** with TMB and own it!

180 0425 0426 | www.tmb.in

#ForwardTogether



# TMB GREEN INITIATIVES

Tamilnad Mercantile Bank Ltd. (TMB) is a leading private sector bank in India that has always been committed to sustainability and environmental protection. TMB understands the importance of reducing its carbon footprint and has taken several initiatives towards achieving this goal.

TMB has focused on reducing its energy consumption through various measures such as energy-efficient lighting, HVAC systems, and building automation systems. The bank has implemented energy audits to identify areas where energy consumption can be reduced and has taken steps to optimize its energy usage. To showcase its commitment to clean energy, this bank is installing solar panels in our branches, ATMs and administrative office.

TMB has also implemented various measures towards reducing paper consumption. The bank has introduced e-statements, e-receipts, and e-invoicing, which has not only reduced paper usage but has also made it more convenient for customers to access their account information and transaction records. In addition to this, TMB has also implemented a paper recycling program, which has helped to reduce its environmental impact.

Tamilnad Mercantile Bank Ltd. (TMB) is a leading private sector bank in India that has always been committed to sustainability and environmental protection.

## ONE BANK FOR ALL CUSTOMERS | SEAMLESS JOURNEYS

### A seamless banking experience.


Tamilnad Mercantile Bank Ltd. (TMB) takes pride in providing a seamless banking experience to its customers. Our commitment to innovation and customer-centricity has propelled us to offer cutting-edge digital solutions that simplify banking transactions. With our user-friendly mobile banking app and secure internet banking platform, customers can conveniently access their accounts, transfer funds, pay bills, and manage investments anytime, anywhere. TMB's seamless banking experience ensures swift and hassle-free transactions, empowering customers with control over their finances. We continuously strive to enhance our digital infrastructure, ensuring a seamless banking experience that caters to the evolving needs of our valued customers.



# CASA PREMIER LEAGUE

TMB conducted a cricket tournament among staff members and also the celebrity match among the executives of our Bank, in the name of CASA Premier League, to rejuvenate everyone to involve in the marketing activities with more vigour in sourcing CASA business in the coming months so as to achieve the annual business targets for 2022-23.


In the celebrity match among executives, both the teams were headed by our General Managers and the executives from our Head Office were part of the teams. The matches were held as day and night match among the gathering of the family members of the staff. Our MD & CEO inaugurated the matches. The winners have been rewarded with trophies and prizes by our MD & CEO and Shri.C.S.Rajendran, Former Director of our Bank.

**TMB EXECUTIVES'  
CELEBRITY CRICKET MATCH**

**VENUE** Vikasa School Ground, Sawyerpuram

**DATE** 18/12/2022 **TIME** 3.30 PM

Inauguration by our beloved  
MD & CEO  
**Shri. S. Krishnan**



 Scan the QR  
to watch the live







# AWARDS & ACCOLADES

The Bank has bagged three awards at Atal Pension Yojana Felicitation and Strategic Review Programme conducted on May 2022.



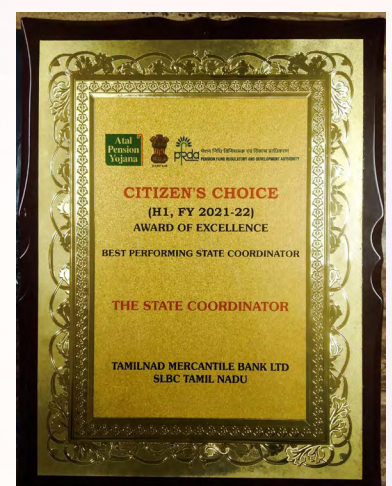
Old age Freedom fighters award of excellence  
(August – October 2021)



Outperformers (Q3, 2021 - 22)



Citizen's Choice Award for Best performing  
bank in the state of Tamilnadu.





# AWARDS & ACCOLADES



The Bank has bagged the “Best Small Indian Bank” award in the Best Banks survey for the year 2022 done by Business Today-KPMG (BT-KPMG Best Banks Survey)



The Bank has bagged “Best Bank at National Level” for the year 2022, under other than large Private Sector banks category.



The Bank has received ASSOCHAM 9th MSME Excellence Award “Best MSME Bank – Runner Up”.





# DIRECTORS' REPORT FOR THE YEAR 2022-23

Your Board of Directors have great pleasure in presenting the 101st Annual Report along with the Audited Balance Sheet as on March 31, 2023, the Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2023.

## 1. BUSINESS PERFORMANCE

The Bank had a successful year in its 101st year of operations and recorded satisfactory performance. During the year under review, the total business increased from ₹78,424.65 crores to ₹85,056.18 crores registering a growth of 8.46%. The gross NPAs and net NPAs both decreased in absolute terms and also as a percentage of total advances over the previous year.

### PERFORMANCE HIGHLIGHTS:

- Operating profit increased from ₹1,516.47 crores to ₹1,572.84 crores (+3.72%).
- Net profit increased from ₹821.92 crores to ₹1,029.26 crores (+25.23%).
- Deposits of the Bank increased from ₹44,933.11 crores to ₹47,766.49 crores (+6.31%) during the year.
- Gross Advances increased from ₹33,748.17 crores to ₹37,582.11 crores (+11.36%) during the year.
- Net Advances increased from ₹33,491.54 crores to ₹37,289.69 crores (+11.34%) during the year.
- Gross NPAs decreased from 1.69% to 1.39%.
- Net NPAs decreased from 0.95% to 0.62%.
- Provision Coverage Ratio (PCR) increased from 87.92% to 90.90%.

The total income increased by ₹64.03 crores during the year from ₹4,646.12 crores in the previous year to ₹4,710.15 crores during the year under review (+1.38%).

Interest income increased from ₹3,833.86 crores to ₹4,081.04 crores. Other income decreased from ₹812.26 crores to ₹629.11 crores during the current year. Increase in total expenditure was at ₹7.64 crores. The total expenditure increased from ₹3,129.67 crores during the previous year to ₹3,137.31 crores during the current year. Earnings per share increased from ₹57.67 to ₹68.06, the book value of the share increased from ₹374.41 to ₹437.53.



## 2. PROFIT AND APPROPRIATION

The net profit stood at ₹1,029.26 crores for the financial year ended 31.03.2023 after making all necessary provisions under various categories as per the prudential norms prescribed by Reserve Bank of India. The appropriation out of the profit earned for the financial year 2022-23 are as under:

TRANSFERRED TO	₹ IN CRORES
Profit and Loss account opening balance	226.32
Less: Final Dividend for 2021-22 @ ₹10/- per share	142.51
Less: Interim Dividend for 2022-23 @ ₹5/- per share	79.18
Add: Net profit during the year 2022-23	1029.26
Available for appropriation	1033.89
Statutory Reserve	309.00
Special Reserve u/s 36(1)(viii) of IT Act, 1961	50.00
Investment Fluctuation Reserve	41.60
Capital Reserve	-
Transfer to General Reserve	510.00
Balance carried over to next year	123.29
<b>TOTAL</b>	<b>1033.89</b>

## 3. DIVIDEND

Your Directors have recommended the payment of a final dividend at the rate of ₹5.00 (Rupees Five only) per equity share of the face value of ₹10/- each (50%) for the year ended March 31, 2023. Dividend pay-out is in accordance with the Bank's dividend distribution policy (<https://www.tmb.in/regulatory-policies.aspx>), RBI guidelines and will be payable subject to approval of members at the ensuing Annual General Meeting and deduction of tax at source, to those Shareholders whose names appear in the Register of Members as on the Record date August 29, 2023.

In addition to the above, the Board of Directors of the Bank during the reporting period, in its meeting held on Tuesday, February 14, 2023, had declared an Interim Dividend of ₹5/- (Rupees five only) per share, i.e., 50% on the fully paid-up equity shares of ₹10/- each, for the financial year 2022-2023. Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the record date for the dividend was fixed as Friday, February 24, 2023, and the dividend amount was paid to the shareholders on March 06, 2023.



#### 4. CAPITAL AND RESERVES

The Bank's issued and paid-up capital was ₹158.35 crores as on March 31, 2023.

During the Financial Year 2022-23, your Bank raised capital of ₹807.84 crores by way of Initial Public Offering (IPO). 1,58,40,000 Equity Shares of ₹10/- each were issued at a premium of ₹500/- each. The capital plus reserves of the Bank has moved up from ₹5,335.71 crores to ₹6,928.35 crores on account of balance of profit transferred from Profit and Loss Account and the Capital raised through IPO including the securities premium during the current financial year.

#### 5. ISSUE OF EQUITY SHARES

Your Bank had issued by way of Initial Public Offering (IPO). 1,58,40,000 Equity Shares of ₹10/- each at a premium of ₹500/- each. The allotment of shares was made on 12.09.2022 and your Bank's shares were listed in both the exchanges i.e., BSE & NSE on 15.09.2022.

The total proceeds of IPO of ₹807.84 Crores after deduction of offer related expenses, has been fully utilized for the purpose for which these proceeds were raised i.e., towards augmentation of our Bank's Tier-I capital and there was no deviation.

#### 6. EARNINGS PER SHARE (EPS) AND BOOK VALUE

The earnings per share stood at ₹68.06 (basic) and ₹68.06 (diluted) for the financial year ended March 31, 2023. This was ₹57.67 (Basic) and ₹57.67 (diluted) during the previous year. The book value per share has further improved to ₹437.53 as on March 31, 2023, as against ₹374.41 during the previous year.

#### 7. CAPITAL ADEQUACY

During the year the bank has raised fresh capital ₹785.07 crores (share capital + share premium – offer related expenses) and profit accretion to capital funds during the year amounted to ₹950.08 crores which raised the regulatory capital of the Bank to ₹7237.55 crores. The Capital to Risk Weighted Assets Ratio (CRAR) stood at 26.26 % (as per Basel III) as on March 31, 2023, as against the minimum required level of 11.50% (including the Capital Conservation Buffer) stipulated by Reserve Bank of India. The CRAR consisted predominantly of Common Equity Tier I (CET) which was 24.61 % out of 26.26 % of CRAR.

#### 8. DEPOSITS

The aggregate Deposits of the Bank as on 31.03.2023 stood at ₹47,766.49 crores, registering a growth of 6.31% over ₹44,933.11 crores as on 31.03.2022. The interest rates for deposits were kept aligned with the prevailing trends in the Banking Industry.

Being a Banking Company, the disclosures required as per Rule 8(5)(V) of Companies (Accounts) Rules, 2014 are not applicable to your bank.



## 9. ADVANCES PORTFOLIO – MANAGEMENT OF ASSETS AND DEVELOPMENT OF BUSINESS

The Bank continued its lending activities in conformity with its Board approved Policies and Guidelines of the Reserve Bank of India. The Gross Advances of the Bank increased from ₹33,748.17 crores as on 31.03.2022 to ₹37,582.53 crores as on 31.03.2023. The increase in advances is mainly due to the growth recorded in Retail, Agricultural and MSME advances.

The Bank continued its thrust on lending to Priority Sectors (PS) including Agriculture and Micro and Small Enterprises comprising both Manufacturing and Service Enterprises. The level of advances to Priority Sectors stood at ₹27,094.14 Crore as on March 31<sup>st</sup>, 2023. The Total PS Advances (Net of PSLCs Sold) at ₹20,794.87 Crore constitutes 75.59% of ANBC as on 31/03/2022, as against the regulatory minimum requirement of 40%. The achievement of PS Advances, based on the Quarterly Average level of PS Advances/Quarterly Average ANBC is at 69.08%.

Agricultural Advances reached ₹11,562.43 Crore as on March 31<sup>st</sup>, 2023. The Total Agricultural Advances (Net of PSLCs Sold) and including RIDF and other qualifying investments for Priority – Agriculture constitutes 28.18% of ANBC as on 31/03/2022, as against the regulatory minimum requirement of 18%. The achievement of Agriculture Advances, based on the Quarterly Average level of Agriculture Advances/Quarterly Average ANBC is at 24.61%.

Total advances to the weaker sections stood at ₹8,283.00 Crore as on March 31<sup>st</sup>, 2023. The Total advances to Weaker Sections (Net of PSLCs Sold) at ₹5468.00 Crore represents 19.88% of the ANBC as on 31/03/2022, as against the regulatory minimum requirement of 11.50%. The achievement of Advances to the weaker section, based on the Quarterly Average level of Advances to weaker section/Quarterly Average ANBC is at 18.06%.

Similarly, the bank achieved the mandatory targets for the sub-sectors like Loans to Small and Marginal Farmers (at 13.57% as on 31/03/2023 based on the ANBC as on 31/03/2022, as against the regulatory minimum requirement of 9.50%). The achievement of Advances to the Small and Marginal Farmers, based on the Quarterly Average level of Advances to the Small and Marginal Farmers/Quarterly Average ANBC is at 13.00% and Advances to Micro Enterprises (at 25.73% as on 31/03/2023 based on the ANBC as on 31/03/2022, as against the regulatory minimum requirement of 7.50%). The achievement of Advances to Micro Enterprises, based on the Quarterly Average level of Advances to Micro Enterprises/Quarterly Average ANBC is at 25.92%.

Under export credit, the bank achieved a level of ₹631.62 Crore as on 31.03.2023 as against ₹726.75 Crore achieved as on March 31, 2022, due to underutilization of sanctioned Export limits.

The Bank has sanctioned totally 20,758 No of WCTLs to the tune of ₹2674.54 crore as on 31.03.2023 since the inception of the scheme ECLGS. Out of which 2284 number of WCTLs to the tune of ₹352.90 crore are sanctioned during the FY 2022-23 under Emergency Credit Guarantee Line Credit Scheme (ECLGS).

During the current year, the bank will strive further to increase the flow of credit to Agriculture, Retail, and MSME Sectors and the Weaker Sections.

The bank has been actively participating in all the initiatives and schemes of the Government of India including Pradhan Mantri Mudra Yojana (PMMY), Dairy Entrepreneurship Development Scheme (DEDS), Pradhan Mantri Awas Yojana (PMAY), Entrepreneurship Development & Employment Generation Scheme (EDEGS), PM Street Vendors Atma Nirbhar Nidhi (PM SVANIDHI) etc. by implementing the same in the Bank.



## SALE OF PRIORITY SECTOR LENDING CERTIFICATE (PSLCS):

The Bank has sold PSLCs worth ₹6,403.00 crore till 31/03/2023, which fetched an income of ₹74.54 crores. In Category-wise, the Bank had sold PSLC-Small & Marginal Farmers for ₹2,815 crores, PSLC-Agriculture for ₹1,100 crores, PSLC-Micro Enterprises for ₹2,288 crores and PSLC – General for ₹200 crores as on 31/03/2023.

## FINANCIAL INCLUSION:

Under the Financial Inclusion (FI) Programme, the Bank has covered 142 villages as on 31.03.2023. The total Basic Savings Bank Deposit Account (BSBDA) accounts of the bank as on 31st March 2023 stood at 6.99 lakh accounts, with major share of around 5.53 lakh accounts under Small accounts category.

## 10. INVESTMENTS AND TREASURY OPERATIONS

During the financial year ended March 31st, 2023, the Bank achieved a turnover of ₹26,836.37 crore in trading operations, resulting in a net profit of ₹6.96 crore, as against ₹72.36 crore in the previous year.

The net investments of the Bank stood at ₹14,156.03 crores as on March 31, 2023, as against ₹13,035.47 crores as at the end of the previous year. The Investment-to-Deposit Ratio of the Bank was 29.64%, as against 29.01% at the end of the previous year.

The average realized yield on the investment portfolio during the year stood at 6.85% as against 6.74% in the previous year. The income earned during the year from investments, comprising of interest income and dividend income excluding income from RIDF was ₹904.50 crore as against ₹822.46 crore in the previous year.

### Particulars of Loans, Guarantee, or investments

The disclosures regarding particulars of loans, guarantee given and securities provided is exempt under the provisions of Section 186(11) of the Companies Act, 2013 since it is a banking company.

## 11. FOREIGN EXCHANGE BUSINESS

Foreign exchange business during the year 2022-23 in terms of actual inflows was ₹11,706.39 crore (Previous Year ₹11,612.56 crore) whereas Foreign Exchange outflows was ₹8,740.68 crore (previous year ₹7,013.11 crore)

The total merchant turnover of the bank for the year 2022-23 was ₹20,447.06 crores against ₹18,625.67 crore during the previous year 2021-22. The profit on foreign exchange business for the year 2022-23 was ₹35.97 crores against ₹37.32 crores during the previous year 2021-22.

Your Bank has correspondent relationship with 407 overseas banks by exchange of bilateral keys under SWIFT (Society for Worldwide Interbank Financial Telecommunication). It facilitates smooth and fast flow of communication in the international business. The SWIFT arrangement has enabled the Bank to give timely and efficient service to its NRI customer.

During the year under review, on 03.08.2022, your Bank has established a Forex Processing Center [FPC] for centralisation of Foreign Exchange operations, 100 numbers of "C" Category branches were upgraded and covered under the FPC. With this, the total number of branches that deals in foreign exchange business has been increased to 139. Our Bank has the necessary infrastructure to render fast and efficient service relating to inward remittance and for crediting the beneficiaries accounts on receipt of the foreign currency funds in our Nostro accounts abroad.

Your Bank is committed to increasing the Forex Business activities significantly for adding good revenues to the bank in the coming years. Your Bank has provided online Electronic Trading Platform named as TMBFXBRIDGE for concluding exchange rates in 39 old B Category branches & FPC and direct view access to 47 of our forex customers. FX-Retail platform is provided to 18 of Forex customers.

## 12. BRANCH NETWORK

During the year under review, your bank has added 21 new branches and the branch network of the bank has been increased to 530 branches. In addition to that, the bank has added 50 new ATMs / CRMs and 12 new e-lobbies. The Bank's ATM and alternate delivery channel network stood at 1,149 ATMs, 324 CRMs, 113 e-lobbies, covering 17 States and 4 Union Territories.

## 13. HUMAN RESOURCES DEVELOPMENT

As on 31st March 2023, the Bank's total staff strength is 4,505 (including 37 contract employees) consisting of 2,056 Officers, 1,760 Clerks and 689 Supporting Staffs. During the year under review, 192 regular employees and 20 contract employees were recruited and 402 employees were promoted.

The Business per employee has increased from ₹17.75 crore to ₹19.04 crore in the FY 2022-23.

The Bank's Staff Training College at Nagercoil had conducted 71 physical training programmes and 5 online (through TMB eSMART) training sessions on in various banking subjects like Credit, Forex, Recovery, Information Security etc. 2,977 staff members had undergone training programmes during the FY 2022-23.

TMB eSMART, an online e-learning Management System was indigenously developed by our Bank to cater the training needs of all staff members. It can be accessed 24x7x365 by our staff members in intranet and internet. Using TMB eSMART, our staff members can learn varied Bank subjects like Credit, Forex, Information Security, KYC etc. To groom our staff members in different facets of Banking, we have 13 TMB Capacity Building exams in various areas like KYC, Credit, Forex, Recovery etc. The online exams are conducted at frequent intervals. During the Financial Year 2022-23, totally 5,487 e-Certificates were issued to the staff members who have successfully completed various exams in capacity building programme.

In addition to the above, your Bank has tied up with reputed training institutions like SIBSTC-Bengaluru (Southern India Banks' Staff Training College), NIBM-Pune, IIBF- Mumbai, IDRBT, Hyderabad, CAFRAL, etc. 843 staff members were trained in these leading institutions during FY 2022-23.



Industrial relations in the Bank continued to be very cordial during the year with frequent interactions between the management and the Officers' and Employees' Associations and various staff welfare activities were undertaken during the year. The Bank continues to lay emphasis on developing the individual skills of its employees and providing a healthy and cordial working environment so as to get maximum contribution from the employees of the Bank.

## **14. INTER BRANCH ADJUSTMENTS**

The Bank has continued to maintain a very good record in internal housekeeping. The core banking solution made it possible for the branches to balance all their accounts and tally balances up to March 31st, 2023. There was also timely submission and scrutiny of the control returns, which was given adequate importance at all levels with necessary follow up.

## **15. INTERNAL CONTROL AND INSPECTION / AUDIT**

### **RISK BASED INTERNAL AUDIT SYSTEM**

The bank has put in place an effective and strong Risk Based Internal Audit (RBIA) System. During the financial year 2022-23, RBIA audits were conducted through TMB eTHIC Module in 509 branches (Totally 536 audits) of the bank. Submission of compliance reports and closure of audits are followed up through the respective regional offices. Besides, RBIA was conducted for the following critical Departments (Credit Departments, Risk Management Department, Information Technology Department (Chennai & Thoothukudi) and Central Processing Centre (CPC) - Tirunelveli.

The bank has a proper and adequate internal control system. The bank has standardised operating procedures in monitoring the account operations to have effective internal controls.

Internal Financial Controls of the branches are verified by the statutory branch auditors during their branch audit and covered in the report.

### **CREDIT AUDIT**

During the year under review, Credit Audit has been conducted for 252 borrowal accounts in 122 branches.

### **CONCURRENT AUDIT SYSTEM**

The bank continued to have the system of Concurrent Audit through TMB eTHIC Module, which covered 200 branches and important departments. Concurrent Audit has been recognized as an important tool of internal control and is in force at major branches including 38 'B' category branches designated for forex business.

Further concurrent audit is implemented in the following important departments - International Banking Division, Treasury Department, DPS Cell, Chennai Service branch, Forex Processing Centre, Transaction Reconciliation at various divisions of ITD, Accounts Department, Expenses approval of ITD, Establishment Department, Planning and Development & Resource Mobilization Department, Expense approval of all regions, Central Processing Centres at Chennai and Tirunelveli and all the four Currency Chests. Submission of compliance reports and closure of audits are followed up through the respective regional offices / departments.

## INFORMATION SYSTEM AUDIT

As per RBI guidelines, Information System audit cell has been established under Inspection Department. Information System audits were conducted at all the 509 branches along with Risk Based Internal Audit, 9 Departments and 12 Regional offices.

Continuous offsite monitoring system (OFMS) is deployed by IS audit cell. Under a software tool-based supervision process, certain key and vital areas are subjected to offsite monitoring.

Every year, critical Information systems deployed in our Bank like Core Banking System, E-Banking, Mobile banking, ATM, RTGS, Treasury, CTS clearing process, Server, SOC, HRMS and network infrastructure etc., are subjected to Information Systems audit by an external auditor.

## MANAGEMENT AUDIT SYSTEM

To assess the robustness of the systems and procedures established in various operational units of the Bank and to have an oversight on the effectiveness of the management, various departments at Head Office and all Regional Offices are subject to Management Audit, which was conducted once in every two years.

During the year under review, Management Audits were conducted at 9 Regional Offices (Ahmedabad Region, Bengaluru Region, Chennai Region, Hyderabad Region, Madurai Region, Salem Region, Tirunelveli Region, Thoothukudi Region and Tiruchirapalli Region) and 7 Departments (Legal Department, DPS Cell, RTGS & WUMT Cell, Secretarial Section, Customer Service Cell, CRAPC and Chennai Service Branch).

In addition to the above audit the Bank regularly conducts revenue audit in the branches to monitor revenue leakages.

## VIGILANCE

The functions of the vigilance machinery of the Bank are broadly divided into 3 types, viz. preventive, predictive and punitive. The Vigilance Department undertakes a study of the existing procedures and practices prevailing in the organization with a view to modifying those procedures or practices that provide scope for malpractice/fraud perpetrated by the staff members and also finding out the causes of delay in reporting and the points at which the delays occur and devising suitable steps to minimize delays at different stages. To educate the employees of the Bank, the Vigilance Department brings out various fraud awareness circulars and conducts training programmes periodically. As a part of creating awareness, 'Vigilance Day' is observed on the 31st October every year.

The Vigilance Department plays a vital role in the implementation and follow-up of the directives and guidelines issued from time to time by Reserve Bank of India. Upon the directions of RBI, Vigilance Department has also formulated/implemented a Vigilance Policy from 13th July 2011 and the Policy is being reviewed every year.

## VIGIL MECHANISM

The Bank has implemented the Whistle-blower cum Protected Disclosure Policy, intended to promote the participation of employees at all levels and detection of corruption, misuse of office, criminal offences, suspected/ actual fraud, failure to comply with the rules and regulations



suspected/actual fraud, failure to comply with the rules and regulations prescribed by the Bank and any events/acts detrimental to the interest of the Bank, depositors and the public resulting in financial loss/operational risk, loss of reputation etc. Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances. It provides adequate safeguards against Whistle Blower's victimization for those who avails such mechanism and offers direct access to the Chief of Internal Vigilance (CIV). Further, there was no occasion where a person was denied access to the Audit Committee of the Board. The details of the Whistle-blower cum Protected Disclosure Policy are posted on the Bank's website and available at the link: <https://tmb.in/regulatory-policies.aspx>.

## 16. CUSTOMER SERVICE

Customer service is an important part of maintaining on going customer relationship, which is a key for continuous business growth and to retain the customer. The Bank is well known for its good, courteous and effective service to customer and constantly endeavouring to meet the expectations of the modern-day tech-savvy customers, by introducing new and innovative products for seamless digital experience.

As per the provisions of Internal Ombudsman Scheme 2018, Dr.D.Sivaguru was appointed as the Internal Ombudsman for our Bank for a period of three years, whose tenure came to an end on 29.05.2022. As per the revamped Reserve Bank - Integrated Ombudsman Scheme, 2021, with the existing guidelines on appointment of Internal Ombudsman, Mr.K.Selvaraj was appointed as the Internal Ombudsman for our Bank and he joined duty on 13.06.2022. The Internal Ombudsman examines customer complaints which are in the nature of deficiency in service on the part of the bank, that are partly or wholly rejected by the bank. As the bank shall internally escalate all complaints, which are not fully redressed, to the Internal Ombudsman, the customers need not approach the Internal Ombudsman directly.

## 17. TECHNOLOGY ADVANCEMENT

Your Bank is taking various steps to provide technology-enabled products and services to customers by adopting latest technology. Banking Services are extended to our customers through Branches and ATMs by using multiple network technologies such as MPLS, Leased Line, VSAT, GSM and VPNoBB with redundant connectivity. In addition to traditional Branches/ATMs, the digital services are seamlessly offered to our customers without any disruption through various delivery channels viz. Internet Banking, Mobile Banking, AEPS, IMPS, UPI, Point of Sale terminals, Cash Deposit Kiosk, Passbook Printing Kiosk, WhatsApp Banking, other digital services such as CTS Positive Pay System, BBPS in Internet Banking, Green PIN in Internet Banking, Rupay Select Card, Enhanced Card Security for Debit Card Management, e-Mandate Authentication using Debit Cards and Internet Banking, Video KYC Account opening, etc are also made available to our customers.

The Bank has 1,473 ATMs and CRMs as on 31st March 2023.

The availability of the services of all the alternate delivery channels to our customers is ensured by way of active monitoring and attending to outages if any, instantly.

## CORE BANKING:

Your Bank has implemented “Finacle”, the Core Banking Solution in all our its branches. Core Banking Solution (Ver.6.x) was implemented during 2001-02. During March 2014 core banking solution was upgraded to version 7.0.25 and its upgradation to latest version 10.2.25 was carried out during August 2022.

Your Bank has upgraded network bandwidth of both primary and secondary links at branches and other offices to provide uninterrupted banking services to its customers.

## INTERNET BANKING:

Your Bank had introduced “Internet Banking facility” to the customers during November 2008. Currently the e-Banking facility has been extended to all our customers. We have also introduced Corporate Net banking facility for our customers with maker/checker facility to bring in more security to the transaction initiated by corporate customers. We have also tied up with multiple Payment Gateway service providers for extending utility bill payment services to our customers. Facilities provided to customers through Internet Banking include RTGS, NEFT, IMPS, opening of Deposit Accounts, eCommerce transactions, online tax payment, online bills and utility services payment, scheduled payments, etc. One-time password (OTP) is provided as dual factor authentication to carry out transactions in a secured manner. We have introduced Captcha in our Internet Banking application to differentiate login attempts made by Humans and Robotic software which would help to avoid DDoS attacks. Payments to TMB Credit Card dues and Prepaid Card Top-up facility are also provided through Internet Banking. Also, there are other facilities like offline statement, management of limit for Debit Card etc. provided through Internet Banking.

## MOBILE BANKING

Mobile Banking facility has been enabled in both Android and iOS. Mobile Banking registrations can be done at any of our TMB ATMs and through Branches. By using mobile banking facility, customer can perform SB/CA/loan/deposit inquiry, transfer of funds (Within TMB/NEFT/IMPS/RTGS), Deposit Opening, TNEB payment, Mobile Recharge, Cheque Book Issuance, ATM Card Blocking, Cheque Status Inquiry, etc., In addition, certain features like Transaction limit setting, Credit Card details and Payment Dues, Debit Card Blocking, Beneficiary Management are available for the Mobile Banking Customers.

## UPI

Unified Payment Interface (Acquirer and Issuer) service is available for our customers. They can download various UPI Certified Third Party applications like BHIM for both Android and iOS. Customers can transfer funds, initiate Online Payments, pay using QR Codes, pay in BBPS (Bill Payments), initiate IPO transactions, UPI recurring mandate. Now we are issuing QR codes to Merchants also.

## SERVER INFRASTRUCTURE

Bank's Server infrastructure is maintained at primary (DC - Chennai) and secondary (DR Site - Bengaluru) co-located Data Centres. The Bank is having Physical, Virtual, Hyper Converged Infrastructure and dedicated Storage devices.

Hyper Converged infrastructure installed at our DC and DR locations, which is a three-node cluster arrangement, provides high availability, high scalability, cost effective, improved workload performance and occupies less space.



Storage Infrastructure was upgraded from SAS to Flash storage to get high performance in Core Banking Solution (Finacle). It is scalable for our future needs and high availability.

## SECURITY INFRASTRUCTURE

Your Bank is having Endpoint Detection and Response (EDR) system to protect our Endpoints from Malware and Ransomware attacks. Also, we have implemented Data Loss Protection (DLP) which facilitates to block/alert transmission of data based on sensitive keywords across intra/inter network infrastructure. We have adequate Firewall, Intrusion Prevention System (IPS) and Intrusion Detection System (IDS) to protect our network from external threats accessing through internet.

Further, Bank has setup Security Operation Center (SOC) under the direct control of Information Security Department where the following tools/components are installed to monitor SOC operations.

1. Security Incident & Event Management (SIEM)
2. Database Activity Monitoring (DAM)
3. Privileged Access Management (PAM)
4. Web Application Firewall (WAF)

During 2022-23, we have completed the following major projects:

1. UPI Acquirer – Accessing UPI service by our customer through our Mobile Banking application
2. Disaster Recovery Site Shifting (Business Continuity)
3. Core Banking Solution Upgradation to Finacle V10.2.25
4. Full-fledged Call Centre at Madurai
5. Retail Loan account opening through Lend Perfect Application
6. TAB Banking Application for on boarding new customers
7. DLP (Data Loss Prevention) Solution
8. New Cloud based E-Mail Solution
9. Network Monitoring Solution
10. Load Balancer to handle high volume of Digital transactions

## 18. PRODUCT INNOVATION, NEW PRODUCTS AND SERVICES MAJOR INITIATIVES DURING 2022-23

- Launched new Current Account scheme TMB Agaram
- Launched various Term Deposit Schemes with attractive interest rates for the short time period
  - TMB@100 (1000 Days)
  - TMB Celebration 555 (555 Days)
  - TMB400 (400 Days)
  - TMB300 (300 Days)
- Tied up with Max Life Insurance Company Limited, Bajaj Allianz Life Insurance Company Limited, Chola MS General Insurance Company Limited and Kotak General Insurance Company Limited for insurance products.

## 19. AWARDS / RATINGS OBTAINED BY THE BANK

Your Bank has bagged the following awards during the year under review:

- Three awards at Atal Pension Yojana Felicitation and Strategic Review Programme conducted on May 2022.
  1. Old age Freedom fighters award of excellence (August – October 2021)
  2. Outperformers (Q3, 2021-22)
  3. Citizen's Choice Award for Best performing Bank, in the state of Tamilnadu
- Two awards in the name of "Numero Uno Exemplary Award of Par Excellence" from PFRDA for achieving the highest performance in Private Sector Bank category during the period from 01-04-2022 to 30-09-2022.
- The "Best Small Indian Bank" award in the Best Banks survey for the year 2022 done by Business Today-KPMG (BT-KPMG Best Banks Survey)
- The "Best Bank at National Level" for the year 2022, under other than large Private Sector banks category.
- The ASSOCHAM 9th MSME Excellence Award "Best MSME Bank – Runner Up".

## EXTERNAL RATING

During the financial year 2022-23, CRISIL renewed the rating for the Certificate of Deposit programme of the Bank for ₹1,000 crores and reaffirmed the "A1+" (indicating "Very Strong" rating).

## 20. RISK MANAGEMENT

Bank has a proactive approach towards Risk Management. Its risk philosophy involves developing and maintaining its banking activities within its risk appetite and regulatory framework.

The Risk Management Architecture of the Bank comprises of an Independent Risk Management Organizational structure at the corporate level, Risk Management Policies, Risk Measurement Tools and Risk Monitoring and Management Systems. The Bank has a well-defined risk appetite statement and all the banking functions are dovetailed to the risk appetite statement.

The Board of Directors of the Bank is primarily responsible for laying down risk parameters and establishing an integrated risk management and control mechanism. The Board of Directors is supported by a Sub-Committee of the Board known as the Risk Management Committee of the Board (RMCB), which in turn is aided by the Asset Liability Committee (ALCO) and the Risk and Asset Liability Management Committee of Executives (RMCE). The executive level Committees are headed by the MD & CEO of the Bank. The Bank's RMCB reviews its Risk Management policies and recommends to the Board for approval. The Board also sets out limits, taking into account the risk appetite of the Bank and the goals set.

The bank's liquidity ratios, i.e. LCR & NSFR are also above the minimum stipulated level indicating comfortable position with regard to liquidity risk.



Your Bank has been proactively conducting internal assessment of adequacy of capital, liquidity ratios and leverage ratios in accordance with Basel-III standards. The Bank's capital position is in compliance with Basel-III expectations and well above the minimum requirements.

## 21. BOARD OF DIRECTORS

The Bank's Board as on March 31<sup>st</sup>, 2023 comprises of 13 Directors and the composition of Board are given below:

S.NO	NAME	SECTOR REPRESENTED / AREA OF SPECIALIZED KNOWLEDGE
1	Shri S. Krishnan	Majority – Banking
2	Shri A. Niranjan Sankar	Minority sector
3	Shri P.C.G. Asok Kumar	Majority-SSI
4	Shri S.R. Ashok	Minority
5	Shri D.N. Nirranjan Kani	Minority
6	Shri C. Chiranjeeviraj	Majority sector (Accountancy as well as Finance) (Independent Director)
7	Smt S. Ezhil Jothi	Majority – Corporate Law (Independent Director)
8	Shri B. Vijayadurai	Majority – Accountancy (Independent Director)
9	Shri K. Nagarajan	Majority – Law, Agriculture and Rural economy (Independent Director)
10	Shri B. Prabakaran	Minority sector (Independent Director)
11	Shri B.S. Keshava Murthy	Majority – Banking (Independent Director)
12	Shri S.B. Suresh Kumar	Additional Director, RBI
13	Shri C.S. Ram Kumar	Additional Director, RBI

All Directors, other than Managing Director and CEO, are non-executive Directors of the Board. The details of Directors are available in the Corporate Governance report, which forms part of this report.

The details of directors or key managerial personnel who were appointed or have resigned during the year as mentioned in the Corporate Governance Report.

## 22. THE STATEMENT OF DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149

Your bank has received necessary declarations from all the Independent Directors under Section 149(7) read with Section 149(6) of the Companies Act, 2013 and Regulation 25(8) read with Regulation 16(1)(b) of the SEBI LODR, they meet the criteria of independence laid down thereunder.

## 23. WOMAN DIRECTOR

In terms of the provisions of Section 149 of the Companies Act, 2013, the Bank has appointed Smt. S. Ezhil Jothi (DIN: 07772888) as Woman (Independent) Director on the Board of the Bank.

## 24. DETAILS OF SUBSIDIARIES AND ASSOCIATES

Your bank does not have any subsidiaries or Associates or Joint Ventures for the financial year ended March 31, 2023.

## 25. CHANGE IN THE NATURE OF BUSINESS

During the Financial year ended March 31, 2023, there is no change in the nature of business of the Bank.

## 26. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, it is hereby confirmed that:

- a. In the preparation of the annual accounts for the financial year ended March 31st, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The Board of Directors have selected the accounting policies and applied them consistently and judgments and estimates made 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 2022-23 and of the profit of the Bank for that period.
- c. The Board of Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- d. The Board of Directors have prepared the annual accounts for the financial year ended on March 31st, 2023, on a going concern basis;
- e. The Board of Directors have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively.
- f. The Board of Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 27. DETAILS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, the bank has not entered into any significant material transactions with related parties, which could lead to potential conflict of interest, other than transactions entered into in the ordinary course of business and at arm's length basis. Hence, the disclosure in Form AOC-2 is not applicable. The policy on Related Party Transactions is placed on the Banks' website. <https://www.tmb.in/regulatory-policies.aspx>.



## 28. BOARD LEVEL PERFORMANCE EVALUATION

Pursuant to Section 134(3)(p) of the Companies Act, 2013 and Regulation 17 of SEBI LODR Regulations, 2015 and other applicable provisions, the Board has carried out annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The NRC has defined the evaluation criteria and procedure for the Performance Evaluation process for the Board, its Committees and Directors.

During the year under review, feedback was sought by way of structured questionnaires and evaluation was carried out based on various criteria and the responses received from the Directors.

The criteria for performance evaluation of the Board included aspects such as:

1. Development of suitable strategies and business plans at appropriate time and its effectiveness
2. Implementation of robust policies and procedures
3. Size, structure and expertise of the Board
4. Oversight of the Financial Reporting Process, including Internal Controls
5. Willingness to spend time and effort to learn about the Company and its business and
6. Awareness about the latest developments in the areas such as corporate governance framework, financial reporting, industry and market conditions.

The criteria for performance evaluation of the Committees included aspects such as:

1. Discharge of its functions and duties as per its terms of reference
2. Process and procedures followed for discharging its functions
3. Effectiveness of suggestions and recommendations received
4. Size, structure and expertise of the Committee
5. Conduct of its meetings and procedures followed in this regard

A separate peer review exercise was carried out to evaluate the performance of MD & CEO. The performance evaluation of the Chairman of the Board was not carried out, as we don't have a permanent Part Time Non – Executive Chairman.

Further, the Independent Directors, at their exclusive meeting held during the year on 16.03.2023, reviewed the performance of the Board, Non- executive Directors and other items as stipulated under the Listing Regulations.

The performance evaluation of the Independent Directors was carried out by the entire Board, without the participation of Independent Director being evaluated,

## 29. BANK'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Bank has a Board approved Nomination and Remuneration Policy for appointment of Directors and Senior executives of the Bank.

The Bank has also Board approved compensation policy which deals with the compensation & benefits of the Managing Director & CEO and senior executive of the Bank.

As a Banking company, the Bank is required to have not less than fifty-one percent of its Directors, fulfilling the specified eligibility criteria referred to in Section 10A(2) of Banking Regulation Act, 1949. Further, for determining the independence of directors, the Bank strictly follows the criteria as laid down in sub-section (6) of Section 149 of the Companies Act, 2013.

The remuneration of the MD & CEO is recommended by the Nomination & Remuneration Committee (NRC) to the Board for approval after considering the factors prescribed under the Compensation Policy. The Board considers the recommendations of NRC and approves the remuneration, modifications, subject to shareholders' and regulatory approvals.

Pursuant to the recommendation made by the Nomination and Remuneration Committee and the approval of Board of Directors, the Reserve Bank of India has approved the remuneration payable to MD & CEO vide its letter dated 18.08.2022 and the same was approved by the Shareholders through Postal Ballot on 30.11.2022.

The other non-executive directors are paid only sitting fees for attending the meetings of the Board and its Committees. None of the directors including the MD & CEO receives any profit linked remuneration. The sitting fees payable to the non-executive directors is ₹50,000/- for Board Meeting and ₹25,000/- for Committee Meetings for the year under review.

The terms and conditions of appointment of Independent Director are available on the Bank's website – [Click here](#).

### **30. A STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR**

The details are available in the Corporate Governance Report.

### **31. BOARD/COMMITTEE MEETINGS**

During the year under review, total 30 meetings of the Board and 75 meetings of the Committees of the Board were held. For details of the meeting of the Board and its Committees, please refer to the Corporate Governance report forming part of this report.

### **32. ANNUAL GENERAL MEETINGS**

For the details of the Annual General Meetings, please refer to the Corporate Governance report forming part of this report.

### **33. COMPLIANCE FUNCTION**

The bank has embraced compliance as a part of good governance and not for purely meeting the regulatory requirement. Hence, the Bank has institutionalized a strong compliance culture and mechanism across the organization, founded on the principles of transparency and trust by involving all the stakeholders. The Bank has a dedicated Compliance Department headed by Deputy General Manager, for ensuring regulatory and organization level compliance, across all



its businesses and operations. The key functions of this department includes, dissemination of key regulatory updates affecting the various business verticals of the Bank, review of processes from a regulatory compliance perspective, provide guidance on compliance-related matters, among others.

### **34. COMPLIANCE WITH THE PROVISIONS OF COMPANIES ACT, 2013**

The Bank has complied with all the provisions of the Companies Act, 2013 and the Rules made thereon, to the extent that are applicable to the Bank.

### **35. INTERNAL AUDITORS**

The Bank is required to appoint an internal auditor as per the requirements of Section 138 of the Companies Act, 2013, who should either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit on the functions and activities of the Bank.

As the Bank already has concurrent auditors, internal inspecting officers, compliance department etc. pursuant to the various requirements applicable to a banking company, performing all the activities expected to be done by the Internal Auditors, the functions of internal audit is already enabled. Hence the requirement of internal audit is deemed to be complied.

### **36. STATUTORY AUDITORS**

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with Section 30(1A) of the Banking Regulation Act, 1949, the Board of Directors has recommended the re-appointment of M/s. Suri & Co, Chartered Accountants, Chennai (Firm Registration No. 004283S) and M/s. Abarna & Ananthan, Chartered Accountants, Bangalore (Firm Registration No. 000003S) as the Joint Statutory Central Auditors of the Bank for the financial year 2023-24 for their third year. The Reserve Bank of India vide its letter dated 17.07.2023 has approved the same, subject to the approval of members at the Annual General Meeting.

The proposed Auditors have confirmed their eligibility to be so appointed in terms of Section 141 of Companies Act, 2013.

### **37. COMMENTS ON AUDITORS' REPORT**

The Notes on Accounts and the Significant Accounting Policies referred to in the Auditor's Report and forming part of the annual accounts and the references made by the Auditors in their Report are self-explanatory. The Auditors have not made any observations or adverse comments warranting any explanation on the part of the Board as referred to in Section 134 (3) (f) of the Companies Act, 2013.

### **38. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS**

During the year under review, the Auditors have not reported any instances of fraud committed in the Bank by its officers or employees to the Audit Committee or to the Board under section 143 (12) of the Companies Act, 2013.

### 39. SECRETARIAL AUDIT

The Bank had appointed M/s. SPNP Associates, Practicing Company Secretaries, Chennai as its Secretarial Auditor to conduct the secretarial audit of the Bank for the FY 2022-23. The report of the Secretarial Auditor is enclosed as **Annexure 1**.

There are no material remarks or observations in the report which require any explanation on the part of the Board, the observations made by the Secretarial Auditor are self-explanatory.

### 40. ANNUAL SECRETARIAL COMPLIANCE REPORT

The Bank has undertaken an audit for the Financial Year ended March 31, 2023 for all applicable compliances as per Listing Regulations and Circulars / Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by M/s. SPNP Associates, Company Secretaries, Chennai, has been submitted to the Stock Exchanges and is enclosed as **Annexure 2** to this Directors' Report.

### 41. COMPLIANCE TO SECRETARIAL STANDARDS

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and adopted by MCA have been complied by the Bank.

### 42. FUNDING SOURCES OF RENEWABLE ENERGY

The Bank has been supporting and financing various activities for development of alternative energy generation. The Bank recognizes wind and solar energy as main sources of best renewable and pollution free energy throughout the year and considers funding these initiatives as its contribution towards the worldwide effort against global warming. Accordingly, bank encourages setting up of solar panels by financing solar energy generation plants. The Bank has also taken various steps to conserve energy in its own premises, by establishing solar plant in 18 branches.

### 43. CORPORATE SOCIAL RESPONSIBILITY

As stated elsewhere, the Bank has constituted a Corporate Social Responsibility (CSR) Committee and has also adopted a CSR Policy. The CSR policy document is available on the Bank's website. The disclosure in respect of the CSR activities of the Bank as required to be made as per the Companies (Corporate Social Responsibility) Rules, 2014 is given in **Annexure 3**.

As per Section 135 of the Companies Act 2013 and Rules thereunder, the total amount to be spent is ₹16.71 crores for the Corporate Social Responsibility activities for the financial year 2022-23 and the bank has spent ₹16.82 crores.

### 44. EXTRACT OF ANNUAL RETURN

Extracts of Annual Return Pursuant to provision of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at 31st March 2023 is available in the Bank's website. The same can be accessed at <https://www.tmb.in/Annual-Return.aspx>



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

The Bank has zero tolerance towards any act on the part of any executive / employee which may fall under the ambit of 'Sexual Harassment' at workplace and is fully committed to uphold and maintain the dignity of every woman working in the Bank. The Policy provides for prevention and protection against sexual harassment of women at workplace and for redressal of such complaints. All the employees (permanent, contractual, temporary or trainee) are covered under this policy.

Number of complaints pending as at the beginning of the financial year - Nil

Number of complaints filed during the financial year - Nil

Number of complaints pending as at the end of the financial year - Nil.

#### 46. TRANSFER OF EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) AUTHORITY / UNCLAIMED DIVIDENDS.

The details of the equity shares / unclaimed Dividends transferred to Investor Education and Protection Fund (IEPF) Authority are available in the Corporate Governance report forming part of this report.

#### 47. STRICTURES AND PENALTIES

During the year under review, RBI has imposed the following penalties on the Bank:

1. Penalty charged by RBI under Scheme of Incentives and Penalties for Bank Branches including Currency chests for Mutilated, Shortage Currency and Counterfeit Currency during the period from 01.04.2022 to 31.03.2023 - ₹22,900/-
2. RBI has imposed penalty of ₹10,70,000/- under the scheme of penalty for Non-replenishment of ATM.

#### 48. REQUIREMENT FOR MAINTENANCE OF COST RECORDS

The cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, are not required to be maintained by the Bank.

#### 49. MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion & Analysis as required under the Listing Regulations is enclosed as **Annexure 4**, forming part of this Report.

#### 50. PARTICULARS OF EMPLOYEES AND REMUNERATION

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure 5** which forms part of this Report.

## 51. CORPORATE GOVERNANCE REPORT AND CERTIFICATE

Your Bank is committed to follow the best practice of corporate governance to protect the interest of all the stakeholders of the Bank, viz. shareholders, depositors and other customers, employees and the society in general and maintain transparency at all levels.

As required under Regulation 34 (3) read with Schedule V (C) of the Listing Regulations, a report on Corporate Governance and the certificate as required under Schedule V (E) of the Listing Regulations from M/s. Suri & Co, Practicing Chartered Accountant, regarding compliance of conditions of Corporate Governance are given in **Annexure 6** and **Annexure 7** respectively, forming part of this report.

## 52. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The 'Business Responsibility and Sustainability Report' (BRSR) of your Bank for the Financial Year ended March 31, 2023 is attached as **Annexure 8** as required under Regulation 34(2)(f) of the Listing Regulations. Your Bank continues to execute strong ESG proposition by working with all relevant stakeholders as well as in its own operations.

## 53. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE BANK FROM THE END OF THE FINANCIAL YEAR AND TILL THE DATE OF THIS REPORT

There are no material changes and commitments affecting the financial position of the bank.

## 54. THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND BANK OPERATIONS IN FUTURE

During the Financial Year 2022-23, no significant and material orders were passed by the Regulators or Courts or Tribunals against the Bank which impacts its going concern status and Bank's operations in future.

## 55. THE 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..

## 56. INSIDER TRADING COMPLIANCES

In compliance with the SEBI (prohibition of Insider Trading) Regulations, 2015, as amended, your bank has a comprehensive "Code of Conduct for prevention of Insider Trading" which lays down guidelines and procedures to be followed and disclosures to be made while dealing in securities of the Bank.



## 57. ACKNOWLEDGMENT

The Board acknowledges and places on record its appreciation for the valuable patronage, co-operation and goodwill received by your Bank from customers, fellow bankers, financial institutions and Non-Resident Indians. The continued support and co-operation of the employees and customers have been a constant source of strength for the Bank in all its endeavours.

The Board also acknowledges and places on record its gratitude to Reserve Bank of India SEBI, NSE, BSE and other regulatory authorities, the Government of India and State Governments for their continued guidance and support.

The staff members of the Bank have been working with dedication and deep commitment. Teamwork at every level, well supported by appropriate technology architecture, has been the hallmark of the Bank's performance. The Board places on record its appreciation for the excellent contribution made by each and every member of the staff, who has made our achievements possible through the years, and is confident that such contribution from the staff will continue in the coming years.

## 58. CONCLUSION

This year has been a very momentous year for the Bank. The Bank has celebrated its 101<sup>st</sup> year of existence, which in itself is a wonderful achievement.

Banks in general and your Bank in particular are ready to support the MSME sector by implementing the schemes introduced by the government and the regulator. The Bank has moved cautiously forward in growing its business and ensuring that the Bank reports good financials.

Your Bank looks to the future with great hope and confidence born out from the fact that the Bank has weathered many storms in its journey of hundred years and with the experience gained, will be able to look forward to the next 100 years with renewed strength, stemming from the trust of the customers and protected by the loyalty of its staff.

**Place :** Thoothukudi

**Date :** 26.07.2023

For and on behalf of the Board of Directors

**S.Krishnan**  
Managing Director & CEO

**A.Niranjana Sankar**  
Director

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

**The Members of Tamilnad Mercantile Bank Limited,**

CIN: L65110TN1921PLC001908

D.No.57, V.E. Road,

Thoothukudi – 628 002.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Tamilnad Mercantile Bank Limited, having CIN: L65110TN1921PLC001908 (“the Bank”) and having Registered Office at D.No.57, V.E. Road, Thoothukudi – 628 002, Tamilnadu (hereinafter referred to as ‘the Bank’), produced before me 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 my opinion and to the best of my 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 me by the Bank and its Officers, I hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies, by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S.No	Name of the Director	DIN (Director Identification Number)	Date of appointment
1	Shri S. Krishnan	07261965	04.09.2022
2	Shri A. Niranjana Sankar	00084014	28.10.2020
3	Shri P.C.G. Asok Kumar	05142860	29.02.2016
4	Shri S.R Ashok	07933713	28.10.2017
5	Shri C. Chiranjeeviraj	08730382	28.10.2020
6	Smt S. Ezhil Jothi	07772888	27.03.2017
7	Shri C.S. Ramkumar	09777115	04.10.2022
8	Shri K. Nagarajan	02274426	29.02.2016
9	Shri D.N. Nirranjan Kani	00455352	28.10.2017
10	Shri B. Prabakaran	00209875	28.10.2020
11	Shri S.B Suresh Kumar	08914364	11.09.2020
12	Shri B. Vijayadurai	07403509	29.02.2016
13	Shri B.S. Keshava Murthy	06965816	09.06.2022



My responsibility is to express an opinion on these based on my verification. Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

**SPNP & Associates**

Place : Chennai

Date : 09.05.2023

# ANNEXURE - 1

FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Tamilnad Mercantile Bank Limited  
57, Victoria Extension Road  
Thoothukudi – 628002

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tamilnad Mercantile 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 my verification of Tamilnad Mercantile Bank Limited books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, *(including the Court Orders and without expressing any opinion on subject matter of pending litigation or matter covered in order of the Hon'ble Court)* we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023 complied with the statutory provisions listed here under and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31<sup>st</sup> March, 2023 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent applicable;
3. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.



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

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

In relation to the other laws we have relied on the representation made by the Bank's Audit's Officers for systems and mechanism formed by the Bank for compliances under applicable Acts, Laws and Regulations as applicable to the Bank.

- a. Banking regulation Act, 1949 read with rules made thereunder;
- b. Reserve Bank of India, 1934 read with circulars, notifications & rules made thereunder;
- c. Securitization and reconstruction of Financial Assets and enforcement of Security Interest Act, 2002;
- d. The Bankers Book Evidence Act, 1891;
- e. Banking Companies Rules, 1949;
- f. Prevention of Money Laundering Act, 2002 read with rules made thereunder;
- g. Information Technology Act, 2000 and;
- h. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

I have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India.

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

- a. It is observed that the Bank has not appointed part time Non- Executive Chairperson (PTC) in compliance with Section 10B of Banking Regulation Act 1949.

Initially on 20.11.2020, the Bank had sent the proposal for appointment of Mr. A. Niranjana Sankar, Director, as part time non-executive Chairman of the Bank, which was declined by Reserve Bank of India vide their letter dated 30<sup>th</sup> April 2021 advising the Bank to send the proposal for appointment of an independent part-time Chairman.

Subsequently on 05.08.2021, the Bank had sent the revised proposal for appointment of Mr.B.Prabaharan, Independent Director, as part time non-executive Chairman of the Bank, which was declined by Reserve Bank of India vide their letter dated 11<sup>th</sup> November 2021 stating that the Fit and Proper Criteria was not satisfied.

Again on 20.08.2022, the Bank has sent its proposal to RBI for appointment of Mr.B.Vijayadurai, Independent Director, as part time non-executive Chairman of the Bank. However, the same was declined by Reserve Bank of India vide their letter DOR.GOV.No. S3893/08.55.001/2022-23 dated September 19, 2022, quoting that the same has not been found "Fit & Proper".

On 08.02.2023, RBI advised the Bank to submit the fresh proposal for appointment of PTC within three months from the date of receipt of the letter and in response bank had requested RBI to permit till the completion of next AGM for submission of fresh proposal for PTC. Till date no response has been received from RBI.

- a. The Bank convened 98<sup>th</sup>, 99<sup>th</sup> and 100<sup>th</sup> Annual General Meetings for the financial year ended 31<sup>st</sup> March 2020, 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022 respectively on 9<sup>th</sup> June 2022 pursuant to the directions of the Hon'ble High Court of Madras dated 22<sup>nd</sup> April 2022. As per the said order, "The petitioner-bank is at liberty to conduct the Annual General Meetings in accordance with law, adopting the guidelines formulated by the Ministry of Corporate Affairs, Government of India."
- b. It is observed that Directorate of Enforcement (DoE) had concluded that, M/s. Southern Agrifurance Industries Private Limited., (in which Mr. MGM Maran, who was the Past Chairman of Tamilnad Mercantile Bank, was also the Director/Shareholder) had made some foreign outward remittances, which were not bona-fide and were made with the objective to siphon-off funds from India in the name of ODI and that such remittances have been wrongly made under Automatic route, instead of Approval route, by not disclosing true and complete facts to the AD Bank. Hence DoE had held that the company has acquired and continue to hold, own, possess such foreign securities, foreign exchange in contravention of Section 4 of FEMA. Subsequently, during the period under review, DoE, vide their order dated 30<sup>th</sup> March 2022, had ordered the seizure of all their Indian assets, including the shares held by Mr. MGM Maran in Tamilnad Mercantile Bank. As per the above order and subsequent provisional attachment order No. 07/2022 dated 23.12.2022 issued by DoE, the Bank had made "Encumbrance" on these shares in the name of "The Enforcement Directorate, Government of India".
- c. It is observed that a penalty of ₹22,900/- (Rupees Twenty Two Thousand Nine Hundred Only) was levied by Reserve Bank of India-Chennai for detection of Counterfeit notes. The same was duly paid by the Bank.
- d. Further, a penalty subject to ₹10,70,000/- (Rupees Ten Lakh Seventy Thousand Only) was levied by Reserve Bank of India for Non-Replenishment of Automated Teller Machine(ATM). The same was duly paid by the Bank.
- e. Wherever notice was received by the bank from RBI or wherever clarification were sought, the Bank had duly replied to them within timeline and the same was placed before the board.



## Subject to Para (a) to (d), I further report that

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The subsequent changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act/RBI directives.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The Minutes of the Meetings have recorded the discussions, observations, directions and resolutions of the Board/Committees of the Board. All decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

I have examined the systems and processes of the Bank in place to ensure the compliance with general laws like Labour Laws, Employees Provident Funds Act, Employees State Insurance Act, considering and relying upon representations made by the Bank and its Officers for systems and mechanisms formed by the Bank for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Bank and its observance by them.

**I further report that** there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, there were no instances of:

- I. Redemption / buy-back of securities.
- II. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- III. Merger / amalgamation / reconstruction etc.
- IV. Foreign technical collaborations.

During the period under review the Bank has made Initial Public Offering of upto 15,840,000 Equity Shares of Face Value of ₹10 each. The equity shares of the Bank (BSE Scrip Code: 543596 & NSE Symbol: TMB) are listed on September 15, 2022, in both the exchanges (BSE & NSE).

**FOR SPNP & ASSOCIATES**

Date: 28/04/2023

Place: Chennai

(P. Sriram)

SPNP & ASSOCIATES

FCS No. 4862/ C P No: 3310

Peer Review No. : 1913/2022

UDIN: F004862E000215151

# ANNEXURE A

To,  
The Members,  
Tamilnad Mercantile Bank Limited  
57, Victoria Extension Road  
Thoothukudi – 628002

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

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

**FOR SPNP & ASSOCIATES**

Date: 28/04/2023

Place: Chennai

(P. Sriram)

SPNP & ASSOCIATES

FCS No. 4862/ C P No: 3310

Peer Review No. : 1913/2022

UDIN: F004862E000215151



# ANNEXURE - 2

## SECRETARIAL COMPLIANCE REPORT OF TAMILNAD MERCANTILE BANK LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2023

I. P. Sriram, Partner of SPNP & Associates have examined:

- a. All the documents and records made available to us and explanation provided by Tamilnad Mercantile Bank Limited ("the listed entity"),
- b. The filings/submissions made by the listed entity to the stock exchanges,
- c. Website of the listed entity,
- d. Any other document/filing, as may be relevant, which has been relied upon to make this certification,

For the year ended 31<sup>st</sup> March, 2023 ("Review Period") in respect of compliance with the provisions of:

- a. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- b. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, including:-

- a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended
- b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018,
- c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable to the company during the review period)
- e. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not Applicable to the company during the review period)
- f. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not Applicable to the company during the review period)

- a. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; as amended
- b. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- c. Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018;

And circulars guidelines issued thereunder; and based on the above examination, I hereby report that, during the Review Period:



- a. The listed entity has complied with the provisions of the above Regulations and circulars / guidelines issued thereunder, except in respect of matters specified below:

S.NO	Compliance Requirement (Regulations/Circulars/ Guidelines including specific clause)	Regulation/ Circular No.	Deviations	Actions Taken by	Type of Action	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary	Management Response	Remarks
1	Every banking company in existence on the commencement of the Banking Regulation (Amendment) Act shall have one of its directors, who may be appointed on a whole-time or a part-time basis as chairman of its Board of directors, and where he is appointed on a whole-time basis, as chairman of its Board of directors, he shall be entrusted with the management of the whole of the affairs of the banking company	Section 10B of Banking Regulation Act 1949	It is observed that the Bank has not appointed part time Non- Executive Chairperson (PTC) in compliance with Section 10B of Banking Regulation Act 1949	NA	NA	NA	NA	NA	<p>Initially on 20.11.2020, the Bank had sent the proposal for appointment of Mr. A. Niranjan Sankar, Director, as part time non-executive Chairman of the Bank, which was declined by Reserve Bank of India vide their letter dated 30<sup>th</sup> April 2021 advising the Bank to send the proposal for appointment of an independent part-time Chairman.</p> <p>Subsequently on 05.08.2021, the Bank had sent the revised proposal for appointment of Mr.B.Prabaharan, Independent Director, as part time non-executive Chairman of the Bank, which was declined by Reserve Bank of India vide their letter dated 11th November 2021 stating that the Fit and Proper Criteria was not satisfied.</p> <p>Again on 20.08.2022, the Bank has sent its proposal to RBI for appointment of Mr.B. Vijayadurai, Independent Director, as part time non-executive Chairman of the Bank. However, the same was declined by Reserve Bank of India vide their letter DOR.GOV.No. S3893/08.55.001/2022-23 dated September 19, 2022, quoting that the same has not been found "Fit &amp; Proper".</p> <p>On 08.02.2023, RBI advised the Bank to submit the fresh proposal for appointment of PTC within three months from the date of receipt of the letter and in response bank had requested RBI to permit till the completion of next AGM for submission of fresh proposal for PTC. Till date no response has been received from RBI.</p>	NA

b. The listed entity has taken the following actions to comply with the observations made in previous reports:

S.NO	Compliance Requirement (Regulations/Circulars/ Guidelines including specific clause)	Regulation/ Circular No.	Deviations	Actions Taken by	Type of Action	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary	Management Response	Remarks
1	Every company other than a One Person Company shall in each year hold in addition to any other meetings, a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting.	Section 96 of the Companies Act 2013	<p>The Company has not convened the Annual General Meeting for the financial year ended 31<sup>st</sup> March 2020, 31<sup>st</sup> March 2021.</p> <p>The retirement of Directors those ought to have been retired by rotation at the AGM has not taken place for financial year ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2021.</p> <p>The Board has approved the appointment of Managing Director &amp; CEO, however the same has not been approved by the shareholders.</p>	NA	NA	<p>The Company has not convened the 98<sup>th</sup> and 99<sup>th</sup> Annual General Meeting for the financial year ended 31<sup>st</sup> March 2020, 31<sup>st</sup> March 2021</p> <p>The retirement of Directors those ought to have been retired by rotation for the financial year ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2022 at the AGM has not taken place for 98<sup>th</sup> and 99<sup>th</sup> AGM.</p> <p>The Board has approved the appointment of Mr.K.V. Rama Moorthy as Managing Director &amp; CEO.w.e.f 03/09/2021 and the same was approved by Reserve Bank of India. However the same has not been approved by the shareholders.</p>	NA	NA	<p>During the period under review the Bank convened 98<sup>th</sup>, 99<sup>th</sup> and 100<sup>th</sup> Annual General Meetings for the financial year ended 31<sup>st</sup> March 2020, 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022 respectively on 9<sup>th</sup> June 2022 pursuant to the directions of the Hon'ble High Court of Madras dated 22<sup>nd</sup> April 2022.</p> <p>The Directors liable to retirement by rotation and eligible for re-appointment for the financial year ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2021 was duly approved by the shareholders in the 98<sup>th</sup>, 99<sup>th</sup> and 100<sup>th</sup> Annual General Meetings respectively held on 9<sup>th</sup> June 2022.</p> <p>The approval for appointment and remuneration of Mr. K.V. Rama Moorthy as Managing Director and CEO was sought and approved in the 100<sup>th</sup> Annual General Meeting duly held on 9<sup>th</sup> June 2022.</p>	NA



**ADDITIONAL DISCLOSURES:**

On the basis of Circular No. 20230316-1 dated 16<sup>th</sup> March 2023, the following are the Additional affirmations

S.NO	Particulars	Compliance status (Yes/No/NA)	Observations Remarks by PCS*
1	<b>Secretarial Standards</b> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI)	Yes	
2	<b>Adoption and timely updation of the Policies</b> <ul style="list-style-type: none"> <li>All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities</li> <li>All the policies are in conformity with SEBI Regulations and has been reviewed &amp; timely updated as per the regulations/circulars/guidelines issued by SEBI</li> </ul>	Yes	
3	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"> <li>The Listed entity is maintaining a functional website</li> <li>Timely dissemination of the documents/information under a separate section on the website</li> <li>Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/section of the website</li> </ul>	Yes	
4	<b>Disqualification of Director</b> None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	

S.NO	Particulars	Compliance status (Yes/No/NA)	Observations Remarks by PCS*
5	<b>To examine details related to Subsidiaries of listed entities</b> <ul style="list-style-type: none"> <li>• Identification of material subsidiary companies</li> <li>• Requirements with respect to disclosure of material as well as other subsidiaries</li> </ul>	Yes	
6	<b>Preservation of Documents:</b> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	
7	<b>Performance Evaluation:</b> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	Yes	
8	<b>Related Party Transactions</b> <ul style="list-style-type: none"> <li>• The listed entity has obtained prior approval of Audit Committee for all Related party transactions</li> <li>• In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee</li> </ul>	Yes	
9	<b>Disclosure of events or information:</b> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	



S.NO	Particulars	Compliance status (Yes/No/NA)	Observations Remarks by PCS*
10	<b>Prohibition of Insider Trading:</b> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	
11	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b> No Actions taken against the listed entity/its promoters/directors/subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/guidelines issued thereunder	Yes	
12	<b>Additional Non-compliances ,if any:</b> No any additional non-compliance observed for all SEBI regulation/circular/guidance note etc.	NA	

Date: May 09, 2023

**FOR SPNP & ASSOCIATES**

Place: Chennai

**P. SRIRAM**

SPNP &amp; ASSOCIATES

FCS No. 4862/ C P No: 3310

Peer Review No. : 1913/2022

UDIN: F004862E000215151

# ANNEXURE - 3

## ANNUAL REPORT ON CSR ACTIVITIES

### 1. BRIEF OUTLINE OF THE BANK'S CSR POLICY

The CSR Policy of the bank outlines the type and scope of activities to be undertaken as part of the Bank's commitment to contributing to the overall progress of the society, people and the environment while aligning the same with the general policy prescriptions of the Government of India in the matter of growth and development. It also aims at complying with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 and allied notifications issued by the Government of India.

The specific activities to be undertaken by the Bank within the parameters as specified in Schedule VII of the Companies Act, 2013 are as follows:

- a. Financial inclusion – to cover under clause (ii) of Schedule VII,
- b. Provision of solar powered street lights – to cover under clauses (iv) and (x)
- c. Provision of food to orphanages/old age homes – clause (i)
- d. Planting of trees/saplings – clause (iv)
- e. Donations to schools, vocational institutions etc. – clauses (ii) and (iii)
- f. Organising blood donation camps, eye testing camps etc. – clause (i)
- g. Donating bicycles, sewing machines etc. – clause (ii)
- h. Setting up a library for the public – clause (v)
- i. Providing RO plants to schools, old age homes etc. – clause (i)
- j. Construction of toilets etc. – clause (i)
- k. Training centre for promotion of nationally recognised sports – clause (vii)
- l. A vocational training/empowerment/skill building institute in the line of RSETI (Rural Self Employment Training Institute) or so could be started by the Bank for imparting training to various sections of people in the society especially rural youth and women. Providing financial assistance to ITIs also could be considered – clause (ii)
- m. Setting up bore-wells, water treatment plants, fresh water disposal plants including RO plants etc. in villages, schools etc. – clause (i).
- n. Developing rural market places– clause (iii), (x) and (xi)
- o. Provision of infrastructure and aiding machinery for differently abled people, like wheel chairs, cycles, ramps etc. – clause (ii) and (iii)
- p. Electrification of villages, especially through solar energy – clause (x)
- q. Healthcare and sanitation facilities for villagers especially womenfolk– clause (i)
- r. Provision of free medical camps, medical consultancy, clinics etc. – clause (i)

- a. Setting up of creches and day care centres-- clause (iii)
- b. Providing ambulances- clause (i)
- c. Providing financial assistance for fees, maintenance expenses and provision of various amenities to the schools and charitable trusts meant for the specially abled/differently abled/mentally unsound children- clause (ii).
- d. Any other activities as may be decided by the Board / Committee from time to time.

## 2. COMPOSITION OF CSR COMMITTEE

S.No	Name of Director & Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri K.V. Rama Moorthy, MD & CEO (#)	3	1
2	Shri S. Krishnan, MD & CEO (\$)	3	2
3	Shri A. Niranjana Sankar, Non-Executive Director	3	3
4	Shri S.R. Ashok, Non-Executive Director	3	3
5	Shri D.N. Nirranjan Kani, Non-Executive Director	3	3
6	Shri B. Prabakaran, Independent Director	3	3
7	Shri B. Vijayadurai, Independent Director	3	3

(#) Upto 03.09.2022 | (\$) Inducted into the CSR Committee w.e.f. 04.09.2022

## 3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY

Composition of the CSR committee shared above and is disclosed in the Corporate Governance Report. The web-link to access CSR Policy and CSR projects are given below.

**CSR Policy :** <https://www.tmb.in/regulatory-policies.aspx>

**CSR Projects :** <https://tmb.in/corporate-social-responsibility-csr.aspx>



#### 4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT):

There are no projects undertaken during the reporting period, for which the impact assessment report is applicable.

#### 5. (A) COMPUTATION OF AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5)

PARTICULARS	Year 2021-22	Year 2020-21	Year 2019-20
Net Profit After Tax for the year as per Profit and Loss Account	821,90,88,153.52	603,32,92,406.27	407,69,30,866.82
<b>Less:</b> Deductions as per sub-section (3) of section 198	Nil	Nil	Nil
<b>Add:</b> Additions as per sub-section (5) of section 198 – of the Companies Act, 2013	302,70,23,168.00	195,02,73,688.00	177,20,33,135.00
<b>Less:</b> Dividend Received from Companies who complied with CSR Activities as per CSR Rules	21,17,096.16	24,06,265.55	40,16,133.37
Net Profit for the year as per section 198	1124,39,94,225.36	798,11,59,828.72	584,49,47,868.45
Average Net Profit for the last 3 years	835,67,00,640.84		
2% of the average net profit to be spent towards CSR	16,71,34,013.00		

- b. Two percent of average net profit of the company as per section 135 (5): ₹1671.35 lakh
- c. Surplus arising out of the CSR projects or programmes or activities of the previous Financial years: Nil
- d. Amount required to be set off for the financial year if any: NA
- e. Total CSR obligation for the financial year: ₹1671.35 lakh

## 6. (A) AMOUNT SPENT ON CSR PROJECTS (BOTH ONGOING PROJECT AND OTHER THAN ONGOING PROJECT)

₹ in crores

S.No	Name of the project	Items from the list of activities in Schedule VII of to the Act	Local area Yes / No	Location of the project		Project Duration	Amount allocated to the project	Amount spent in the current financial year	Amount transferred to unspent CSR amount for the project as per section 135(6)	Mode of implementation – Direct Yes / No	Mode of implementation through implementing agency	
				State	District						Name	CSR registration number
1	<b>TMB Foundation Training Institute</b>	Clause(ii)	Yes	TN	Madurai	3 years	13.12	13.12	-	No	TMB Foundation	CSR 00000375

## Details of CSR amount spent against other than ongoing projects for the financial year

₹ in crores

S.No	Name of the project	Items from the list of activities in Schedule VII of to the Act	Local area Yes / No	Location of the project		Amount spent in the current financial year	Mode of implementation – Direct Yes / No	Mode of implementation through implementing agency	
				State	District			Name	CSR registration number
1	Providing RO plants to schools, old age home etc	Clause (i)	Yes	Tamilnadu	Multiple Districts	18,58,870.00	Direct	-	-
2	Construction of toilets etc.	Clause (i)	Yes	Tamilnadu	Multiple Districts	1,14,94,940.00	Direct	-	-
3	Protection of National Heritage, art and culture	Clause (v)	Yes	Tamilnadu	Thoothukudi	10,27,096.00	Direct	-	-
4	Healthcare and sanitation facilities	Clause (i)	Yes	Tamilnadu West Bengal	Multiple Districts	17,64,241.49	Direct	-	-
5	Provision of free clinics, medical consultancy etc	Clause (I)	Yes	Tamilnadu	Multiple Districts	13,04,649.00	Direct	-	-
6	Donations to schools etc.	Clause (ii)	Yes	Tamilnadu	Multiple Districts	1,23,18,681.00	Direct	-	-
7	Setting up of homes and hostel for women and orphans, old age homes etc	Clause (iii)	Yes	Tamilnadu	Multiple Districts	50,000.00	Direct	-	-



₹ in crores

S.No	Name of the project	Items from the list of activities in Schedule VII of to the Act	Local area Yes / No	Location of the project		Amount spent in the current financial year	Mode of implementation – Direct Yes / No	Mode of implementation through implementing agency	
				State	District			Name	CSR registration number
8	Provision of infrastructure and aiding machinery for differently abled people	Clause (iii)	Yes	Tamilnadu	Multiple Districts	4,37,220.00	Direct	-	-
9	Setting up a library for the public	Clause (v)	Yes	Tamilnadu	Multiple Districts	3,81,496.00	Direct	-	-
10	Providing financial assistance to Charitable trusts meant for the differently abled etc	Clause (ii)	Yes	Tamilnadu	Multiple Districts	13,91,630.00	Direct	-	-
11	Providing education, employment enhancing vocational skills	Clause(ii)	Yes	Tamilnadu	Multiple Districts	27,37,582.00	Direct	-	-
12	Planting of trees / saplings	Clause (iv)	Yes	Tamilnadu	Multiple Districts	22,76,000.00	Direct	-	-
13	Providing training to promote rural sports nationally recognised	Clause (vii)	Yes	Tamilnadu	Multiple Districts	0.00	Direct	-	-

TOTAL

3,70,42,405.49

- (b) Amount spent in Administrative overheads: NIL
- (c) Amount spent on Impact Assessment, if applicable: NIL
- (d) Total amount spent for the Financial Year: ₹1682.42 lakh
- (e) Excess amount for set off, if any

S.NO	PARTICULAR	AMOUNT
1	Two percent of average net profit of the company as per section 135 (5)	1671.35
2	Total amount spent for the Financial Year	1682.42
3	Excess amount for the financial year {(ii) – (i)}	11.07
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
5	Amount available for set off in succeeding financial years {(iii – iv)}	11.07

#### 7. DETAILS OF UNSPENT CSR AMOUNT FOR THE PROCEEDING THREE FINANCIAL YEARS:

S.No	Proceeding Financial Year	Amount transferred to unspent CSR account under section 135 (6)	Amount spent in the reporting financial year	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
				Name of the fund	Amount	Date of Transfer	
NA							

#### 8. IN CASE OF CREATING OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAIL)

Yes, capital assets have been created or acquired in the name of the intermediary (TMB Foundation) through CSR, spent in the Financial Year 2022-23

(a) Date of creation or acquisition of the capital asset(s):	16.04.2022
(b) Amount of CSR spent for creation or acquisition of capital asset:	₹13.12 Crores
(c) Details of entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.:	TMB Foundation
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):	Vacant land acquired to the extent of 1.0899 acres at Thirumangalam taluka, Dharumathupatti, Kappalur, Madurai for the purpose of construction of Vocational Training Institute to educate unemployed youths under CSR activity

**9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PERCENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5): NA**

**S. Krishnan**

Managing Director & CEO

**Niranjana Sankar**

Chairman of CSR Committee



# ANNEXURE - 4

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A. INDUSTRY STRUCTURE AND DEVELOPMENTS.

#### GLOBAL ECONOMY

The global economy was impacted by successive waves of the COVID-19 pandemic by early 2022. The recovery of the same aided by the large policy stimulus and expanding coverage of vaccination, was jolted by the war in Ukraine. The gains achieved through concerted fiscal and monetary policy interventions during the pandemic period (2020 and 2021) were undermined by the impact of the war. Inflation grew from ~2% to ~9% across US and EU between 2017-2022, as a result of the monetary & fiscal stimulus during the pandemic. In response, central banks have aggressively hiked interest rates by +450 bps and +350 bps in US and ECB respectively to counter the effect of higher inflation. A generalized surge in global inflation triggered monetary policy actions by central banks in the form of successive interest rate increases and the pulling back of liquidity, leading to tightening of financial conditions and together with other factors. This had a toll on growth, which slowed from 6.2 per cent in 2021 to 3.4 percent in 2022, according to the International Monetary Fund.

However, due to the various actions including stimulus given by Central Banks across the world, Global inflation is expected to fall from 8.7% in 2022 to 7% in 2023 and <5% in 2024, still above pre-pandemic levels.

Overall, the prospects for the global economy continue to be shadowed by high inflation, the adverse effects of geo-economic fragmentation operating through restrictions on movements of trade, labour, capital and diffusion of technology and potential amplification of financial sector vulnerabilities.

#### DOMESTIC ECONOMY

A sustained recovery in discretionary spending, particularly in contact intensive services, restoration of consumer confidence, high festival season spending after two consecutive years of COVID-19 induced isolation and the Government's thrust on capex, provided impetus to the growth momentum. In the second half of the year, however, the pace of year-on-year growth moderated because of unfavorable base effects, weakening private consumption demand caused by high inflation, slowdown in export growth and sustained input cost pressures. Agriculture and allied activities were resilient in 2022-23, with gross value added (GVA) registering a growth of 3.3 per cent. In the industrial sector, manufacturing activity withstood global spillovers, while electricity generation exhibited robust growth, and mining recorded steady activity. Sustained momentum was seen in construction activity, while infrastructure and capital goods production

benefitted from the government-led investment in infrastructure. India is well placed to capture shift in trade flows (estimated at ~\$4.6 Tn) resulting from global supply chain disruptions backed by attractive government incentives.

Inflation reached a peak of 7.8 per cent in April 2022, which was moderated by supply management measures by the government and successive hikes in the policy repo rate by the Reserve Bank. Overall, headline inflation increased to 6.7 per cent in 2022-23 from 5.5 per cent in 2021-22.

The revised GDP growth for 2023-24 projected at 6.5% reflects the impact of the developmental measures taken by the Government.

Indian Banks are shielded from the volatility witnessed by International financial markets due to a diversified deposit & asset base, better risk management and tighter regulations. Equity markets in India, however, gained marginally, despite portfolio outflows and forex market pressures, reflecting India's growth resilience and rising investment in the market by resident entities.

India's merchandise exports touched US\$ 450.4 billion during 2022- 23, which is 6.7 per cent above the previous year's record level. India witnessed a transition from net importer to exporter in areas such as mobile phones and toys and registered a 10-fold increase in exports of defense goods in a short span, leveraging on policies such as 'Make in India' and 'AatmaNirbhar Bharat'.

Domestic economic activity exhibited resilience in the second half of the year under review, amidst accentuating global headwinds. Investment activity was robust while private consumption growth moderated. On the supply side, services sector was the main driver, with elevated input cost pressures dragging down the manufacturing sector.

Going ahead, the economic activity would be supported by improving rural demand, the Government's thrust on infrastructure spending, revival in corporate investment, healthy bank credit, and moderating commodity prices.

## BANKING SECTOR

During the year, the banking system continued the efforts to augment capital and improve asset quality. Fresh lending gained momentum during 2022-23, resulting in double-digit credit growth encompassing all major sectors. The asset quality of scheduled commercial banks (SCBs) continued to improve, with gross non-performing assets (GNPA) ratio and net non-performing assets (NNPA) ratio declining and the quarterly slippage ratio cooling off. The provisioning coverage ratio (PCR) also steadily increased. Net interest margin (NIM) witnessed an improvement, reflecting the higher degree of transmission of monetary policy to lending rates than to deposit rates in the rising interest rate cycle. Consequently, profit after tax (PAT) registered strong growth. Return on equity (RoE) and return on assets (RoA) for SCBs improved further during the year.

Transactions routed through digital modes recorded a marked expansion in 2022-23 over and above the strong growth witnessed a year ago. In 2022-23, total digital payments recorded growth of 57.8 per cent and 19.2 per cent in volume and value terms, respectively, on top of growth of 63.8 per cent and 23.1 per cent, respectively, in the previous year. India outpaced other

nations to emerge as the largest player in real-time transactions at the global level, with a 46 per cent share in 2022. The strong penetration and growth in Unified Payments Interface (UPI) were buoyed by rapid merchant onboarding, growing digital awareness and policy thrust on continuous enhancements in the scope and reach of payment systems. India has also focused on increasing its banking sector reach, like the PMJDY and Post payment banks. Schemes like these coupled with major banking sector reforms like digital payments, neo-banking, a rise of Indian NBFCs and fintech, significantly enhanced India's financial inclusion and helped fuel the credit cycle in the country.

## PERFORMANCE HIGHLIGHTS OF THE BANK

- The Bank's deposit has increased to ₹47,766 crores (PY same period ₹44,933 crores)
- The advance level of the Bank has increased to ₹37,582 crores with a growth rate of 11.36 %
- The Operating Profit is at ₹1,573 crores as on 31.03.2023 as against ₹1,516 crores for year ended 31.03.2022.
- The Net Profit is at ₹1029 crores as on 31.03.2023 as against ₹822 crores) for the year ended 31.03.2022 registering the growth rate of 25.18%
- The Net Interest Income (NII) has increased to ₹2,094 as on 31.03.2023 (₹1,815 crores as on 31.03.2022) registering a growth rate of 15.37%.
- The NIM has moved up from 4.10% in FY 2022 to 4.46% in FY 2023
- Return on Asset at 1.97 % & Return on Equity at 16.78 % (PY 1.66 % and 16.58 % respectively)
- The Bank's Net worth increased to ₹6,928 crores (PY ₹5,336 crores) with an absolute rise of ₹1,592 crores registering a growth rate of 29.84 %
- Our CRAR stood at 26.26% for the FY 2023
- The Gross NPA as a percentage to total advances stood at 1.39 % and net NPA stands at 0.62 %. (PY 1.69% and 0.95 % respectively)
- Provision Coverage Ratio of the Bank increased to 90.90 % (PY 87.92 %)

## B. OPPORTUNITIES AND THREATS.

### STRENGTHS

- More than 100 years of presence in Banking Industry with unblemished record
- Strong legacy, loyal customer base and focus on improving servicing framework
- Uninterrupted Dividend payment history
- Very strong capital base comprising mainly of Tier I Capital
- High Brand recall in Tamilnadu
- Reputation as a Bank where customer service is given prime importance
- A large bouquet of products both in liabilities and assets.
- A highly motivated and young staff strength with average age of 35 years
- Strong asset quality, underwriting practices and risk management policies and procedures
- Consistent financial performance



## WEAKNESS

- Branch network predominantly in Tamilnadu
- Minimal presence in many metro / urban centers with a single Branch presence.
- Relatively low digital presence
- A comparatively small customer base

## OPPORTUNITIES

- With Indian economy opening up, enormous opportunities have been created to lend to various sectors
- New avenues to expand in Digital space by introducing lending in internet & mobile platforms
- Opening braches at various places outside Tamilnadu to increase its footprint & garner business
- Possibility to engage with the youth of the country and to partner with them in their aspirational activities.
- Lending to units reducing pollution or increasing clean environment

## THREATS

- NBFCs & small payment Banks competing for deposits and crowding the market place.
- Interest rate wars among Banks chasing a limited number of risk free borrowers.
- Big private sector Banks entering the rural and semi urban areas

### C. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE.

PARTICULARS	MARCH 22	MARCH 23	Y-O-Y GROWTH (MAR'23 OVER MAR'22)
Gross Advances	33,748	37,582	11.36%
Of which			
Retail Sector	6,758	7,866	16.39%
Agriculture Sector	10,023	11,575	15.48%
MSME Sector	12,615	13,319	5.58%
Total of RAM	29,396	32,760	11.44%
RAM % to Gross Advances	87%	87%	
Corporate & Others	4,352	4,822	10.80%
CD Ratio	75%	79%	

Our Retail & Agriculture sector have grown at 16.39% and 15.48% respectively on a Y-o-Y basis. We achieved the highest ever Net Profit, Operating Profit & Net Interest Income in the history of the Bank.

## D. OUTLOOK

Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth in the banking sector. All these factors suggest that India's banking sector is poised for robust growth as rapidly growing businesses will turn to banks for their credit needs. The advancement in technology has brought mobile and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved services to their clients and upgrading their technology infrastructure to enhance customer's overall experience as well as give banks a competitive edge.

The future state of the Indian Banking lies in the modernization of the core banking system. Introduction of new, better and agile technologies is carving out new paths of growth and optimization.

Banking will be more lifestyle oriented and banks will look to extend their core systems to kick-start growth by launching new products, build digital experiences, and augment operational efficiency by leveraging the likes of AI, machine learning and cloud technologies. These would include themes like digital on boarding and quick loan disbursals.

Artificial Intelligence, Machine learning and Deep-learning will be employed as decision - making tools to judge the behavioral aspects of customers.

Block chain technology will enable revisiting of processes, procedures and internal controls, to create an effective and robust sustainable structure. Adoption of block chain will be gradual and steady, as waves of technological and institutional changes gain momentum.

Gradual transition to "Transaction based lending" based on "cash flows" of the borrower as against "Asset Based Lending" for the large borrowers will emerge with lesser reliance on "Cash Credit System" as a credit delivery mechanism.

Green and Sustainable Banking with an endeavor to allocate resources towards avenues that lead to Environment, Social, and Governance objectives, in line with international standards.

The following are the strategies Bank will adopt to grow its business

- In order to attain the vision of making your Bank the 'most preferred digital Bank', a five-year strategy plan was laid out during the year.
- The Bank will embark into a Technology, Digital and HR transformation besides Business Process Re-engineering (BPR).
- With a clear vision which strives for deeper and more profitable customer relationships and operational excellence to streamline the organization, your Bank is all set to move towards an ever-improving P&L and Balance Sheet
- The insurance partners have been extending their support by deploying man power at the Regions/branches for training the staff members to cross-sell as well as source business along with the staff members.

- A global management consulting firm has been engaged for Business process re-engineering in MSME sector.
- Exploring to have tie-up with fintech companies for increasing the non-interest income.
- Introducing the end-to-end loan digitization.
- Use of Data Mining, Artificial Intelligence (AI), Machine learning and other evolving technological tools will help in not only retaining the customers but also to widen the client base.
- On the credit front, a lot is expected to be done for improving the Credit Appraisal Standards, Monitoring Mechanism and Risk Management Strategies.
- The credit delivery system may undergo a change with transition towards Transaction based lending, based primarily on "Cash flows, as against "collateral based landing".
- Green and sustainable banking shall be an integral part of future banking scenario with an aim to allocate resources towards avenues that lead to environmental, social and governance objectives, in line with the emerging opportunities.

## **E. RISKS AND CONCERNS.**

The Risk Management philosophy of your Bank is to accept risk as an essential aspect of business and take necessary steps to manage and mitigate the risk. Your Bank seeks to build business which expands but always within the overview of the risk management principles. As with all banks in the banking system, your Bank is exposed to various risks that are inherent to any banking business. The major risks are credit risk, market risk including interest rate risk and liquidity risk, Operational risk, Reputational and strategic risks. Your Bank has put in place a very responsive risk management framework. The Bank has robust risk management policies, well laid out procedures, processes and methodologies to manage the risks envisaged.

The overall responsibility for establishing a strong risk management framework lies with the Board of Directors. The Risk Management Committee (RMC) of the Board oversees the implementation of various measures for efficient risk management with the support of the Executive Level Committees.

Risk Management Department is headed by the Chief Risk Officer, who is responsible for the risk management functions of your Bank. An independent risk governance structure has been put in place, duly ensuring independence of risk measurement, monitoring and control functions. The bank has a well-articulated risk appetite statement and activities of the bank are structured to fall in line with the risk appetite, which is defined.

Your Bank has an internal rating mechanism, which forms the basis for risk linked pricing framework. The bank also has a scoring structure for the retail loans. The loan policy of the Bank ensures that the underwriting standards are maintained, on line and off line monitoring methods are devised to strengthen supervision of credit and whenever weaknesses are perceived, risk mitigation measures are implemented. The Bank has also EWS system, which is an automated environment for early detection of frauds.



The Bank has exposures in RAM segment i.e. Retail, Agriculture and MSME. The bank has been traditionally strong in these areas and proposes to build on the expertise it has gained over the years for further growth in these segments. Retail has a specific focus of home loans and the Bank intends to increase the exposure in this portfolio. Your Bank is active in lending for two-wheelers and four wheelers and will continue to expand in this segment. The risk management structure for identifying, measuring, monitoring, controlling and mitigating the risks for these portfolios are well entrenched.

With regard to industry exposure, in addition to good underwriting skills strengthened by established appraisal norms, there are also mechanism of capping various exposures on the basis of the borrower group, industry, credit rating grades and geography, amongst others. Further major sectors are also monitored by having caps in place. Concentration risk is tracked by putting proper limits.

Credit risk management is practiced in your Bank, through its various policies, risk assessing tools and risk mitigating measures, which forms the base for good credit growth coupled with asset quality.

Your Bank has put in place proper framework for market risk management. The Bank has a conservative approach to investment and mainly invests in Government securities. In case of investing in bonds of corporate entities, the Bank ensures that the external rating of the entities are investment grade only.

The forex activities are mainly trade finance oriented, purchasing, discounting and negotiating bills drawn on various currencies on account of our customers. The Bank has put in limits with regard to its foreign currency position like Net Overnight Open position, Currency wise aggregate gap limits etc., so that the fluctuations of foreign currencies does not lead to any substantial loss to the Bank. Counterparty limits for exposures with banks are also in place to ensure that the Bank not enter into any high exposures with banks.

The Bank also understands that the Operational risk is one the major risks faced by banks and there is a need to have bank wide structure in place to identify, monitor and mitigate this risk. The Bank conducts Risk and control Self-assessment (RCSA) on its products and processes to understand the control deficiencies, if any, and take steps to address the same. Further, the Bank is laying great emphasis on training and educating its staff on all banking matters especially in various types of products and processes so that errors can be minimized. System based checks are also in place to ensure that the mistakes can be prevented. Your bank is taking all the steps necessary to ensure that the impact of operational risk is reduced

## **F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY.**

### **INSPECTION AND AUDIT**

Inspection and Audit independently evaluates the adequacy, completeness, operational effectiveness and efficiency of all internal controls, risk management/governance systems and processes of the Bank. The Audit Committee of the Board provides direction and reviews the adequacy of internal audit function, including its reporting structure, staffing, coverage and frequency of audits. The Head of Inspection Department is designated as the "Internal Auditor" of the Bank and reports directly to Managing Director & CEO. An executive level committee named

the “Audit Committee of Executives” headed by the Managing Director & CEO oversees the audit and inspection functions and reviews the audit procedures and methodologies, effectiveness of audit systems, progress in completion of audits, risk rating of branches, and significant audit findings. The Risk Based Internal Audit Policy, Credit Audit Policy, Management Audit Policy, Concurrent Audit Policy and Information System Audit Policy which serve as the basic guidance documents for internal Audit function, were subjected to annual review during the year. The review covered appropriate modifications and refinements based on regulatory guidelines, changes in internal rules and guidelines, directions of the Audit Committee of the Board and the Board of Directors. The review and modifications ensured that the audit systems and procedures are contemporary and continue to be an effective tool for monitoring control and compliance in the Bank. Inspection & Audit is responsible for self-assessment of the Bank’s internal financial controls by testing and validating the effectiveness of controls on an ongoing basis. The major audits undertaken by the Bank during the financial year are

### **RISK BASED INTERNAL AUDIT**

Our Bank has leveraged on Risk Based Internal Audit (RBIA) as a tool to assess the risks in its processes, operations and effectiveness of related controls. Risk Based Internal Audit conducted at branches focus on evaluating the branches based on the level of inherent business risks and control risks. 536 Risk Based Internal Audits were conducted during the financial year 2022-23.

### **INFORMATION SYSTEM AUDIT**

Information System Audit collects and evaluates the evidence to determine whether the information system safeguards assets, maintains data integrity and availability, achieves organizational goals effectively and consumes resources efficiently. It focuses on the risks that are relevant to information assets and assesses the adequacy of controls implemented for mitigating the risks. All critical IT infrastructures in the Bank are subjected to Information System Audit by information systems professionals from reputed CERT-IN empaneled external audit firms and Certified Information System Auditors (CISA) of the Bank. Critical Information Systems are subjected to Vulnerability Assessment & Penetration Testing (VAPT) every quarter. In addition to this, Information System Audit covering physical security of IT systems and business continuity procedures is conducted at branches/offices. During the financial year 2022-23, Information System Audit was conducted in 557 branches/offices.

### **MANAGEMENT AUDIT**

Management Audit in the Bank essentially focuses on identifying the adequacy and effectiveness of processes adopted for decision making in Regional Offices, various Head Office Departments of the Bank i.e. International Banking Division, Integrated Treasury Department, Information Technology Department, Inspection Department, including IS Audit Cell, Human Resources Development Department, Vigilance Department, Accounts Department, MIS Department, Credit Recovery & Follow-up Department, Credit Department, Credit Audit and Monitoring Department, KYC/AML Cell, Risk Management Department, Secretarial Section, Compliance Department, Planning Development and Resource Mobilization Department, Operations & Services

Department, Customer Service Cell, Legal Department, Staff Training College, Bancassurance cell, DPS cell, Establishment Department, Service Branch, RTGS/WUMT cell, Central Processing Centre, Discipline & Fraud Monitoring Cell. The feedback from management audit is relied upon by the auditee units to improve the processes, procedures and systems in place in such offices. During the financial year 2022-23, Management Audit was conducted in 18 offices.

## OFFSITE AUDIT

Offsite audit is a forward looking diagnostic tool to identify gaps in the systems and procedures of the Bank. The revenue audit in the Bank is undertaken through Offsite Audit. Your Bank leverages Audit Command Language (ACL) tool for generating and analyzing exceptions while conducting offsite audits.

## CONCURRENT AUDIT

Our Bank is increasingly relying on 'Concurrent Audit' as an early warning system to ensure near real-time detection of irregularities and lapses and is also used as a tool to prevent frauds. Your Bank has implemented the revised Concurrent Audit framework, duly approved by the Audit Committee of the Board, as per RBI circular dated September 18, 2019, with effect from April 1, 2020. During the year under review, Concurrent Audit was in place in 200 branches and 20 offices, covering 68.23% of total advances and 72.11% of total deposits of our Bank. The offices covered under the Concurrent Audit include all the Regional offices, Central Processing Centre, Chennai Service branch, International Banking Division, Treasury Department, DPS Cell, ATM Cell, Accounts Department, Information Technology Department, Establishment Department, Planning Development & Resources Mobilisation Department, and Branches where RBIA risk rating is assessed as "High". Concurrent Audit is also conducted in all the currency chests as required by the Reserve Bank of India. 210 External Auditors / Audit Firms were engaged for concurrent audit assignments during the period.

## CREDIT AUDIT

In our Bank, verification of account operations, end-use, stock, documents, etc. of big borrowal accounts are carried out periodically at post-sanction level and referred as Credit Audit. During the financial year 2022-23, 252 Credit Audits were conducted.

## OUTSOURCE AUDIT

A Comprehensive Risk Based Due Diligence of Partners/Service providers is conducted to ensure that they are financially stable, comply with all regulatory norms, and have all the required information security controls in place to safeguard the interests of all the stakeholders of the Bank. During the financial year 2022-23, 20 outsourced agencies were audited.

The Inspection Department is manned by appropriately qualified personnel and has a staff strength of 36 officers (as on March 31, 2023) with expertise and exposure in all activities of the Bank, such as branch operations, credit sanction, credit monitoring, clearing operations, information technology, risk management and treasury operations.



**(G) KEY FINANCIAL AND OPERATING RATIOS:****OPERATING PERFORMANCE:****(₹ in Crore)**

PARTICULARS	31.03.2023	31.03.2022
Total income	4,710.15	4,646.12
Total Expenditure	3,137.31	3,129.67
Net Interest income	2,094.12	1,815.23
Non-Interest income	629.11	812.26
Operating expenses	1,150.39	1,111.04
Operating Profit	1,572.84	1,516.45
Net profit	1,029.26	821.91

The interest income registered a growth of 6.45% (Y-o-Y).

The Net profit grew by 25.23% during the year.

**KEY FINANCIAL RATIOS:****(₹ in Crore)**

PARTICULARS	31.03.2023	31.03.2022
Return on Assets	1.97	1.66
Return on Equity	16.78	16.58
Net Interest Margin	4.46	4.10
Cost to Income Ratio	42.24	42.29
Non-interest to Total Income	13.36	17.48
Earnings per share (₹)	68.06	57.67
Book value per share (₹)	437.53	374.41
Shareholders fund (₹ Crore)	6,928.35	5,335.71
Total Assets (₹ Crore)	57,895.37	52,858.49

The Return on Net worth (ROE) stood at 16.78% as on 31.3.2023 with a rise of 20 bps over the previous year. The shareholders fund increased by ₹1,592.64 crore i.e. 29.85% over the previous year. The Bank issued 1.58 crores equity shares of ₹10 each at a premium of ₹500 per share and the bank's shares were listed in BSE and NSE on 15.09.2022. The Book value per share registered a growth of 16.86% during the year.

## **H. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED.**

### **JOB ANALYSIS AND POSITION DESCRIPTION**

The HRD Department conducts a comprehensive job analysis to identify the key competencies and qualifications required for each position. Based on this analysis, they create detailed position descriptions outlining job responsibilities, required skills, and desired experience.

### **TRAINING NEEDS ASSESSMENT**

The HRD Department conducts regular training needs assessments to identify skill gaps and development areas among employees. This involves collecting feedback from managers, conducting performance evaluations, and analyzing organizational objectives to determine the training priorities.

### **DESIGNING AND IMPLEMENTING TRAINING PROGRAMS**

Based on the training needs assessment, the HRD Department designs and implements various training programs. These programs may include technical skills training, leadership development, customer service enhancement, and compliance training. They utilize internal trainers or collaborate with external training agencies to deliver high-quality programs.

### **EMPLOYEE DEVELOPMENT PLANS**

The HRD Department collaborates closely with managers and staff members to establish personalized development plans that are in line with the organization's objectives and the individual's career ambitions. These plans delineate targeted developmental initiatives, including mentorship, coaching, job rotations, and online courses, all designed to augment employees' skills and competencies.

### **EMPLOYEE AND INDUSTRIAL RELATIONS**

During the past year, the Industrial Relations climate remained favourable, with due importance given to various representative bodies in order to foster harmonious relations.

### **CAPABILITY BUILDING**

To facilitate individual growth and to contribute to the overall progress of the organization, your Bank's Staff Training College is dedicated to creating a continuous learning ecosystem for employees. A diverse range of focused training and learning solutions is offered, including:

- a. Standardised Test for English Proficiency – from 'The Hindu for Workplace Communications'. Spoken Hindi training for Mumbai, Ahmedabad & Hyderabad regional staff Members as a pilot basis.
- b. Self-learning TMB eSMART Certifications,
- c. Support for capacity-building certifications,
- d. Talent Pool System – Grooming of Talented employees in an efficient way.

These initiatives provide employees with multiple avenues to continuously enhance their skills, acquire new competencies, and confidently adapt to the evolving demands and challenges of the times.

A Learning Need Analysis survey is conducted to identify gaps in knowledge, skills, and attitudes. A Governing Council, led by the MD & CEO and GM (HRDD) and comprising General Manager (PD& RM), General Manager(Recovery), General Manager(Credit) & General Manager (I.T), and faculty, convenes twice a year to prioritize training areas for the Bank and review the progress and effectiveness of training interventions. A dedicated feedback mechanism is in place to facilitate this evaluation process.

## **DIGITAL TRAINING PROGRAMS**

- a. Programmes like Digital Banking- An Era of Digital Revolution training
- b. Programmes in Training on IT Security by C-DAC
- c. Programme in IT & Cyber Security for Senior Management
- d. Online certification programme in IT and Cyber Security for Senior Management
- e. Digital Transformation, Emerging Technologies and use of Data Analytics in Banking & Finance

## **EQUITY AND DIVERSITY**

- i. Executive Development Program for Women Officers of the Banks/FIs, in addition to multiple internal women leadership training.
- ii. CERT-In's Cyber security awareness and training Session "Cyber Hygiene for Women Officials"

## **PROFESSIONAL DEVELOPMENT NETWORKS**

Tie-ups/ arrangements with 'STEP Hindu for Communication upskilling, confidence building, and managerial effectiveness'

## **ONLINE TRAINING PROGRAMS**

- i. Online Training Programme on Agriculture Financing and Farm Credit Management
- ii. Half-Day Online Workshop on Agri Value Chain Financing – Concepts & Opportunities
- iii. National Strategy for Financial Education
- iv. Webinar on Cyber Security: Past, Present & Future

## **EMERGING LEADERS INITIATIVE**

- i. Programme on Leadership and Development of Soft Skills for Branch Managers & Leadership-IIBF
- ii. Leadership Development Programme for Banks –IIBF
- iii. Psychometric assessment conducted by ASCI, Hyderabad for Executives
- iv. Managing Stress for Effective Performance



## **LEARNING ACCELERATOR E-SMART CAPACITY BUILDING PROGRAMME IN TMB ESMART**

In this programme, all staff members are encouraged to attend training in TMB eSMART followed by an online exam. The online exams are conducted at frequent intervals. E-Certificate is issued to staff members who successfully complete the exam by scoring the necessary pass marks. Re-examinations is also being conducted for staff members who fail in the examination by giving a second chance. The Certified staff members are also given due weightage in Promotion and Transfer. TMB eSMART Certificate is given due weightage in our Staff Annual Appraisal and Promotion Appraisal.

### **EVALUATION AND FEEDBACK**

The HRD Department evaluates the effectiveness of training programs and development initiatives through feedback surveys, post-training assessments, and performance evaluations. This feedback loop helps in continuously improving the training interventions and ensures that employees receive valuable learning experiences.

### **COMMUNICATION AND FEEDBACK CHANNELS**

The HRD Department establishes effective communication channels to ensure transparent and open communication between employees and management. This includes regular team meetings, suggestion boxes, online platforms, and anonymous feedback mechanisms, enabling employees to express their ideas, concerns, and suggestions.

### **EMPLOYEE SURVEYS AND FEEDBACK MECHANISMS**

To gauge employee satisfaction and engagement levels, the HRD Department conducts regular surveys and feedback mechanisms. These tools provide valuable insights into employee perceptions, job satisfaction, work-life balance, and overall organizational climate. The feedback received helps in identifying areas of improvement and implementing targeted initiatives.

### **WORK-LIFE BALANCE INITIATIVES**

Recognizing the importance of work-life balance, the HRD Department implements various initiatives to support employees in achieving harmony in their personal and professional lives. These initiatives may include flexible work, wellness programs, employee assistance programs, and stress management workshops.

### **TEAM BUILDING ACTIVITIES**

The HRD Department organizes team-building activities and events to foster a sense of camaraderie, collaboration, and trust among employees. These activities include sports events, social gatherings, and cross-functional projects, enhancing teamwork and employee relationships.

## EMPLOYEE WELLNESS PROGRAMS

To promote employee well-being, the HRD Department implements wellness programs focused on physical, mental, and emotional health. These programs include Yoga sessions, health screenings, mindfulness sessions, and access to counselling services. By prioritizing employee wellness, the HRD Department contributes to a healthier and more productive workforce.

## EMPLOYEE SATISFACTION AND RETENTION

Through its various initiatives, the HRD Department plays a significant role in enhancing employee satisfaction and retention. By ensuring fair recruitment processes, providing training and development opportunities, and implementing effective performance management systems, the HRD Department creates a positive work environment that fosters employee loyalty and reduces turnover rates. The attrition rate in the bank is at 3.50%.

## ANNEXURE - 5

**PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) COMPANIES (APPOINTMENT AND THE REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

**I. EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WAS IN RECEIPT OF REMUNERATION FOR THAT YEAR WHICH, IN THE AGGREGATE, WAS NOT LESS THAN RUPEES ONE CRORE AND TWO LAKHS**

S.No	Name	Designation	Remuneration in INR	Qualification	Experience (No. of years) (Overall experience including TMB)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the company (with Designation)	Percentage of Equity Shares held	whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1	NA									

# The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) of Rule 5 of companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Note 1: All the employees mentioned above are on the rolls of the Company

Note 2: None of the employees are relative of any Director or Manager



**TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE FINANCIAL YEAR 2022-23**

S.No	Name	Designation	Remuneration in INR	Qualification	Experience (No. of years) (Overall experience including TMB)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the company (with Designation)	Percentage of Equity Shares held
1.	Shri K.V. Rama Moorthy (M00004)	MD & CEO	80.34 (Including Terminal Benefits)	B.Sc (Agri)., CAIIB	38	04/09/2017	64	United Bank of India (Executive Director)	-
2.	Shri R. Vishweshwaran (7558)	Chief Digital Officer	42.31	B.B.A., M.C.A	26	24/11/2021	48	IDFC First Bank (Senior Vice President)	-
3.	Shri P. Suriaraj (1751)	General Manager	36.96	M.Com., CAIIB	36	22/01/1987	59	-	842
4.	Shri D. Inbamani (1371)	General Manager	35.21	B.Com., JAIIB	39	24/10/1983	59	-	1503
5.	Shri S. Krishnan (M00006)	(MD & CEO)	34.36	M.Com., ICWA., CAIIB	41	04/09/2022	60	Punjab & Sind Bank (MD & CEO)	-
6.	Shri. K. Vijayan K (2137)	Deputy General Manager	30.98	B.B.A., CAIIB	28	06/06/1994	49	-	1394
7.	Shri J. Sundaresh Kumar (1937)	Deputy General Manager	30.50	M.Com., CAIIB	30	18/05/1992	52	-	232
8.	Shri V. Murugesan (1896)	Deputy General Manager	30.28	B.Com., M.B.A., CAIIB	33	08/01/1990	55	-	250
9.	Shri D. Ramesh (7152)	General Manager	30.07	B.Com, M.B.M (Banking)., CAIIB	27	09/10/2019	50	Axis Bank (Vice President)	251
10.	Shri S. Pratheep Kumar (1866)	Deputy General Manager	29.42	B.COM., CAIIB	33	08/01/1990	56	-	392

\* Shri S. Krishnan, MD & CEO joined the Bank on 04.09.2022 and the variable pay for the FY 2022-23 is yet to be finalized.

# The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) of Rule 5 of companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Note 1: All the employees mentioned above are on the rolls of the Company

Note 2: None of the employees are relative of any Director or Manager

**II. EMPLOYED FOR A PART OF THE FINANCIAL YEAR, WAS IN RECEIPT OF REMUNERATION FOR ANY PART OF THAT YEAR, AT A RATE WHICH, IN THE AGGREGATE, WAS NOT LESS THAN RUPEES EIGHT LAKHS FIFTY THOUSAND ONLY PER MONTH**

S.No	Name	Designation	Remuneration in INR	Qualification	Experience (No. of years) (Overall experience including TMB)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the company (with Designation)	Percentage of Equity Shares held
1	NA								

**III. EMPLOYED THROUGHOUT THE FINANCIAL YEAR OR PART THEREOF, WAS IN RECEIPT OF REMUNERATION IN THAT YEAR WHICH IS IN EXCESS OF THAT DRAWN BY THE MANAGING DIRECTOR OR WHOLE-TIME DIRECTOR OR MANAGER AND HOLDS BY HIMSELF OR ALONG WITH HIS SPOUSE AND DEPENDENT CHILDREN, NOT LESS THAN TWO PERCENT OF THE EQUITY SHARES OF THE COMPANY**

S.No	Name	Designation	Remuneration in INR	Qualification	Experience (No. of years) (Overall experience including TMB)	Date of commencement of employment	Age (Yrs)	Last employment held by such employee before joining the company (with Designation)	Percentage of Equity Shares held
1	NA								

## DETAILS AS PER SECTION 197 OF THE COMPANIES ACT 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

### 1. THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY FOR THE FINANCIAL YEAR:

S.No.	NAME OF THE DIRECTOR	RATIO OF THE REMUNERATION OF DIRECTOR TO THE MEDIAN EMPLOYEE REMUNERATION #
1.	Shri K.V. Rama Moorthy (Retired on 03.09.2022)	10.81:1
2.	Shri S. Krishnan (Appointed w.e.f. 04.09.2022)	5.50:1

#Except MD and CEO of the Bank, no other directors are drawing remuneration from the Bank other than sitting fee for attending the Board / Committee meetings.

### 2. PERCENTAGE INCREASE IN REMUNERATION:

S.No.	NAME	DESIGNATION	PERCENTAGE INCREASE/ DECREASE IN REMUNERATION
1.	Shri K.V. Rama Moorthy (Retired on 03.09.2022)	MD and CEO	42.09% {Variable Pay introduced and paid}
2.	Shri S. Krishnan (Appointed w.e.f. 04.09.2022)	MD and CEO	-
3.	Shri P.A. Krishnan	CFO	NIL
4.	Shri Prakash Chandra Panda	Company Secretary	7.41%



**3. PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES:**

The percentage of increase in the Median employee remuneration is 6.22% as compared to the previous year.

**4. THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY**

The Number of Permanent Employees on the rolls of the Company as on March 31, 2023 is 4,467 employees.

**5. PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES:**

S. No.	PARTICULARS	REMARKS
1.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year	During the FY 2022-23, the overall salary increased to employees around 11.51% (which excludes Managerial Remuneration)
2.	Percentile increase in managerial remuneration	27.53%
3.	The comparison with the percentile increase in the employee remuneration with managerial remuneration and justification thereof	The managerial remuneration increase is basically due to payment of variable pay to MD & CEO, which is introduced as per RBI circular dated 04.11.2019
4.	Any exceptional circumstances for increase in the managerial remuneration	-

**6. WE HEREBY AFFIRM THAT THE REMUNERATION PAID TO THE DIRECTORS AND EMPLOYEES ARE AS PER THE REMUNERATION POLICY OF THE COMPANY**

# ANNEXURE – 6

## REPORT ON CORPORATE GOVERNANCE

### PHILOSOPHY OF CORPORATE GOVERNANCE

The Bank's Corporate Governance philosophy is woven around its total commitment to ethical practices in the conduct of its business, while striving hard to enhance the stakeholders' value. Your Bank has endeavoured to adopt the best corporate governance practices across all spectrum of its activities. It also adheres to the principles of transparency and accountability in transactions, disclosure of information, integrity, social responsibilities and statutory compliance. The Bank has followed the directions and guidelines issued by RBI from time to time regarding Corporate Governance. Further, the Bank also adheres to its time-tested traditional values based on business ethics and contribution to society as a principle.

Your Directors present below the Bank's Report on compliance to Corporate Governance requirements as prescribed under Regulation 17 to 27 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (hereinafter referred as "SEBI LODR") and confirm that the Bank has complied with the corporate governance requirements as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46 of SEBI (LODR) Regulations, 2015.

### BOARD OF DIRECTORS:

#### COMPOSITION OF THE BOARD

As on March 31, 2023, the Board of Directors of the Bank consisted of 13 Directors including the Managing Director & CEO and two Additional Directors nominated by RBI. The constitution of the Board conforms to the provisions of Section 10A of the Banking Regulation Act, 1949, Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Except the MD & CEO, all other members of the Board are non-executive directors and six directors out of the total thirteen directors are independent directors. The declaration of independence has been obtained from the Independent Directors as required under the Companies Act, 2013. All the independent directors have registered their name in the databank of IICA.

The Board consists of eminent persons having specialized knowledge or practical experience in the areas such as Banking, Finance, Accountancy, Law, Agriculture & Rural Economy, Cooperation & SSI, Information Technology, Risk Management, Payment & Settlement and other areas as specified in the Banking Regulation Act 1949. Details of directors as on March 31, 2023, are as under:

S.NO	NAME	SECTOR REPRESENTED / AREA OF SPECIALIZED KNOWLEDGE
1	Shri S. Krishnan	Majority – Banking
2	Shri A. Niranjan Sankar	Minority sector
3	Shri P.C.G. Asok Kumar	Majority – SSI
4	Shri S.R. Ashok	Minority
5	Shri C. Chiranjeeviraj	Majority sector (Accountancy as well as Finance) (Independent Director)
6	Smt S. Ezhil Jothi	Majority – Corporate Law (Independent Director)
7	Shri C.S. Ramkumar	Additional Director RBI
8	Shri K. Nagarajan	Majority – Law, Agriculture and Rural economy (Independent Director)
9	Shri D.N. Nirranjan Kani	Minority
10	Shri B. Prabakaran	Minority sector (Independent Director)
11	Shri S.B. Suresh Kumar	Additional Director RBI
12	Shri B. Vijayadurai	Majority – Accountancy (Independent Director)
13	Shri B.S. Keshava Murthy	Majority – Banking (Independent Director)

## CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL

Your Board reflects a balanced mix of experience and expertise across banking, financial markets, economy, risk management, finance, credit, information technology, human resource management, small-scale industries, agriculture, rural economy, law and corporate law.

During the year the following changes in the composition of the Board of Directors and Key Managerial Personnel has taken place in your Bank during 01.04.2022 to 31.03.2023.

S.NO	NAME	DESIGNATION	APPOINTMENT / RETIREMENT RESIGNATION / CO-OPTED
1	Shri B.S. Keshava Murthy*	Independent Director	09.06.2022 (Appointment)
2	Shri A. Niranjan Sankar	Director	09.06.2022 (Retired by rotation and re-appointed)
3	Shri K.V. Rama Moorthy	MD & CEO	03.09.2022 (Retired)
4	Shri S. Krishnan	MD & CEO	04.09.2022 (Appointment)



S.NO	NAME	DESIGNATION	APPOINTMENT / RETIREMENT RESIGNATION / CO-OPTED
5	Shri N. Gopal	Additional Director RBI	03.10.2022 (Retired)
6	Shri C.S. Ram Kumar	Additional Director RBI	04.10.2022 (Appointment)
7	Shri K. Nagarajan	Independent Director	19.01.2023 (2nd term appointment)
8	Shri B. Vijayadurai	Independent Director	19.01.2023 (2nd term appointment)

\* – On 30.07.2023, Shri. B.S. Keshava Murthy has resigned as Independent Director of the Bank, citing personal reasons.

During the year, Shri A. Niranjana Sankar (DIN: 00084014), who retired by rotation, and being eligible, offered himself for re-appointment, was reappointed as Non-Executive Non Independent Director and Shri B.S. Keshava Murthy was appointed as Independent Director by the shareholders at their 100<sup>th</sup> AGM held on June 09, 2022. In the opinion of the Board, they possess requisite experience, expertise, integrity and fulfill the conditions specified in Banking Regulation Act, 1949, Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Shri. K.V. Rama Moorthy's (DIN 07034994) tenure came to end as the Managing Director & CEO of the Bank, at the end of business hours on September 03, 2022, upon completing 3 +1 +1 years, in accordance with the tenure approved by the Reserve Bank of India. Upon his retirement, Shri S. Krishnan (DIN: 07261965) has been appointed as MD & CEO by the Board of Directors for a period of three years w.e.f 04.09.2022 and the same was approved by RBI vide its letter dated 18.08.2022. The approval of the Shareholders was obtained through Postal Ballot on 30.11.2022.

Shri K. Nagarajan (DIN: 02274426) and Shri B. Vijayadurai (DIN: 07403509), Independent Directors, who were appointed for an initial term of five years with effect from 19 January, 2018, were re-appointed as Independent Directors for a second term effective from January 19, 2023. The re-appointment was approved by the shareholders by way of postal ballot on 30.11.2022. In the opinion of the Board, they possess requisite experience, expertise integrity and fulfill the conditions specified in SEBI (LODR) Regulations, 2015.

The Board of Directors at their meeting held on August 03, 2023, have approved the appointment of Shri S. Ravindran (DIN:09778966) as an Additional Director in the category of Non-Executive Independent Director of the Bank for a period of 3 years, subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Bank. He is also appointed as Non-Executive Part-time Chairman of the Bank, subject to the approval of RBI.

## COMPETENCY AT THE BOARD LEVEL:

The chart mapping the skills/expertise/competence of the Board of Directors of the Bank (as on 31.03.2023) is as under:

S.NO	List of Core skills/ expertise/ competencies required in terms of statutory requirement as per BR Act	S. KRISHNAN	A. NIRANJAN SANKAR	P.C.G. ASOK KUMAR	S.R. ASHOK	D.N. NIRANJAN KANI	C. CHIRANJEEVIRAJ	S. EZHIL JOTHI	K. NAGARAJAN	B. PRABHAHARAN	B. VIJAYADURAI	B. S. KESHAVA MURTHY	S. B. SURESH KUMAR	C. S. RAM KUMAR
1	Accountancy	✓					✓				✓	✓		
2	Agriculture and rural economy								✓					
3	Banking	✓										✓		
4	Co-operation & SSI		✓	✓	✓	✓								
5	Economics	✓										✓	✓	
6	Finance						✓				✓	✓		
7	Law							✓	✓					
8	IT	✓	✓		✓					✓				
9	Risk Management									✓		✓	✓	✓
10	Payment & Settlement	✓										✓		✓
11	HR	✓			✓	✓		✓					✓	
12	Business Management		✓	✓	✓	✓				✓				

## BOARD MEETINGS

The Bank's Board met 30 times, and its sub-committees including the Committee of Directors held a total of 75 meetings during the financial year 2022-2023. The date of Board meetings conducted are as detailed below:

DATE OF BOARD MEETING		
15.04.2022	03.08.2022	14.10.2022
16.04.2022	18.08.2022	27.10.2022
17.04.2022	24.08.2022	12.11.2022
29.04.2022	26.08.2022	26.11.2022
06.05.2022	29.08.2022	27.12.2022
11.05.2022	02.09.2022	19.01.2023
28.05.2022	05.09.2022	23.01.2023
10.06.2022	08.09.2022	14.02.2023
29.06.2022	12.09.2022	17.03.2023
21.07.2022	14.09.2022	30.03.2023

Details of the attendance of directors at the Board / Committee meetings during the year under report and at the last Annual General Meeting are as under:

NAME OF THE DIRECTOR	NO OF BOARD MEETINGS HELD / ATTENDED	NO OF COMMITTEE MEETINGS HELD / ATTENDED	WHETHER ATTENDED THE LAST AGM
Shri K.V. Rama Moorthy*	16 / 16	14 / 14	Yes
Shri S. Krishnan\$	14 / 14	33 / 33	NA
Shri A. Niranjana Sankar	30 / 30	29 / 29	No
Shri S.R. Ashok	30 / 30	36 / 36	No
Shri P.C.G. Asok Kumar	30 / 28	27 / 26	No
Shri D.N. Nirranjan Kani	30 / 30	35 / 35	No
Shri S.B. Suresh Kumar	30 / 30	23 / 22	No
Shri N. Gopal@	20 / 20	9 / 9	No
Shri C.S. Ram Kumar#	10 / 9	15 / 14	NA
Shri C. Chiranjeeviraj	30 / 27	24 / 24	No
Smt. S. Ezhil Jothi	30 / 29	12 / 12	No
Shri B.S. Keshava Murthy^	23 / 23	31 / 30	No
Shri K. Nagarajan	30 / 30	44 / 44	Yes
Shri B. Prabakaran	30 / 29	18 / 18	No
Shri B. Vijayadurai	30 / 30	59 / 59	Yes

\* – Retired on 03.09.2022

\$ – Appointment w.e.f. 04.09.2022

@ – Retired on 03.10.2022

# – Appointment w.e.f. 04.10.2022

^ – Appointment w.e.f. 09.06.2022



## DIRECTORSHIPS/COMMITTEE POSITIONS HELD IN OTHER COMPANIES AS ON MARCH 31, 2023:

S.NO	NAME OF THE DIRECTOR	DIRECTORSHIP IN OTHER PUBLIC LIMITED COMPANIES	COMMITTEE POSITIONS IN OTHER PUBLIC LIMITED COMPANIES	DIRECTORSHIP IN OTHER LISTED ENTITY	NATURE OF DIRECTORSHIP IN OTHER LISTED ENTITY
1	Shri S. Krishnan	Nil	Nil	Nil	Nil
2	Shri A. Niranjana Sankar	Nil	Nil	Nil	Nil
3	Shri P.C.G. Asok Kumar	Nil	Nil	Nil	Nil
4	Shri S.R Ashok	Nil	Nil	Nil	Nil
5	Shri D.N. Nirranjan Kani	Nil	Nil	Nil	Nil
6	Shri C. Chiranjeeviraj	Nil	Nil	Nil	Nil
7	Smt S. Ezhil Jothi	Nil	Nil	Nil	Nil
8	Shri B. Vijayadurai	Nil	Nil	Nil	Nil
9	Shri K. Nagarajan	Nil	Nil	Nil	Nil
10	Shri B. Prabakaran	Nil	Nil	Nil	Nil
11	Shri B.S. Keshava Murthy	Nil	Nil	Nil	Nil
12	Shri S.B. Suresh Kumar	Nil	Nil	Nil	Nil
13	Shri C.S. Ram Kumar	Nil	Nil	Nil	Nil

None of the Directors of the Board serves as members of more than ten Committees or acts as Chairpersons of more than five Committees across all listed entities in which they are directors. In the opinion of the Board, all the Independent Directors fulfill the criteria of independence as specified under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and are independent of the management.

**RELATIONSHIP BETWEEN DIRECTORS INTER-SE:**

None of the Directors of the Board is related inter-se.

**Number of shares and convertible instruments held by non- executive directors**

S. No.	NAME OF THE DIRECTOR	DESIGNATION	NUMBER OF SHARES HELD AS ON 31.03.2023
1	Shri S. Krishnan	Majority - Banking	Nil
2	Shri A. Niranjana Sankar	Minority sector	84,978
3	Shri P.C.G. Asok Kumar	Majority-SSI	47,987
4	Shri S.R. Ashok	Minority	16,28,829
5	Shri D.N. Nirranjan Kani	Minority	10,56,005
6	Shri C. Chiranjeeviraj	Majority sector (Accountancy as well as Finance) (Independent Director)	14,523
7	Smt S. Ezhil Jothi	Majority – Corporate Law (Independent Director)	Nil
8	Shri B. Vijayadurai	Majority – Accountancy (Independent Director)	1,604
9	Shri K. Nagarajan	Majority – Law, Agriculture and Rural economy (Independent Director)	10,514
10	Shri B. Prabakaran	Minority sector (Independent Director)	14,023
11	Shri B.S. Keshava Murthy	Majority – Banking (Independent Director)	Nil
12	Shri S.B. Suresh Kumar	Additional Director, RBI	Nil
13	Shri C.S. Ram Kumar	Additional Director, RBI	Nil
<b>TOTAL</b>			<b>28,58,463</b>

**DETAILS OF FAMILIARIZATION PROGRAMME IMPARTED TO DIRECTORS:**

The Directors of the Bank were nominated to various training programmes in specialized areas such as IT, Governance, Cyber Security, Risk Management and Corporate Governance etc., conducted by IDRBT, CAFRAL, NIBM etc., and the details of training undergone during the reporting period are posted on the website of the Bank at the URL <https://www.tmb.in/disclosure-as-par-regulation-sebi-lodr.aspx>. These training courses are in addition to the familiarization programme relating to Bank's internal process & systems and procedures.

## REMUNERATION OF DIRECTORS:

### REMUNERATION OF MANAGING DIRECTOR & CEO

The Bank has adopted a “Compensation Policy for Managing Director and Chief Executive Officer, Material Risk Takers and Compliance staff, etc.,”. The policy is designed to support key business strategies and provide reasonable remuneration commensurate with the performance of the Bank taking into account alignment of compensation with prudent risk taking etc. as per guidelines issued by the Reserve Bank of India on ‘Compensation of Whole Time Directors/Chief Executive Officers/Material Risk Takers and Control Function staff etc.’ vide circular No. DOR. Appt. BC. No.23/ 29.67.001/2019-20 dated November 4, 2019. The Compensation arrangements shall consider prudent risks that are consistent with bank’s long-term value creation and time horizons of risk as they are responsible for the entire Bank’s risk posture and performance. The compensation package of the Managing Director & CEO includes the fixed pay and allowances as approved by Reserve Bank of India. Besides, the compensation policy provides for a variable pay (VP), maximum up to 200% of the fixed pay, payable after evaluation of the performance and risk score assigned thereon and subject to approval of the RBI each year. The said variable pay is having upfront and deferred portions. The policy has malus/clawback arrangements in line with the RBI guidelines.

The remuneration structure of the Managing Director & CEO of the Bank is recommended by the NRC to the Board for approval in accordance with the aforesaid policy. The Board of Directors on the basis of recommendation of the NRC approves the remuneration, subject to necessary approvals from Reserve Bank of India and the shareholders.

### REMUNERATION OF NON-EXECUTIVE DIRECTORS:

The other non-executive directors are paid only sitting fees for attending the meetings of the Board and its Committees. None of the directors including the MD & CEO receives any profit linked remuneration. The sitting fees payable to the non-executive directors is ₹50,000/- for Board Meeting and ₹25,000/- for Committee Meetings during the year 2022-23.

The details of remuneration paid to Directors during the year under report are as under:



**A. REMUNERATION OF MANAGING DIRECTOR & CEO**

S.NO	PARTICULARS OF REMUNERATION	NAME OF MANAGING DIRECTOR & CEO	
		SHRI K.V. RAMA MOORTHY (MD & CEO)	SHRI S. KRISHNAN (MD & CEO)
1	Gross salary	17,85,000.00	27,60,000.00
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	b. Value of perquisites under section 17(2) Income-tax Act, 1961	2,05,240.00	3,26,270.00
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission - as % of profit - Others, specify...		
5	Others		
	PF Bank Contribution	2,14,200.00	3,31,200.00
	Gratuity	17,50,000.00	---
	PL Encashment	16,45,000.00	---
	Hospitalisation Expenses	73,103.00	7,229.00
	Entertainment Expenses	7,500.00	---
	Newspaper Expenses	3,691.00	4,862.00
	Variable Pay	23,50,000.00	---*
	Travelling Expenses	---	---
TOTAL (A)		80,33,734.00	34,29,561.00

**\*VARIABLE PAY 2022-23:**

For the FY 2022-23, the actual amount of variable pay to Shri S. Krishnan (209 days) will be paid under the deferral payment system as per the Bank's Compensation Policy and as per the RBI letter Ref.No.DOR.GOV.S3210/08.55.001/2022-23 dt.18.08.2022.

**B. REMUNERATION OF NON-EXECUTIVE DIRECTORS:**

S.NO	NAME OF THE DIRECTORS	SITTING FEES	COMMISSION	TOTAL
1	Shri A. Niranjana Sankar	22,25,000.00	Nil	22,25,000.00
2	Shri P.C.G. Asok Kumar	20,50,000.00	Nil	20,50,000.00
3	Shri S.R. Ashok	24,00,000.00	Nil	24,00,000.00
4	Shri D.N. Nirranjan Kani	23,75,000.00	Nil	23,75,000.00
5	Shri C. Chiranjeeviraj	19,50,000.00	Nil	19,50,000.00
6	Smt S. Ezhil Jothi	17,50,000.00	Nil	17,50,000.00
7	Shri B. Vijayadurai	29,75,000.00	Nil	29,75,000.00
8	Shri K. Nagarajan	26,00,000.00	Nil	26,00,000.00
9	Shri B. Prabakaran	19,00,000.00	Nil	19,00,000.00
10	Shri B.S. Keshava Murthy	19,00,000.00	Nil	19,00,000.00
11	Shri S.B. Suresh Kumar	16,00,000.00	Nil	16,00,000.00
12	Shri C.S. Ram Kumar	-	Nil	-
13	Shri N. Gopal	12,25,000.00	Nil	12,25,000.00
<b>TOTAL</b>				<b>2,49,50,000.00</b>

\*Sitting fees quoted above includes sitting fees for Board Meetings and Committee Meetings held during the financial year ended 31<sup>st</sup> March, 2023.

**PERFORMANCE EVALUATION CRITERIA FOR DIRECTORS**

Pursuant to applicable provisions of the Act, and the Listing Regulations, the Board has carried out annual evaluation of its own performance, performance of the Directors including Chairman assessment as well as the evaluation of the working of its committees. The details of annual evaluation of Board performance, performance of its committees and Directors are mentioned in the Board's Report.

## COMMITTEES OF THE BOARD:

In compliance with the regulatory requirements and for the operational convenience, Bank has constituted the following Board Level Committees:

1. Audit Committee of the Board (ACB)
2. Stakeholders Relationship and Capital Planning Committee of the Board (SRCPC)
3. Risk and Asset Liability Management Committee of the Board (RMC)
4. Nomination & Remuneration Committee of the Board (NRC)
5. Corporate Social Responsibility Committee of the Board (CSR)
6. Management Committee of the Board (MCB)
7. Information Technology Strategy Committee of the Board (ITSC)
8. Human Resources Management Committee of the Board (HRM)
9. NPA Monitoring Committee of the Board (NPAMC)
10. Special Committee of the Board to Monitor Large Value Frauds (SCBF)
11. Disciplinary Committee of the Board (DC)
12. Independent Directors Committee of the Board (IDC)
13. Review Committee on Wilful Defaulters of the Board (RCWD)

The composition of members and chairperson of the Committees as on March 31, 2023 are as under:

S.NO	DIRECTOR'S NAME	ACB	SRCPC	RMC	NRC	CSR	MCB	ITSC	HRM	NPAMC	SCBF	DC	IDC	RCWD
1	Shri S. Krishnan		✓	✓		✓	✓	✓	✓	✓	✓	✓		✓
2	Shri A. Niranjan Sankar		✓		✓	✓		✓						
3	Shri P.C.G. Asok Kumar		✓				✓		✓	✓				
4	Shri S.R. Ashok		✓			✓	✓	✓	✓		✓	✓		
5	Shri D.N. Nirranjan Kani		✓			✓	✓	✓	✓	✓				
6	Shri C. Chiranjeeviraj	✓			✓					✓			✓	
7	Smt. S. Ezhil Jothi				✓				✓				✓	✓
8	Shri B. Vijayadurai	✓	✓	✓	✓	✓	✓				✓		✓	✓
9	Shri K. Nagarajan	✓		✓	✓					✓	✓	✓	✓	✓
10	Shri B. Prabakaran			✓		✓		✓		✓		✓	✓	
11	Shri B.S. Keshava Murthy	✓		✓			✓				✓		✓	✓
12	Shri S.B. Suresh Kumar	✓								✓	✓			
13	Shri C.S. Ramkumar	✓		✓							✓			

✓ Member of the Committee

## 1. AUDIT COMMITTEE OF THE BOARD OF DIRECTORS (ACB)

As per the directions of Reserve Bank of India, Bank has constituted an Audit Committee of the Board (ACB) which also conforms to the requirements of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### BRIEF TERMS OF REFERENCE

1. Overseeing the Bank's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment, and replacement, remuneration and terms of appointment of the auditors of the Bank;
3. Approval of payments to the statutory auditors for any other services rendered by statutory auditors;
4. Reviewing and monitoring the statutory auditors' independence and performance and the effectiveness of audit process;
5. Review with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
  - i. matters required to be stated in the Directors' responsibility statement to be included in the Directors' report in terms of Section 134(3)(c) of the Companies Act, as amended;
  - ii. changes, if any, in accounting policies and practices and reasons for the same;
  - iii. major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. significant adjustments made in the financial statements arising out of audit findings;
  - v. compliance with listing and other legal requirements relating to financial statements;
  - vi. disclosure of any related party transactions; and
  - vii. qualifications and modified opinions in the draft audit report.
6. review with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. scrutiny of inter-corporate loans and investments;
8. valuation of undertakings or assets of the Bank, wherever it is necessary;
9. evaluation of internal financial controls and risk management systems;
10. approval or any subsequent modification of transactions of the Bank with related parties;
11. review with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
12. approving or subsequently modifying transactions of the Bank with related parties;
13. establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;



14. review with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
15. review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. discussion with internal auditors on any significant findings and follow up thereon;
17. review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. approval of the appointment of the chief financial officer, or any other person heading the finance function or discharging that function, after assessing the qualifications, experience and background, etc. of the candidate;
21. review the functioning of the whistle blower mechanism;
22. ensuring that an information system audit of the internal systems and process is conducted at least once in two years to assess operational risks faced by the Bank;
23. reviewing the utilization of loan and/or advances from investment by the holding bank in the subsidiaries exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments; and
24. perform such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Companies Act, the Master Directions or other applicable law.
25. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Bank and its shareholders.
26. Provide directions and also oversee the operation of the total audit function in the bank.
27. Ensure proper organization, operationalization and quality control of the internal audit and inspection.
28. Follow up of the statutory external audit and inspection of RBI.
29. Review the internal inspection / audit function, its system, quality and effectiveness in terms of follow up.
30. Review the inspection reports of specialized and extra-large branches and branches with unsatisfactory rating.
31. Focus specially on
  - a. Inter-branch adjustment account.
  - b. Un-reconciled long outstanding entries in the inter-bank accounts and NOSTRO accounts.
  - c. Arrears in balancing of books at various branches.
  - d. Frauds.
  - e. Other major areas of housekeeping.
32. Review of annual reports obtained from the compliance officer appointed in the Bank.

33. Follow up all issues raised in the Long Form Audit report (LFAR) of the statutory auditors.
34. Interact with external auditors before the finalization of the Annual / Half Yearly Financial Accounts and Reports.
35. Follow up all issues / concerns raised in the RBI Inspection Reports.
36. Surveillance and monitoring of investment in shares / advances against shares.
37. Issue guidelines on the selection of concurrent auditors, scope of their work, review of their performance etc and recommending their terms of appointment to the Board of Directors.
38. Review with the Management, the Annual Financial Statements before submission to the Board.
39. To look into reasons for default, if any, the payment to the depositors, debenture holders, shareholders, creditors etc.
40. Surveillance and monitoring of investment in shares / advances against shares.
41. Issue guidelines on the selection of concurrent auditors, scope of their work, review of their performance etc and recommending their terms of appointment to the Board of Directors.
42. Review of the rating mechanism of branches, based on internal inspection.
43. Periodical review of the accounting policy / system of the Bank with a view to ensure greater transparency and ensure compliance of the Accounting Standards.
44. Ensure that there is well-defined system for fixing staff accountability for non-compliance of internal guidelines and terms of sanction of loans and non-rectification of inspection comments.
45. Ensure periodical inspections of the functioning of all departments at the Head Office and the Regional Offices and review / follow up of the inspection report.
46. Review of the vigilance mechanism prevailing in the Bank and to ensure its adequacy.

**The powers of the Audit Committee will include the following:**

1. to investigate activity within its terms of reference.
2. to seek information from any employees
3. to obtain outside legal or other professional advice; and
4. to secure attendance of outsiders with relevant expertise, if it considers necessary, such powers as may be prescribed under the Companies Act, 2013 (together with the rules thereunder) and SEBI Listing Regulations.

**The Audit Committee shall mandatorily review the following information:**

1. management's discussion and analysis of financial condition and result of operations
2. statement of significant related party transactions (as defined by the Audit Committee), submitted by management
3. management letters/letters of internal control weaknesses issued by the statutory auditors
4. internal audit reports relating to internal control weaknesses
5. the appointment, removal and terms of remuneration of the chief internal auditor; and
6. statement of deviations, including:
  - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and

- b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

## NUMBER OF MEETINGS HELD: 14 MEETINGS

All the members of the ACB are financially literate. The Company Secretary acts as the secretary to the Committee. The Managing Director & CEO, General Managers, Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer, Chief Information Security Officer and the Head of the Inspection Department of the Bank were invited to attend the meetings of the Committee as and when desired by the Committee. The Statutory Auditors were also invited to attend the meetings whenever annual financial reports / Long Form Audit Report etc. were considered.

## THE ACB MEETING DATES AND THE ATTENDANCE RECORD IS AS BELOW:

DATE OF MEETING	Shri C. Chiranjeeviraj(@)	Shri N. Gopal (#)	Shri C.S. Ram Kumar (\$)	Shri S.B. Suresh Kumar	Shri B.S. Keshava Murthy (&)	Shri K. Nagarajan	Shri B. Vijayadurai(^)
05.04.2022	✓	✓		-		✓	✓
29.04.2022	✓	✓		✓		✓	✓
06.05.2022	✓	✓		✓		✓	✓
28.06.2022	✓	✓		✓	✓	✓	✓
03.08.2022	✓	✓		✓	✓	✓	✓
15.10.2022	✓		-	✓	-	✓	✓
27.10.2022	✓		✓	✓	✓	✓	✓
04.11.2022	✓		✓	✓	✓	✓	✓
17.12.2022	✓		✓	✓	✓	✓	✓
28.12.2022	✓		✓	✓	✓	✓	✓
23.01.2023	✓		✓	✓	✓	✓	✓
13.02.2023	✓		✓	✓	✓	✓	✓
25.02.2023	✓		✓	✓	✓	✓	✓
24.03.2023	✓		✓	✓	✓	✓	✓
DATE OF MEETING	14/14	5/5	9/8	14/13	11/10	14/14	14/14

(#) Tenure end on 03.10.2022

(\$ ) Inducted into the ACB w.e.f. 04.10.2022

(&) Inducted into the ACB w.e.f. 10.06.2022

## 2. STAKEHOLDERS' RELATIONSHIP AND CAPITAL PLANNING COMMITTEE OF THE BOARD OF DIRECTORS (SRCPC)

### BRIEF TERMS OF REFERENCE

1. To look into matters relating to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assist in the quarterly reporting of such complaints;
2. to review the measures taken for effective exercise of voting rights by the shareholders;
3. to review the adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar and Share Transfer Agent;
4. to review the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank; and
5. to formulate the procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
6. to approve, register, refuse to register transfer or transmission of shares and other securities;
7. to sub-divide, consolidate and or replace any share or other securities certificate(s) of the Bank;
8. to issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Bank; and
9. to perform such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations and the Companies Act or other applicable law
10. approving amendments to the memorandum of association and the articles of association of the Bank;
11. approving all actions and signing and/or modifying agreements or other documents required to dematerialize the Equity Shares, including seeking the admission of the Equity Shares into the Central Depository Services (India) Limited (the "CDSL") and the National Securities Depository Limited (the "NSDL");
12. finalizing, settling, approving and adopting the draft red herring prospectus (the "DRHP"), the red herring prospectus (the "RHP"), the prospectus (the "Prospectus"), the preliminary and final international wraps, and any amendments, supplements, notices or corrigenda thereto, together with any summaries thereof (collectively, the "Offer Documents");
13. arranging for the submission, withdrawal and filing of the Offer Documents including incorporating such alterations/corrections/modifications as may be required by the Securities and Exchange Board of India (the "SEBI"), the Reserve Bank of India (the "RBI"), the relevant registrar of companies (the "RoC"), the stock exchanges where the Equity Shares are to proposed be listed (the "Stock Exchanges"), or any other relevant governmental and statutory authorities or in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India, the RBI, the SEBI, the RoC, the Stock Exchanges and/or any other competent authorities (collectively, the "Applicable Law"), and taking all such actions as may be necessary for submission, withdrawal and filing of the Offer Documents;



14. approving and issuing notices and/or advertisements in relation to the Offer as it may deem fit and proper in accordance with Applicable Law in consultation with the relevant intermediaries appointed for the Offer;
15. approving any steps towards compliance with corporate governance requirements, policies or codes of conduct of the Board, officers and other employees of the Bank that may be considered necessary by it or as may be required under Applicable Law in connection with the Offer;
16. appointing and instructing the BRLMs, syndicate members, bankers to the Offer, the registrar to the Offer, underwriters, escrow agents, accountants, auditors, legal counsel, depositories, custodians, credit rating agencies, monitoring agencies, advertising agencies and all such persons, agencies or intermediaries as may be involved in or concerned with the Offer and whose appointment is required in relation to the Offer, to the extent relevant, including any successors or replacements thereof, by way of commission, brokerage, fees or the like, and negotiating, finalizing and settling the respective terms of their appointment and executing and delivering or arranging the delivery of, and if deemed fit, terminating the various agreements for such appointment, including any syndicate agreement, underwriting agreement, share escrow agreement, cash escrow and sponsor bank agreement, agreement with registrar in relation to the Offer, and advertising agencies and any other intermediaries or parties in connection with the Offer;
17. opening and operating bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in Rupees or in any other currency, in accordance with the terms of any agreement entered into in this respect and subject to Applicable Law;
18. opening and operating bank accounts of the Bank in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Bank to execute all documents/deeds as may be necessary in this regard;
19. authorizing and approving the incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer, in accordance with the terms of any agreement entered into in this respect and subject to Applicable Law;
20. seeking the listing of the Equity Shares on the Stock Exchanges, submitting listing applications to the Stock Exchanges and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into listing agreements with the Stock Exchanges;
21. seeking, if required, the consent of the Bank's lenders, parties with whom the Bank has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Offer;
22. submitting undertakings/certificates or providing clarifications to the SEBI and the Stock Exchanges;
23. deciding, in consultation with the BRLMs the size and timing and all other terms and conditions, including any amendments thereto, of the Offer and/or the number of Equity Shares to be offered and transferred in the Offer, including [any private placement of certain Equity Shares to selected investors as permitted under Applicable Law, any reservation of

a certain number of Equity Shares for any category or categories of persons as permitted under Applicable Law,] any rounding off in the event of any oversubscription as permitted under Applicable Law, and to accept any amendments, modifications, variations or alterations thereto;

24. determining, in consultation with the BRLMs and/or any other advisors, the price at which the Equity Shares will be offered and allotted and transferred to investors in the Offer in accordance with Applicable Law and determining the discount, if any, proposed to be offered to eligible categories of investors;
25. determining, in consultation with the BRLMs and/or any other advisors, the price band and minimum bid lot for the purpose of bidding, any revision to the price band and the final Offer price (including the price at which Equity Shares are allotted to anchor investors in the Offer, if any) after bid closure;
26. determining, in consultation with the BRLMs and/or any other advisors, the bid opening and closing dates (including the bidding date in case of anchor investors, if any);
27. finalizing, in consultation with the BRLMs, the Stock Exchanges and/or any other advisors, the basis of allocation and allotment and transfer of Equity Shares to retail investors/non-institutional investors/qualified institutional buyers and any other investor;
28. approving/taking on record the allotment and transfer of the Equity Shares;
29. approving suitable policies on insider trading, whistle-blower mechanism, risk management and any other policies as may be required under applicable laws;
30. issuing receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares, with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchanges; and
31. taking all actions as may be necessary or authorized in connection with the Offer.
32. The main function of the Committee shall be to consider and resolve the grievances of security-holders of the company
33. The committee would deal in capital planning and draw up an action plan for capital augmentation of our Bank.
34. To oversee the functions of the Standing Committee on customer service such as:
  - a. To look into simplifications of procedures and practices with a view to safeguarding the interest of common persons.
  - b. To review the systems in place for providing services to the customers.
  - c. To review the regulations and procedures prescribed by RBI that impinge on customer service of the Banks.
35. To ensure the compliance of the recommendations of the Committee on Procedures and Performance Audit and Public Services (CPPAPS).
36. To devise innovative measures for enhancing the quality of customer service.
37. To improve the level of customer satisfaction for all categories of clientele at all times.
38. To address the formulation of comprehensive deposit policy (since formulated by the

bank) the product approval process, the annual survey of depositor satisfaction & audit of such services.

39. Place all the awards / decree before the customer service committee to enable them to address issues of systemic deficiencies existing in Banks, if any, brought out by the awards, and
40. Place all the awards / decree 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 for initiating necessary remedial action.

## NUMBER OF MEETINGS HELD: 7 MEETINGS

THE SRCPC MEETING DATES AND THE ATTENDANCE RECORD IS AS BELOW:

DATE OF MEETING	Shri K.V Rama Moorthy (#)	Shri S. Krishnan (\$)	Shri A. Niranjan Sankar (@)	Shri S.R. Ashok	Shri P.C.G. Asok Kumar	Shri D.N. Nirranjan Kani	Shri B. Vijayadurai
24.05.2022	✓		✓	✓	✓	✓	✓
16.06.2022	✓		✓	✓	✓	✓	✓
24.08.2022	✓		✓	✓	✓	✓	✓
24.09.2022		✓	✓	✓	✓	✓	✓
26.12.2022		✓	✓	✓	✓	✓	✓
03.02.2023		✓	✓	✓	✓	✓	✓
16.03.2023		✓	✓	✓	✓	✓	✓
<b>MEETINGS HELD / ATTENDED</b>	<b>3/3</b>	<b>4/4</b>	<b>7/7</b>	<b>7/7</b>	<b>7/7</b>	<b>7/7</b>	<b>7/7</b>

(#) Tenure end on 03.09.2022

(\$ ) Inducted into the SRCPC w.e.f. 04.09.2022

### 3. RISK AND ASSET LIABILITY MANAGEMENT COMMITTEE OF THE BOARD (RMC)

#### BRIEF TERMS OF REFERENCE

1. formulation of a detailed risk management policy which shall include:
  - a. a framework for identification of internal and external risks specifically faced by the Company, 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 Risk and Asset Liability Committee;”
  - b. measures for risk mitigation including systems and processes for internal control of identified risks;
  - c. business continuity plan.
2. ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank;
3. framing, implementing, reviewing and monitoring the risk management plan for the Bank and such other functions, including cyber security; and
4. performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Risk and Asset Liability Committee.
5. monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
6. periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
7. keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
8. the appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk and Asset Liability Management Committee of the Board.

#### RISK MANAGEMENT:

For approving the policy documents (Risk Management policy, Loan Review Policy, Credit Policy etc) for fixing various risk parameters and also fixing of prudential limits for such risks. The committee will oversee the following functions of the Executive Level Risk Management Committee.

1. To identify, monitor and measure the risk profile of the Bank.
2. To develop policies and procedures for the risk management.
3. To develop and review various risk models.
4. To spell out quantitative prudential limits on various risk segments.
5. To design stress scenarios to measure the impact of unusual markets.
6. To monitor compliance of various risk parameters.
7. To develop skills and expertise on risk modeling and analytical tools.
8. To decide the business strategy of the Bank in line with Bank’s budget and decide risk management objective.



The following have been included as per the guidelines of RBI on the use of IT in banks dated 29.04.2011:

1. Promoting an enterprise risk management competence throughout the bank, including facilitating development of IT-related enterprise risk management expertise.
2. Establishing a common risk management language that includes measures around likelihood and impact and risk categories.
3. Overseeing the overall Management of Risks.
4. Deciding the Risk Management Policy.
5. Setting out limits for various risks like liquidity risk, interest rate risk, foreign exchange risk, equity price risk etc.
6. To review and monitor the following functions of the Executive Level Asset Liability Management Committee.
  - It is the decision making unit responsible for Balance sheet planning from Risk – Return perspective.
  - It will suggest to the Board / Committee the business issues like planning of deposits and advances, desired maturity profile of incremental assets and liabilities, desired cost and yield of funds, desired investment mix, desired interest spread, etc.
  - It will make a review on future direction of interest rate movements and decide on a funding mix like wholesale or retail deposits, money market funding, etc.,
  - It will take position of the Bank's cash inflow and outflow in the next quarter (Review on the maturing assets and liabilities, liquid assets, available refinance limits, etc.). The difference between the cash inflows and outflows in the particular period is the starting point for measuring the of bank's future liquidity excess or shortfall. It will endeavor to fill the gaps.
  - It will take a decision of pricing the deposits and advances based on the market trends and situations. Decision on renewal / roll over of bulk deposits will also be taken on the liquidity gap report.
  - It will review and monitor the entire investment portfolio of the bank and make investment suggestions for the ensuing quarter.
  - It will take decisions based on sensitivity analytical report considering various alternative scenarios viz. going concern scenario, liquidity crisis scenario, general market crisis scenario, bank-specific crisis scenario, etc.
  - It will consider the statement of interest rate sensitivity to assess the sensitivity of changes in market conditions in line with the interest rate policies of the bank.
  - It will meet once in a month and review the business trend and submit a quarterly report to the Board / Committee along with its suggestions on gap reports.
  - It will meet in case of any crisis to take stock of the position and to decide on the corrective measures.
7. Setting out risk assessment and minimization procedures and the procedures to inform the Board of the same;
8. Formulate a business continuity plan.

**NUMBER OF MEETINGS HELD: 5 MEETINGS**

THE RMC MEETING DATES AND THE ATTENDANCE RECORD IS AS BELOW:

DATE OF MEETING	Shri K.V. Rama Moorthy (#)	Shri S. Krishnan (\$)	Shri N. Gopal (@)	Shri C.S.Ram Kumar (&)	Shri B.S. Keshava Murthy	Shri K. Nagarajan	Shri B. Prabakaran	Shri B. Vijayadurai
28.06.2022	✓		✓		✓	✓	✓	✓
23.09.2022		✓	✓		✓	✓	✓	✓
12.11.2022		✓		✓	✓	✓	✓	✓
09.02.2023		✓		✓	✓	✓	✓	✓
28.03.2023		✓		✓	✓	✓	✓	✓
<b>MEETINGS HELD / ATTENDED</b>	<b>1/1</b>	<b>4/4</b>	<b>2/2</b>	<b>3/3</b>	<b>5/5</b>	<b>5/5</b>	<b>5/5</b>	<b>5/5</b>

(#) Tenure end on 03.09.2022

(\$) Inducted into the RMC w.e.f. 04.09.2022

(@) Tenure end on 03.10.2022

(&) Inducted into the RMC w.e.f. 04.10.2022

**4. NOMINATION & REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS (NRC)****BRIEF TERMS OF REFERENCE**

1. formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the board of directors of the Bank ("Board") a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of the performance of independent directors and the Board;
3. devise a policy on diversity of the Board;
4. identify persons, who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carrying out evaluation of every director's performance;
5. determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

6. recommend remuneration of executive directors and any increase therein from time to time within the limit approved by the members of the Bank;
7. recommend remuneration to non-executive directors in the form of sitting fees for attending meetings of the Board and its committees, remuneration for other services, commission on profits;
8. recommend to the Board, all remuneration, in whatever form, payable to senior management;
9. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended;
10. engage the services of any consultant/professional or other agency for the purpose of recommending compensation structure/policy;
11. ensure the 'fit and proper' status of the proposed and existing directors in terms of the Master Directions;
12. Analyse, monitor and review various human resource and compensation matters;
13. Review and approve the compensation strategy from time to time in the context of the current Indian market in accordance with applicable laws;
14. Frame suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - i. The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended; or
  - ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended; and
  - iii. performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Master Directions, Companies Act, each as amended or other applicable law.
15. performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Master Directions, Companies Act, each as amended or other applicable law.
16. To oversee the framing, review and implementation of compensation policy of the Bank on behalf of the Board.
17. To achieve effective alignment between remuneration and risks.
18. To ensure that the cost / income ratio of the bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.

**NUMBER OF MEETINGS HELD: 14 MEETINGS**

THE NRC MEETING DATES AND THE ATTENDANCE RECORD IS AS BELOW:

DATE OF MEETING	Shri K. Nagarajan	Shri A. Niranjan Sankar	Shri B. Vijayadurai	Shri C. Chiranjeeviraj (#)	Tmt.S.Ezhil Jothi (\$)
15.04.2022	✓	✓	✓		
16.05.2022	✓	✓	✓		
27.05.2022	✓	✓	✓		
03.06.2022	✓	✓	✓		
10.06.2022	✓	✓	✓		
02.07.2022	✓	✓	✓		
03.08.2022	✓	✓	✓		
18.08.2022	✓	✓	✓		
26.08.2022	✓	✓	✓		
14.10.2022	✓	✓	✓		
27.10.2022	✓	✓	✓	✓	✓
23.01.2023	✓	✓	✓	✓	✓
16.03.2023	✓	✓	✓	✓	✓
30.03.2023	✓	✓	✓	✓	✓
<b>MEETINGS HELD / ATTENDED</b>	<b>14/14</b>	<b>14/14</b>	<b>14/14</b>	<b>4/4</b>	<b>4/4</b>

(#) Inducted into the NRC w.e.f. 14.10.2022

(\$ ) Inducted into the NRC w.e.f. 14.10.2022



## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF THE BOARD OF DIRECTORS (CSR)

### BRIEF TERMS OF REFERENCE

1. formulate and recommend to the Board the corporate social responsibility policy of the Bank, including any amendments thereto, in accordance with Schedule VII of the Companies Act;
2. recommend the amount of expenditure to be incurred on the corporate social responsibility activities;
3. review and monitor the implementation of corporate social responsibility policy of the Bank; and
4. perform such other duties and functions as the Board may require of the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Bank

### NUMBER OF MEETINGS HELD: 3 MEETINGS

### THE CSR MEETING DATES AND THE ATTENDANCE RECORD IS AS BELOW:

DATE OF MEETING	Shri K.V. Rama Moorthy (#)	Shri S. Krishnan (\$)	Shri A. Niranjan Sankar(@)	Shri S.R. Ashok	Shri D.N. Niranjan Kani	Shri B. Prabakaran	Shri B. Vijayadurai
21.07.2022	✓		✓	✓	✓	✓	✓
25.11.2022		✓	✓	✓	✓	✓	✓
16.03.2023		✓	✓	✓	✓	✓	✓
<b>MEETINGS HELD / ATTENDED</b>	<b>1/1</b>	<b>2/2</b>	<b>3/3</b>	<b>3/3</b>	<b>3/3</b>	<b>3/3</b>	<b>3/3</b>

(#) Tenure end on 03.09.2022

(\$) Inducted into the CSR w.e.f. 04.09.2022

## 6. MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS

### BRIEF TERMS OF REFERENCE

1. Relating to Loans and Advances. [Delegated power]
  - a. All fresh sanction of loans and advances.
  - b. All renewal of loan and advances limits.
  - c. All changes and modifications either additional limits or reduced limits or addition or reduction in facilities.
  - d. Any change in the conditions of sanctioned limits.
  - e. Any matter relating to securities, either by way of addition, relinquishment, substitution etc.
    - a. Levying or reduction of penal interest.
    - b. Restructuring debts / loans / advances.
    - c. Sanction of Forward Exchange Contract limits.

Delegated power for loans and advances as detailed below:

S.NO	TYPE OF ADVANCE (IRRESPECTIVE OF SECURITY COVERAGE)	LIMIT (INCLUDING LENDING UNDER CONSORTIUM)	
		INDIVIDUAL	GROUP
1	Commercial Real Estate	30	60
2	Capital Market & NBFC	10	20
3	Other than 1 and 2	Export – 75 Others – 75	150

### Other powers of Management Committee of Board:

2. Management Committee of Board has the power to reduce the margin below the rates stipulated under loan policy, but subject to RBI guidelines wherever applicable for all accounts that are coming upto the powers of Management Committee of the Board.
3. Approval of all new Business Modules, new products, new schemes.
4. All matters relating to Commission, Charges including Guarantee and LC and fixing of margins and review of unsecured guarantees issued on behalf of customers.
5. All matters relating to collateral coverage for different types of loans.
6. Cash Management matters.
7. All correspondent arrangements and fixing limits for other banks.
8. Establishing new Currency Chests, new branches, ATMs etc.

## 9. Besides, to take note of

- Monthly report on the credit proposals sanctioned by the Managing Director & CEO.
- Quarterly review of Top-100 borrowal accounts of NPAs below ₹5 crore in each category of NPA i.e. Sub-Standard / Doubtful / Loss (75 in each quarter). After deliberations, a status report giving macro level analysis of NPAs (trend, movement, sector-wise, suit filed cases, recovery etc) should be put up to the Board.
- Quarterly report with regard to compromise proposals / bad debts written off by the General Manager / MD & CEO.
- Quarterly report with regard to compliance observations by the Management Committee.
- Half yearly review report of Credit Card business.
- Yearly review of corporate budget including review of publicity expenses, capital expenditure vis-à-vis capital budget, - deviations to be put up to the Board.
- Yearly review report on the overdue loan proposals beyond six months falling in the powers of the Management Committee.
- Quarterly report on waiver of revenue charges permitted by the General Manager (Business Development) and MD & CEO.

**INFRASTRUCTURE:**

1. To consider and recommend to the Board all purchase and sale of Bank's property.
2. To approve any premises to be taken on rent / lease for Banks' use.
3. To approve any residential property to be taken on lease for Bank's use
4. Sanctioning of all maintenance expenses on Bank's property and the property taken on rent / lease.
5. Sanctioning expenditure for furniture, furnishings etc in excess of MD & CEO's power.
6. Sanctioning expenditure on fire alarm system, fire protection system, security system for branches, currency chests, Administrative Offices in excess of MD & CEO's powers.

**NUMBER OF MEETINGS HELD: 11 MEETINGS**

THE MEETING DATES AND THE ATTENDANCE RECORD IS AS BELOW:

DATE OF MEETING	Shri K.V. Rama Moorthy (#)	Shri S. Krishnan (\$)	Shri P.C.G. Asok Kumar	Shri S.R. Ashok	Shri D.N. Nirranjan Kani	Tmt. S. Ezhil Jothi (€)	Shri B.S. Keshava Murthy(@)	Shri B.Vijayadurai (&)
30.04.2022	✓		✓	✓	✓	✓		
27.05.2022	✓		✓	✓	✓	✓		
29.06.2022	✓		✓	✓	✓		✓	✓
20.07.2022	✓		-	✓	✓		✓	✓
19.09.2022		✓	✓	✓	✓		✓	✓
28.10.2022		✓	✓	✓	✓		✓	✓
25.11.2022		✓	✓	✓	✓		✓	✓
18.01.2023		✓	✓	✓	✓		✓	✓
15.02.2023		✓	✓	✓	✓		✓	✓
15.03.2023		✓	✓	✓	✓		✓	✓
29.03.2023		✓	✓	✓	✓		✓	✓
<b>MEETINGS HELD / ATTENDED</b>	<b>4/4</b>	<b>7/7</b>	<b>11/10</b>	<b>11/11</b>	<b>11/11</b>	<b>2/2</b>	<b>9/9</b>	<b>9/9</b>

(#) Tenure end on 03.09.2022

(\$ ) Inducted into the MCB w.e.f. 04.09.2022

(€) Tenure end on 09.06.2022

(@) Inducted into the MCB w.e.f. 10.06.2022

(&amp;) Inducted into the MCB w.e.f. 10.06.2022



## 7. INFORMATION TECHNOLOGY STRATEGY COMMITTEE OF THE BOARD OF DIRECTORS

### BRIEF TERMS OF REFERENCE

1. According financial permissions for procurement of Software and Hardware upto ₹5.00 crores within overall capital budget of the Bank.
2. Plan and design a Technology map for the Bank.
3. Monitor the implementation of various technology measures / products in the bank and review progress of computerizations.
4. Identify the need for and determine the extent of coverage of ATMs.
5. Appointment of Technology Consultants for the Bank.
6. Recommendation of Budget for Technology both short term and long term.
7. Training of employees on Technology.

### SOME OF THE ROLES AND RESPONSIBILITIES OF IT STRATEGY COMMITTEE INCLUDES:

1. Approving IT strategy and policy documents.
2. Ensuring that the management has put an effective strategic planning process in place.
3. Ensuring that the business strategy is indeed aligned with IT strategy.
4. Ensuring that the IT organizational structure complements the business model and its direction.
5. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
6. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
7. 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.
8. Ensuring proper balance of IT investments for sustaining bank's growth.
9. Becoming aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks.
10. Assessing Senior Management's performance in implementing IT strategies.
11. Issuing high-level policy guidance (e.g. related to risk, funding or sourcing tasks)
12. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT.
13. Overseeing the aggregate funding of IT at the bank-level and ascertaining if the management has resources to ensure the proper management of IT risks.
14. Reviewing IT performance measurement and contribution of IT to business (i.e., delivering the promised value).

## NUMBER OF MEETINGS HELD: 5 MEETINGS

The meeting dates and the attendance record is as below:

DATE OF MEETING	Shri K.V. Rama Moorthy (#)	Shri S. Krishnan (\$)	Shri A. Niranjana Sankar	Shri S.R. Ashok	Shri D.N. Niranjana Kani	Shri B. Prabakaran
27.05.2022	✓		✓	✓	✓	✓
20.07.2022	✓		✓	✓	✓	✓
28.10.2022		✓	✓	✓	✓	✓
18.01.2023		✓	✓	✓	✓	✓
28.03.2023		✓	✓	✓	✓	✓
<b>MEETINGS HELD / ATTENDED</b>	<b>2/2</b>	<b>3/3</b>	<b>5/5</b>	<b>5/5</b>	<b>5/5</b>	<b>5/5</b>

(#) Upto 03.09.2022 | (\$) Inducted into the ITSC w.e.f. 04.09.2022

## 8. HUMAN RESOURCES MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS

### BRIEF TERMS OF REFERENCE

1. Taking decisions on change in organizational set-up.
2. Formulation of staff welfare schemes.
3. Recruitment and promotion of staff (Up to Scale - IV).
4. Revision of salary.
5. Taking decision regarding payment of house rent allowance, bonus, ex-gratia and other staff benefits.
6. Review of pending disciplinary proceedings.
7. Review of pending industrial disputes.
8. Formulation of policy for transfer / promotion / posting / promotion of staff / officers / executives.
9. Examining and recommending changes / amendments etc in the service conditions of officers / staff.
10. Examining and recommending delegation of powers to the officers / Executives.
11. Examining and recommending the number of vacancies in each cadre to be filled in by promotions / appointments.
12. All matters relating to the training of the employees, matter relating to Training College, faculty selection, deputation of employees for external training etc.

## NUMBER OF MEETINGS HELD: 5 MEETINGS

The meeting dates and the attendance record is as below:

DATE OF MEETING	Shri K.V. Rama Moorthy (#)	Shri S. Krishnan (\$)	Shri D.N. Nirranjan Kani	Shri S.R. Ashok	Shri P. C.G.Asok Kumar	
27.05.2022	✓		✓	✓	✓	
23.09.2022		✓	✓	✓	✓	✓
26.12.2022		✓	✓	✓	✓	✓
04.02.2023		✓	✓	✓	✓	✓
15.03.2023		✓	✓	✓	✓	✓
<b>MEETINGS HELD / ATTENDED</b>	<b>1/1</b>	<b>4/4</b>	<b>5/5</b>	<b>5/5</b>	<b>5/5</b>	<b>4/4</b>

(#) Upto 03.09.2022

(\$ ) Inducted into the ITSC w.e.f. 04.09.2022

## 9. NPA MONITORING COMMITTEE OF THE BOARD OF DIRECTORS

### BRIEF TERMS OF REFERENCE

1. Monitoring the major NPA accounts.
2. Review Region wise position of NPAs.
3. Ensure that NPA classifications are consistent with RBI requirements.
4. Set in motion steps against slippages within NPA portfolio.
5. Ensure that accurate and proper provisions have been made for NPA and a suitable mechanism is in place for the purpose
6. Monitor recovery in respect of NPA accounts.
7. All matters relating to Debt Recovery Tribunals including sanctions for filing of cases.
8. All matters relating to Securitization Act.
9. All matters relating to LOK Adalat.
10. Review of 100 Top borrowal accounts of NPAs (As per RBI).
11. Review of Loss Assets with balance of Rs. 1 lac and above for more than 2 years, where no legal action has been initiated.
12. Review of suit filed accounts of ₹5 lac and above.

## NUMBER OF MEETINGS HELD: 4 MEETINGS

The meeting dates and the attendance record is as below:

DATE OF MEETING	Shri K.V. Rama Moorthy (#)	Shri S. Krishnan (\$)	Shri D.N. Nirranjan Kani	Shri P.C.G. Asok Kumar	Shri S.B. Suresh Kumar	Shri C. Chiranjeeviraj	Shri K. Nagarajan	Shri B. Prabakaran
27.05.2022	✓		✓	✓	✓	✓	✓	✓
24.09.2022		✓	✓	✓	✓	✓	✓	✓
25.11.2022		✓	✓	✓	✓	✓	✓	✓
15.02.2023		✓	✓	✓	✓	✓	✓	✓
<b>MEETINGS HELD / ATTENDED</b>	<b>1/1</b>	<b>3/3</b>	<b>4/4</b>	<b>4/4</b>	<b>4/4</b>	<b>4/4</b>	<b>4/4</b>	<b>4/4</b>

(#) Tenure end on 03.09.2022

(\$ ) Inducted into the NPAMC w.e.f. 04.09.2022

## 10. SPECIAL COMMITTEE OF THE BOARD TO MONITOR LARGE VALUE FRAUDS

### BRIEF TERMS OF REFERENCE

1. Review of all cases relating to frauds above Rs.100 lac.
2. Introduce preventive vigilance in the Bank.
3. Plug loop holes wherever there are system failures.
4. Review vigilance cases of Officers upto Scale IV.



## NUMBER OF MEETINGS HELD: 5 MEETINGS

The meeting dates and the attendance record is as below:

DATE OF MEETING	Shri K.V. Rama Moorthy (#)	Shri S. Krishnan (\$)	Shri S.R. Ashok	Shri S.B. Suresh Kumar	Shri N. Gopal (@)	Shri C.S. Ram Kumar (€)	Shri C. Chiranjeeviraj (£)	Shri B.S. Keshava Murthy (¥)	Shri K. Nagarajan	Shri B. Vijayadurai
06.05.2022	✓		✓	✓	✓		✓		✓	✓
24.09.2022		✓	✓	✓	✓			✓	✓	✓
17.12.2022		✓	✓	✓		✓		✓	✓	✓
27.01.2023		✓	✓	✓		✓		✓	✓	✓
15.03.2023		✓	✓	✓		✓		✓	✓	✓
<b>MEETINGS HELD / ATTENDED</b>	<b>1/1</b>	<b>4/4</b>	<b>5/5</b>	<b>5/5</b>	<b>2/2</b>	<b>3/3</b>	<b>1/1</b>	<b>4/4</b>	<b>5/5</b>	<b>5/5</b>

(#) Tenure end on 03.09.2022

(\$ ) Inducted into the SCB w.e.f. 04.09.2022

(@) Tenure end on 03.10.2022

(€) Inducted into the SCB w.e.f. 04.10.2022

(£) Tenure end on 09.06.2022

(¥) Inducted into the SCB w.e.f. 10.06.2022

## 11. DISCIPLINARY COMMITTEE OF BOARD OF DIRECTORS

For disposing Disciplinary Cases as the Appellate Authority for the General Manager and above cadre and Reviewing Authority for Officers' in the Cadre of Assistant General Managers (Scale V) and Deputy General Managers (Scale VI).

No committee meeting was held during the year under review.

## 12. INDEPENDENT DIRECTORS COMMITTEE OF THE BOARD OF DIRECTORS

### BRIEF TERMS OF REFERENCE

1. Review the performance of non-independent director and the Board as whole.
2. Review the performance of the Chairman of the Bank, taking into account the views of executive director and non-executive directors.
3. Assess the quality, quantity and timelines of the flow of information between the bank management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### NUMBER OF MEETINGS HELD: 1 MEETING

The meeting dates and the attendance record is as below:

DATE OF MEETING	Shri B. Prabakaran	Shri. K.Nagarajan	Shri. B.S.Keshava Murthy	Shri. B. Vijayadurai	Shri C. Chiranjeeviraj	Tmt.S.Ezhil Jothi
16.03.2023	✓	✓	✓	✓	✓	✓
MEETINGS HELD / ATTENDED	1/1	1/1	1/1	1/1	1/1	1/1

## 13. REVIEW COMMITTEE ON WILFUL DEFAULTERS OF THE BOARD OF DIRECTORS

### BRIEF TERMS OF REFERENCE

The committee would consider the recommendation of the Executive Committee for identification of Willful defaulters.

### NUMBER OF MEETINGS HELD: 1 MEETING

The meeting dates and the attendance record is as below:

DATE OF MEETING	Shri S. Krishnan	Smt. S. Ezhil Jothi	Shri B.S. Keshava Murthy	Shri K. Nagarajan	Shri B. Vijayadurai
15.02.2023	✓	✓	✓	✓	✓
MEETINGS HELD / ATTENDED	1/1	1/1	1/1	1/1	1/1

## PARTICULARS OF SENIOR MANAGEMENT

NAME	DESIGNATION	DATE OF JOINING IN THE BANK
Shri D. Inbamani	General Manager	24/10/1983
Shri P. Suriaraj	General Manager	22/01/1987
Shri D. Ramesh	General Manager	09/10/2019
Shri V. Jayaraman	General Manager	06/09/2021
Shri S. Narayanan	General Manager	28/09/2022
Shri R. Vishweshwaran*	Chief Digital Officer	24/11/2021
Shri P.A. Krishnan	Chief Financial Officer	03/08/2021
Shri N. Surendran	Deputy General Manager	21/02/1986
Shri S. Pratheep Kumar	Deputy General Manager	08/01/1990
Shri V. Murugesan	Deputy General Manager	08/01/1990
Shri J. Sundaresh Kumar	Deputy General Manager	18/05/1992
Shri K. Ananth	Deputy General Manager	17/05/1993
Shri K. Vijayan	Deputy General Manager	06/06/1994
Shri P.R. Ashokkumar	Deputy General Manager	30/10/2019
Shri M. Ravi #	Deputy General Manager	01/10/2022
Shri R. Parthasarathy	Deputy General Manager	02/02/2017
Shri Sethuraman Venkataraman	Deputy General Manager	13/03/2019
Shri K. Selvaraj	Deputy General Manager	13/06/2022
Shri E. Francy Jos	Deputy General Manager	01/08/2022
Shri Prakash Chandra Panda	Company Secretary	17/04/2017

\* - Resigned on 23/06/2023

# - Resigned on 30/06/2023

**GENERAL INFORMATION FOR SHAREHOLDERS:****A. ANNUAL GENERAL MEETINGS:**

Venue and the date of the last three annual general meeting are as under:

YEAR	Venue	Date*	Day	Time (IST)	Whether any Special resolution/s passed
2022	Held through Video Conferencing / Other Audio Visual Means	09.06.2022	Thursday	12.30 PM	Yes
2021		09.06.2022	Thursday	12.00 PM	No
2020		09.06.2022	Thursday	11.30 AM	No

\*The Bank convened 98th, 99th and 100th Annual General Meetings for the financial years ended 31st March 2020, 31st March 2021 and 31st March 2022 respectively on 9th June 2022 pursuant to the directions of the Hon'ble High Court of Madras dated 22nd April 2022.

**B. POSTAL BALLOT – FY 2022-23**

Pursuant to Section 110 of the Companies Act, 2013 read with Companies (Management and Administration Rules, 2014), the Bank passed the followings resolutions by way of postal ballot.

Date of Postal Ballot Notice	: October 27, 2022
Voting Period	: November 01, 2022 to November 30, 2022
Date of Declaration of result	: November 30, 2022
Date of Approval	: November 30, 2022

S.No	DESCRIPTION OF THE RESOLUTION	TYPE OF RESOLUTION
1	Appointment of Mr.S. Krishnan (DIN: 07261965) as Managing Director and Chief Executive Officer of the Bank and approval of Remuneration	Ordinary Resolution
2	Re-appointment of Mr.K. Nagarajan (DIN: 02274426) as an Independent Director of the Bank	Special Resolution
3	Re-appointment of Mr.B. Vijayadurai (DIN: 07403509) as an Independent Director of the Bank	Special Resolution

The Bank engaged the services of Central Depository Securities Limited ("CDSL") to provide the e-voting facility. M/s. S. Anantha & Ved LLP (LLPIN: AAH 8229), Practicing Company Secretaries, was appointed as scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. All the above resolutions were passed with requisite majority.



## MEANS OF COMMUNICATION

The quarterly/half yearly/annual results are published in the leading national English dailies such as The Hindu, Financial Express, The Economic Times, Business Line, Business Standard etc., and vernacular newspaper such as Daily Thanthi, Dinakaran etc.,

The results and presentation on analysis of financial results were also posted on our website <https://tmb.in/financial-reports.aspx> and also on the websites of stock exchanges i.e., [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). Also, material updates/developments are disclosed to the stock exchanges and hosted on Bank's website. Further, the gist of financial results is also shared on a quarterly basis with all the shareholders on a voluntary basis who have registered their email ids with the Bank/Depositories.

The Bank conducts meetings with Institutional Investors and Analysts. The Schedule of Meetings, Investors Presentations, Audio recordings and transcript are forwarded to the stock exchanges as well simultaneously displayed on the Bank's website.

## SHAREHOLDERS' INFORMATION

### A. ANNUAL GENERAL MEETING FOR THE FY 2022-23 (AGM) TO BE HELD

<b>Day</b>	Tuesday
<b>Date</b>	September 05, 2023
<b>Time</b>	11:00 A.M.
<b>Venue</b>	Not Applicable (to be held through VC / OAVM)
<b>Mode</b>	Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") (Additional facility).
<b>Bank's Address for Correspondence</b>	<b>Tamilnad Mercantile Bank Limited.,</b> Secretarial Section, Head Office, 57- V.E. Road, Thoothukudi – 628 002. <b>Phone:</b> 0461-2325136 <b>e-mail:</b> <a href="mailto:shareholders@tmbank.in">shareholders@tmbank.in</a> <b>Website:</b> <a href="http://www.tmb.in">www.tmb.in</a>

### B. FINANCIAL CALENDAR

The financial year of the Bank is April to March. The financial results for the quarter/half year/ year are generally published as under:

- Quarter ended 30th June, 2023 : July, 2023
- Quarter ending 30th September, 2023 : October, 2023
- Quarter ending 31st December, 2023 : January, 2024
- Quarter ending 31st March 2024 : April/May, 2024

## C. DIVIDEND

The Board of Directors has recommended a final dividend of ₹5.00 (Rupees Five only) per equity share on the face value of ₹10/- each (50%) for the year ended March 31, 2023 and subject to the approval by the members at the AGM to be held on September 05, 2023, the same will be paid to the shareholders holding shares as on August 29, 2023 in respect of shares held both in physical form and in electronic form.

In addition to the above, the Board of Directors of the Bank during the reporting period, in its meeting held on Tuesday, February 14, 2023, had declared an Interim Dividend of ₹5/- (Rupees five only) per share, i.e., 50% on the fully paid-up equity shares of ₹10/- each, for the financial year 2022-2023. Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015, the record date for the dividend was fixed as Friday, February 24, 2023, and the dividend amount was paid to the shareholders on March 06, 2023.

## D. YEAR WISE DETAILS OF UNCLAIMED DIVIDEND

The following Table gives the position of unclaimed dividend for the past seven years as on March 31, 2023:

Year	Unclaimed dividend (Rs.)	Date of Declaration	Last date for claiming dividend
2016-2017(1st Interim)	12,77,23,812.00	20.12.2016	25.01.2024
2016-2017(2nd Interim)	7,62,72,072.00	14.06.2017	19.07.2024
2017-2018(1st Interim)	7,64,31,704.40	07.02.2018	14.03.2025
2017-2018(2nd Interim)	12,40,81,338.00	25.06.2018	30.07.2025
2018-2019	18,72,85,721.20	30.05.2019	04.07.2026
2019-2020	No Dividend was declared due to restriction imposed by RBI for all banking companies.		
2020-2021	23,40,60,748.00	27.04.2021	01.06.2028
2021-2022	46,24,75,372.00	09.06.2022	14.07.2029
2022-2023 (Interim)	34,92,14,168.00	14.02.2023	21.03.2030

## E. DEMAT SUSPENSE ACCOUNT

Your Bank is in the process of complying the provision of Schedule V of SEBI LODR, 2015, in respect of transferring the unclaimed shares to Demat Suspense account.

## F. TRANSFER OF UNCLAIMED DIVIDEND TO IEPF:

As per the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unclaimed for a period of seven (7) years from the date they became due for payment. Dividends of ₹1,05,81,300/- and ₹83,55,200/- for and up to the financial year ended March 31, 2015 have been transferred to the IEPF Authority on 07/05/2022 and 07/11/2022.

## G. TRANSFER OF SHARES TO IEPF

Pursuant to the applicable provisions of Section 124(6) of the Companies Act, 2013 all equity shares in respect of which dividend has / have remained unpaid or unclaimed for consecutive seven (7) years, the corresponding equity shares have been transferred in the name of IEPF Authority as notified by the Ministry of Corporate Affairs, Government of India (MCA). In compliance with the aforesaid provision, your Bank has transferred 945 equity shares during the year ended March 31, 2023, to IEPF Authority.

As required under the said provisions all subsequent corporate benefits that may accrue in relation to the above shares will also be credited to the said IEPF Authority. As per the terms of Section 124(6) of the Companies Act, 2013 and the Rule 7 of the IEPF Rules, the shareholders whose corresponding equity shares stand transferred to IEPF account can claim those shares from IEPF Authority by making an online application in Form IEPF 5 which is available at <http://www.iepf.gov.in>.

## H. LISTING OF SHARES

The shares of the Bank are listed on the following Stock Exchange

<b>ISIN</b>	<b>INE668A01016</b>	
<b>Scrip Code</b>	<b>Name of the Stock Exchange</b>	<b>Address</b>
<b>TMB</b>	National Stock Exchange of India Ltd. (NSE)	<b>Regd. Office:</b> Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai- 400051
<b>543596</b>	BSE Ltd. (BSE)	<b>Regd. Office:</b> Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001

The Bank has paid the annual listing fees for the year 2023-24 to the above Stock Exchanges.

## I. REGISTRAR & SHARE TRANSFER AGENT (RTA):

The Bank has appointed Link Intime India Private Limited as common Share Transfer Agent for both physical and electronic shares. Therefore, all communications relating to share transmission, dividend, change of address for shares held in physical form and dematerialization of shares etc are to be addressed to the Registrar and Share Transfer Agent at the following address:

### **M/S. LINK INTIME INDIA PRIVATE LTD.,**

Coimbatore Branch,  
Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road,  
Coimbatore – 641 028,  
Phone No: (0422) 2314792  
email : coimbatore@linkintime.co.in

## J. SHARE TRANSFER PROCEDURE

The shares of the Bank are being traded in dematerialized form which is transferable only through the depository system. Pursuant to the provision to Regulation 40(1) of SEBI (LODR) Regulations, w.e.f. April 01, 2019, the requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository and accordingly, transfer of securities in physical form is not permissible.

## K. DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Bank had entered into tripartite agreement with the depositories viz., National Securities Depositories Ltd. and Central Depositories Services (India) Ltd. and share transfer agent, for dematerialization of shares. The ISIN allotted for the shares of the Bank is INE668A01016. In view of the obvious benefits of holding the shares in demat form, over the period of time shareholders have converted their physical shares into electronic form and about 51.25% of the equity shares of the Bank are in demat form as on March 31, 2023.

Further, SEBI vide its circular SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, advised that listed companies shall henceforth issue the securities in 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. Hence, the shareholders holding shares in physical form are requested to dematerialise their shares in order to avail the better liquidity.



As per SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/ 2023/37 dated 16.03.2023, the shareholders holding shares in physical form shall mandatorily furnish PAN, e-mail address, mobile number, Bank account details and nomination details to the Bank/Share Transfer Agents of the Bank.

In view of the above SEBI circular, the shareholders holding physical securities are requested to furnish valid PAN, e-mail address, mobile number, Bank account details and nomination details immediately in the below mentioned forms to the RTA.

S.No.	FORM	PURPOSE
1	Form ISR-1	To register/update PAN, KYC details
2	Form ISR-2	To Confirm Signature of securities holder by the Banker
3	Form ISR-3	Declaration Form for opting-out of Nomination
4	Form SH-13	Nomination Form
5	Form SH-14	Cancellation or Variation of Nomination (if any)

All the above forms are available on the website of the Bank <https://www.tmb.in/download-forms.aspx>. Shareholders are requested to submit duly filled in forms to the address mentioned below:

Link Intime India Private Ltd.,  
Coimbatore Branch,  
Surya 35, Mayflower Avenue, Behind Senthil Nagar,  
Sowripalayam Road, Coimbatore – 641 028,  
Phone No: (0422) 2314792  
email : coimbatore@linkintime.co.in

Please note that Folios wherein the above documents/details viz. PAN, KYC, Nomination, Bank A/c details are not available/ registered, the same shall be frozen on or after 1st October 2023.

## L. STOCK MARKET DATA

The shares of the Bank are traded on the Stock Exchanges only in dematerialized form as per the directives issued by Securities and Exchange Board of India (SEBI). The shares are regularly traded on NSE and BSE. The monthly high & low prices along with the volumes traded from September 15, 2022 to March 31, 2023 on the above Stock Exchanges are given below together with bench mark indices.

### TRADING STATISTICS ON NSE

Month	Share price		No. of Shares Traded
	High	Low	
Sep 2022	515.00	475.00	37098
Oct 2022	537.65	463.55	84496
Nov 2022	526.00	491.55	78479
Dec 2022	548.50	475.00	122545
Jan 2023	488.55	467.00	76145
Feb 2023	477.80	423.00	99304
Mar 2023	460.00	399.00	142148

### TRADING STATISTICS ON BSE

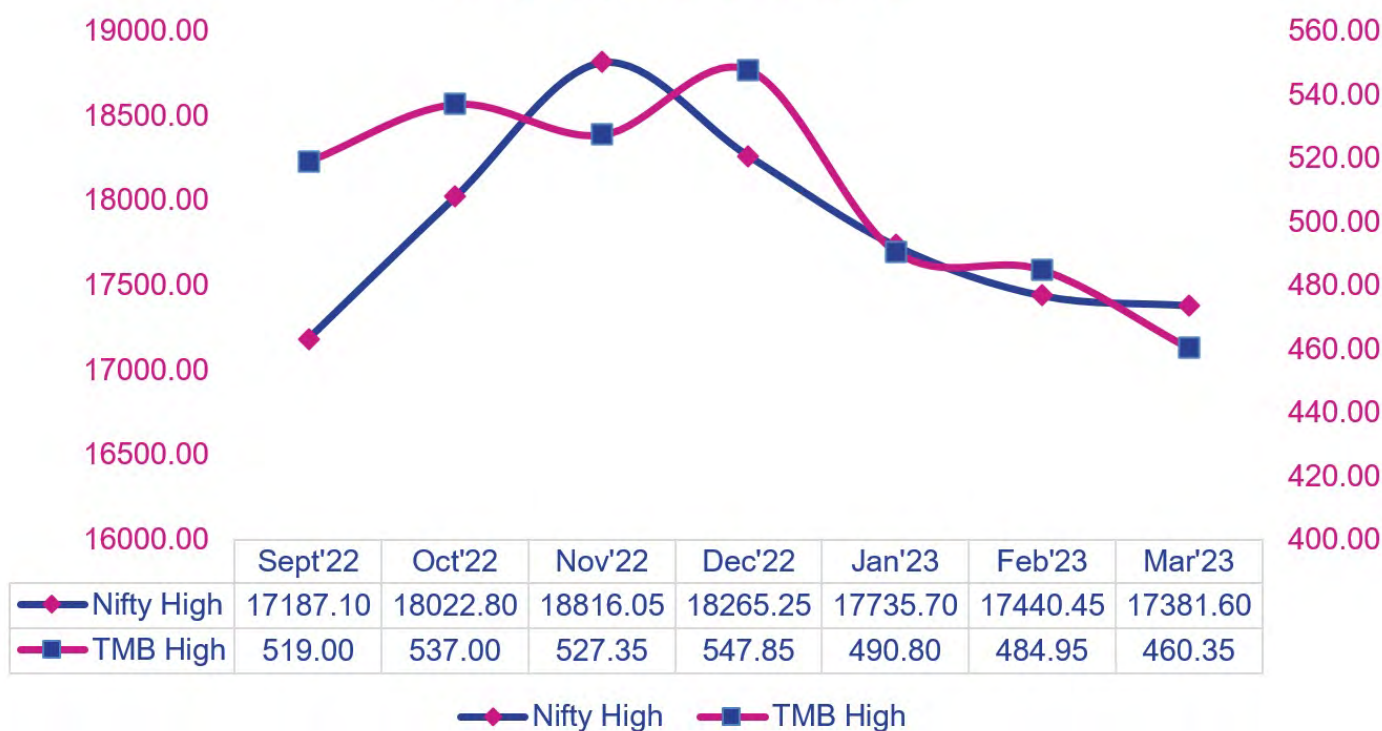
Month	Share price		No. of Shares Traded
	High	Low	
Sep 2022	519.00	475.20	394168
Oct 2022	537.00	460.10	210310
Nov 2022	527.35	490.00	135259
Dec 2022	547.85	475.25	171551
Jan 2023	490.80	467.00	91136
Feb 2023	484.95	423.00	116171
Mar 2023	460.35	396.30	240011

## PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE – SENSEX AND NSE – NIFTY 50.

### Sensex High vs TMB High



### Nifty High vs TMB High



## **M. 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 are not applicable.

## **N. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:**

The Foreign Exchange Risk Management Policy approved by the Board specifies the risk control framework for undertaking any Foreign Exchange Risk. The Board of the Bank has defined overall Net Overnight Open Position (NOOP) limit, Stop Loss Limit, Aggregate Gap Limit (AGL), Value at Risk (VaR) limit to control the Foreign Exchange risk within its risk control framework.

Our Bank uses Derivatives products of Forwards & Swaps only for hedging its currency risk in its balance sheet, customer offerings and proprietary trading, in compliance with overall risk limit and control framework. The management of these products and business is governed by Board approved Policies of the Bank. Bank is not involved in Commodity trading / hedging activities.

## **O. PLANT LOCATIONS:**

As the Bank is engaged in the business of Banking / Financial Services there are no Plant Locations. However, the Bank has 530 Branches and 13 Administrative Offices

## **P. IN CASE THE SECURITIES ARE SUSPENDED FROM TRADING, THE DIRECTORS REPORT SHALL EXPLAIN THE REASON THEREOF –**

NOT APPLICABLE

## **Q. DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2023:**

Shares holding of nominal value of	Number of Shareholders	% to Total	Shares	% to Total
Upto 5,000	80584	81.7697	21102840	13.3266
5,001 – 10,000	9867	10.0122	4957313	3.1306
10,001 – 20,000	4259	4.3217	5026907	3.1745
20,001 – 30,000	1576	1.5992	2463436	1.5557
30,001 – 40,000	426	0.4323	1829823	1.1555
40,001 – 50,000	203	0.2060	1543381	0.9747
50,001 – 1,00,000	807	0.8189	6627980	4.1856
1,00,001 and above	808	0.8402	114799774	72.4968



**R. SHAREHOLDING PATTERN:****I. SHAREHOLDING PATTERN BY OWNERSHIP AS ON MARCH 31, 2023: -**

SHAREHOLDER CATEGORY	NO. OF SHARES	PERCENTAGE
Mutual Funds	18310	0.01
Financial Institutions/Bank/ Insurance Companies	7267179	4.59
Foreign Portfolio Investor & Foreign Institutional Investor	343288	0.22
Body Corporates	6550817	4.14
Individuals (Including NRI)	105185383	66.42
NBFCs registered with RBI	200650	0.13
Central Govt / State Govt / President of India	0	0.00
Any other (Trust, Alternate Investment Funds, Overseas Corporate Bodies, LLP, Clearing Member)	38785827	24.49
<b>TOTAL</b>	<b>158351454</b>	<b>100.00</b>

**II. SHAREHOLDING MORE THAN 1% AS ON MARCH 31, 2023**

S. NO	SHAREHOLDER CATEGORY	NO. OF SHARES	PERCENTAGE
1	Bucket 1 (Court Cases)	14044500	8.8692
2	Robert And Ardis James Company Limited	7054080	4.4547
3	Starship Equity Holdings Ltd	6727500	4.2485
4	Subcontinental Equities Limited	6617709	4.1791
5	East River Holdings Limited.,	5305089	3.3502
6	Swiss Re Investors (Mauritius) Limited	5072124	3.2031
7	Fi Investments (Mauritius) Limited	2704899	1.7082
8	Bajaj Allianz Life Insurance Company Ltd.	2600725	1.6424
9	C.S.Rajendran	2114328	1.3352
10	Hibiscus Enterprises Llp.	1994982	1.2598
11	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	1912481	1.2077
12	Meenakshi R	1899792	1.1997
13	Senthil G M	1735181	1.0958
14	Asok Kumar P C G	1620004	1.023

## S. OTHER DISCLOSURES (AS PER SCHEDULE V OF SEBI (LODR) 2015:

- 1. Compliance with Corporate Governance requirements:** The Bank has been complying with requirements of Corporate Governance as stipulated under Regulations 17-27 read with Schedule V clauses (b) to (i) of sub-regulation 2 of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and a report on corporate Governance in the prescribed format has been submitted to the Stock Exchange every quarter.
- There were no materially significant transactions entered into by the Bank with its directors, management or relatives conflicting with the interest of the Bank at large during the year ended March 31, 2023. Further all the directors and senior management personnel have affirmed the compliance to the code of conduct laid down by the Bank.

The policy on dealing with related party transactions is available on the Bank's website <https://tmb.in/regulatory-policies.aspx>.

### 3. STATUTORY NON-COMPLIANCE, PENALTIES AND STRICTURES DURING THE LAST THREE YEARS:

NAME OF THE AUTHORITY	2022-23	2021-22	2020-21
SEBI	Nil	Nil	Nil
BSE/NSE	Nil	Nil	Nil
RBI	0.11	1.01	Nil
Other Statutory Authority	Nil	Nil	16.99*

\* - The Bank has filed an appeal against the order No.SDE/SRO/CEZO/10/2020(SK) dt.14.08.2020, passed by the Special Director of Directorate of Enforcement before the Appellate Tribunal under SAFEMA at New Delhi in FPA-FE-83/CHN/2022 on 05.12.2022. As a prerequisite, the Bank deposited the penalty amount of ₹16.99 Crores on 16.12.2022, which was kept under provision during the FY 2020-21.

#### For the year 2022-23, the details of penalties are given below:

- Penalty charged by RBI under Scheme of Incentives and Penalties for Bank Branches including Currency chests for Mutilated, Shortage Currency and Counterfeit Currency during the period from 01.04.2022 to 31.03.2023 - ₹22,900/-
- RBI has imposed penalty of ₹10,70,000/- under the scheme of penalty for Non-replenishment of ATM.

**4. Vigil Mechanism:** Details as per Schedule V Para C(10)(c) of SEBI LODR are furnished in the Directors Report. It is affirmed that no personnel has been denied access to Audit Committee on the Board.

**5. Policy for determining material subsidiary:** Bank has no material subsidiary as per definition prescribed under Regulation 16(1)(c) of SEBI LODR Regulations and accordingly, the requirement of formulating policy in this connection is not applicable.

## 6. Utilisation of funds raised through Preferential allotment or Qualified Institutional Placement as specified under Reg 32 (7A):

During the year under review, there was no Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the SEBI LODR.

## 7. 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.

## 8. Details of fees paid to the Statutory Auditors for FY 2022-23:

The total fees incurred by the Bank on a consolidated basis for services rendered by the Statutory Auditors is given below:

Nature of Fees	Amount (Crore)
Audit Fee	2.09
Reimbursement of Expenses	0.17
Certification charges	--
<b>Total</b>	<b>2.26</b>

## 9. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Details are furnished in the Directors Report.

### Declaration as required under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We further declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct and Ethics for the year covered by this report.

Place: Thoothukudi

Date: 26.07.2023

**S. Krishnan**

Managing Director & CEO

**DIN: 07261965**

# ANNEXURE – 7

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### The Members of

### Tamilnad Mercantile Bank Limited

We have examined all the relevant records of the Tamilnad Mercantile Bank Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2023. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

In our opinion and to the best of our information and according to the explanation and information furnished to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Regulations during the period under review.

As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the company has complied with items C, D and E.

Date: May 09, 2023

**FOR SPNP & ASSOCIATES**

Place: Chennai

**P. SRIRAM**

SPNP & ASSOCIATES

FCS No. 4862/ C P No: 3310

Peer Review No. : 1913/2022



## MD / CFO CERTIFICATE

**To**  
**The Board of Directors**  
**Tamilnad Mercantile Bank Limited**

We certify that;

- A. We have reviewed financial statements and the cash flow statement of Tamilnad Mercantile Bank Limited for the year ended March 31, 2023 and that to the best of our knowledge and belief:
  1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the code of conduct of the Company.
- C. We accept responsibility for establishing and maintaining internal controls over financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank over financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take, to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting;
- D. We have indicated to the Auditors and the Audit Committee that there are:
  1. no significant changes in internal control over financial reporting during the year;
  2. no significant changes in the accounting policies except as disclosed in the financial statements; and
  3. no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control systems over financial reporting.

**S Krishnan**  
 Managing Director  
 DIN: 07261965  
 Place: Thoothukudi  
 Date: 26.07.2023

**P.A. Krishnan**  
 Chief Financial Officer

# ANNEXURE - 8

## BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

### SECTION A: GENERAL DISCLOSURES

#### I. DETAILS OF THE LISTED ENTITY

S.NO	DESCRIPTION	PARTICULARS
1	Corporate Identity Number (CIN) of the Listed Entity:	L65110TN1921PLC001908
2	Name of the Listed Entity	TAMILNAD MERCANTILE BANK LIMITED
3	Year of incorporation	1921
4	Registered office address	57- VICTORIA EXTENSION ROAD, THOOTHUKUDI, TN – 628 002, IN
5	Corporate address	57- VICTORIA EXTENSION ROAD, THOOTHUKUDI, TN – 628 002, IN
6	E-mail	shareholders@tmbank.in
7	Telephone	+91-461 2325136
8	Website	www.tmb.in
9	Financial year for which reporting is being done	FY 2022-23
10	Name of the Stock Exchange(s) where shares are listed	<p>Equity shares of the Bank are listed at:</p> <ul style="list-style-type: none"> <li><b>BSE Ltd (BSE)</b> Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001</li> <li><b>National Stock Exchange of India Limited (NSE)</b> Address: Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051</li> </ul>
11	Paid-up Capital	₹158.35 Crores
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	<p><b>Mr. Prakash Chandra Panda,</b> Company Secretary and Compliance Officer Mobile: 96595 23378 Email: cs@tmbank.in</p>
13	Reporting boundary	Disclosures made in this report are on a standalone basis and pertains only to 'Tamilnad Mercantile Bank Limited'

## II. PRODUCTS/SERVICES

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

S.NO	DESCRIPTION OF MAIN ACTIVITY	DESCRIPTION OF BUSINESS ACTIVITY	% OF TURNOVER OF THE ENTITY
1	Financial and insurance service	Banking activities by Central, Commercial and Savings banks	100

### 15. 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

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

LOCATION	NUMBER OF PLANTS	NUMBER OF OFFICES	TOTAL
National	Not applicable*	543 <sup>^</sup>	543
International		Nil	Nil

\*-Tamilnad Mercantile Bank Limited is a scheduled commercial Bank and hence does not undertake any manufacturing activity

<sup>^</sup>-No. of offices includes Branch (530) and Administrative office (13)

### 17. Markets served by the entity:

#### (a) Number of Locations

LOCATION	NUMBER
Nationals (No of States/UTs)	21 (17 States and 4 Union Territories)
International (No of countries)	Nil

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

Not applicable

#### (c) A brief on types of customers

TMB is one of the oldest and leading old private sector Bank in India with a history of 101 years. The Bank offers a wide range of banking and financial services primarily to micro, small and medium enterprises ("MSME"), agricultural and retail customers ("RAM"). As of March 31, 2023, we

have 530 branches, of which 109 branches are in rural, 257 in semi-urban, 85 in urban and 79 in metropolitan centres. Our overall customer base is approximately 56 million as of March 31, 2023. During the year the Bank added more than 2.36 lakh new customers to its fold.

As of March 31, 2023, the total advance of the Bank stood at ₹37,582.11 Cr with an increase of 11.36% in comparison to previous year ending March 31, 2022. Bank's advances to retail (personal) segment accounted for 20.93% of total gross advances, agriculture advances accounted for 30.80%, MSME advances accounted for 35.44% each and corporate advances accounted for 12.83% of total gross advances.

The total deposits in the fiscal year ending March 31, 2023 stood at ₹47,766.49 Cr. A large part of the deposit base is retail which enables lower concentration risk for the Bank. The CASA ratio is 28.76% in fiscal 2023.

#### IV. EMPLOYEES

##### 18. Details as at the end of Financial Year:

A	EMPLOYEES AND WORKERS (INCLUDING DIFFERENTLY ABLED)							
S.NO	PARTICULARS	TOTAL A	MALE		FEMALE		OTHERS	
			No. (B)	% (B/A)	No. (C)	% (C/A)	No. (H)	% (H/A)
EMPLOYEES								
1	Permanent (D)	2018	1850	91.67%	168	8.33%	0	0.00%
2	Other than permanent (E)	37	36	97.30%	1	2.70%	0	0.00%
3	Total employees(D + E)	2055	1886	91.78%	169	8.22%	0	0.00%
WORKERS								
4	Permanent (F)	2449	2122	86.65%	327	13.35%	0	0.00%
5	Other than permanent (G)	0	0	0.00%	0	0.00%	0	0.00%
6	Total workers (F + G)	2449	2122	86.65%	327	13.35%	0	0.00%
B	DIFFERENTLY ABLED EMPLOYEES AND WORKERS							
DIFFERENTLY ABLED EMPLOYEES								
1	Permanent (D)	10	9	90.00%	1	10.00%	0	0.00%
2	Other than Permanent (E)	0	0	0.00%	0	0.00%	0	0.00%
3	Total differently abled employees (D + E)	10	9	90.00%	1	10.00%	0	0.00%
DIFFERENTLY ABLED WORKERS								
4	Permanent (F)	9	6	66.67%	3	33.33%	0	0.00%
5	Other than Permanent (G)	0	0	0.00%	0	0.00%	0	0.00%
6	Total differently abled workers (F + G)	9	6	66.67%	3	33.33%	0	0.00%



## 19. Participation/Inclusion/Representation of women

S.NO	PARTICULARS	TOTAL A	NO. AND PERCENTAGE OF FEMALES	
			No. (B)	% (B/A)
1	Board of Directors	13	1	7.69
2	Key Management Personnel	3	Nil	Nil

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

S.NO	PARTICULARS	TURNOVER RATE IN CURRENT FY 2022-23				TURNOVER RATE IN PREVIOUS FY 2021-22				TURNOVER RATE IN THE YEAR PRIOR TO THE PREVIOUS FY 2020-21			
		Male	Female	Other	Total	Male	Female	Other	Total	Male	Female	Other	Total
1	Permanent Employees	3.03%	4.76%	0.00%	3.17%	4.52%	6.51%	0.00%	4.70%	4.58%	2.41%	0.00%	4.38%
2	Permanent Workers	2.73%	0.92%	0.00%	2.49%	2.37%	2.70%	0.00%	2.42%	1.94%	5.09%	0.00%	2.35%

## V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

21	(a) Names of holding / subsidiary / associate companies / joint ventures	Not applicable
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## VI. CSR DETAILS

22	(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
	(ii) Turnover (in Rs.)	3,833.86 Crores
	(iii) Net worth (in Rs.)	5,335.71 Crores

## VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

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

STAKEHOLDER GROUP FROM WHOM COMPLAINT IS RECEIVED	GRIEVANCE REDRESSAL MECHANISM IN PLACE (YES/NO)	(IF YES, THEN PROVIDE WEB-LINK FOR GRIEVANCE REDRESS POLICY)	FY 2022 -23		PY 2021 -22	
			NUMBER OF COMPLAINTS FILED DURING THE YEAR	NUMBER OF COMPLAINTS PENDING RESOLUTION AT CLOSE OF THE YEAR	NUMBER OF COMPLAINTS FILED DURING THE YEAR	NUMBER OF COMPLAINTS PENDING RESOLUTION AT CLOSE OF THE YEAR
Communities	No	-	-	-	-	-
Investors (other than shareholders)	Investor's grievances are redressed either directly by the secretarial department of the bank or through the Bank's Registrar and Transfer Agents, M/s Link Intime India Pvt. Ltd., Coimbatore. Complaints received on SCORES are attended within the stipulated timelines.	-	-	-	-	-
Shareholders		Yes	470	2#	201	Nil
Employees and workers	Human rights grievances/ complaints are redressed by Internal Grievance Redressal Committee	Yes	Nil	Nil	Nil	Nil
Customers	Yes ( <a href="https://www.tmb.in/policies.aspx">https://www.tmb.in/policies.aspx</a> )	Yes	35149	760*	39682	321
Value Chain Partners	No	-	-	-	-	-
Other (please specify)	No	-	-	-	-	-

#-Pending shareholders' complaints are settled on 03.04.2023.

\*-All the pending complaints for the financial year 2022-23 are related to IT services received at our ADC cell i.e. complaints related to ATM, POS and ECOMM transactions, which were settled within 13.04.2023

24	Overview of the entity's material responsible business conduct issues	The bank is currently under process of carrying out comprehensive analysis of materiality mapping exercise across its stakeholders.
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## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

- P1** Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
- P2** Businesses should provide goods and services in a manner that is sustainable and safe
- P3** Businesses should respect and promote the well-being of all employees, including those in their value chains
- P4** Businesses should respect the interests of and be responsive towards all its stakeholders
- P5** Businesses should respect and promote human rights
- P6** Businesses should respect, protect and make efforts to restore the environment
- P7** Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
- P8** Businesses should promote inclusive growth and equitable development
- P9** Businesses should engage with and provide value to their consumers in a responsible manner

DISCLOSURE QUESTIONS	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)#	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	<a href="https://tmb.in/regulatory-policies.aspx">https://tmb.in/regulatory-policies.aspx</a> <a href="https://www.tmb.in/policies.aspx">https://www.tmb.in/policies.aspx</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)	NA	NA	NA	NA	NA	NA	NA	NA	NA
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Bank has been certified with ISO 9001 : 2015 certificate totally for our 100 offices (including Branches, Departments, Regional Offices and Staff Training College) for having maintained the standards as applicable under the ISO certification.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	No, specific commitments, goals and targets are set by the entity. Further, the bank is guided by the Reserve Bank of India (RBI) prescribed guidelines on Financial Inclusion, Priority Sector Lending, lending to small and marginal farmers, lending to weaker section, etc.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	NA	NA	NA	NA	NA	NA	NA	NA	NA

## GOVERNANCE, LEADERSHIP AND OVERSIGHT

<p>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>	<p>Statement of MD &amp; CEO</p> <p>The Bank always stressed for environment, by utilising its resources across the Board. To meet the desired results, factors like energy efficiency, solar energy, carbon emissions, quality of air, water and waste management were considered and given importance as far as possible. TMB is undertaking various initiatives to integrate ESG into the Bank's policies and practices. The Bank believes ESG is a journey on which TMB has embarked upon and TMB will continue to play an important role in achieving macroeconomic objectives on sustainability. Bank is committed to make the business truly sustainable and socially responsible. The Bank being a service-oriented industry, its products are not posing any material risk to environment, but rather its products provide growth opportunities. Bank is committed towards enhancing the business and other core activities with minimal impacts to environment and society.</p>
<p>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</p>	<p>Name – Mr.S. Krishnan DIN – 07261965 Designation – Managing Director &amp; CEO</p>
<p>9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No).</p>	<p>Yes</p>
<p>If yes, provide details.</p>	<p>CSR Committee of the Board is responsible for Overseeing Environmental, Social and Governance (ESG) Reporting and review of various activities of the Bank under the prescribed ESG Framework.</p> <p>Risk Management Committee (RMC) of the Board has the overall responsibility to ensure effective implementation of Environmental and Social Management System (ESMS) across the bank.</p>



## 10. DETAILS OF REVIEW OF NGRBCS BY THE COMPANY

SUBJECT FOR REVIEW	INDICATE WHETHER REVIEW WAS UNDERTAKEN BY DIRECTOR/COMMITTEE OF THE BOARD/ANY OTHER COMMITTEE									FREQUENCY (ANNUALLY / HALF YEARLY /QUARTERLY/ ANY OTHER-PLEASE SPECIFY)								
DISCLOSURE QUESTIONS	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. 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.	P1	P2	P3	P4	P5	P6	P7	P8	P9
If Yes, Provide name of the agency	No								
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
The entity does not consider the Principles material to its business (Yes/No)	Not applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	Not applicable								
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	Not applicable								
It is planned to be done in the next financial year (Yes/No)	Not applicable								
Any other reason (please specify)	Not applicable								

## # Principle-wise policies

- P1** Compliance Policy, Policy for Whistle Blower cum protected disclosure Scheme, KYC / AML Policy, Code of Code of Conduct of Board of Directors & Senior Management, Policy on Related Party Transactions, Principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of unpublished price sensitive information, Policy for determination of materiality of event or information, Fraud Risk Management Policy, Staff Accountability Policy, Vigilance Policy, HRD Policy , Customer Rights Policy, Customer Grievances Redressal Policy, Customer Compensation Policy
- P2** Loan Policy, Loan Recovery Policy, One Time Settlement (OTS) Policy for NPA accounts, Policy on Pricing of High Value Domestic Term Deposit, Policy on Issuance of ATM / Debit Cards, Customer Rights Policy, E-Waste Policy, TMB Credit Card Policy, Dividend Distribution Policy, Policy on Digital Banking, IT Network Policy & IT Procurement Policy.
- P3** Vigilance Policy, HRD Policy, Customer Rights Policy, Customer Compensation Policy, Customer Grievances Redressal Policy, Policy on prevention, prohibition and redressal of sexual harassment of women employees at workplace and redressal of compliance of sexual harassment, Staff Accountability Policy.
- P4** Dividend Distribution Policy Customer Rights Policy, Loan Policy, Corporate Social Responsibility Policy, Digital Banking Policy, Customer Compensation Policy.
- P5** Vigilance Policy, HRD Policy, Compensation policy, Customer Grievances Redressal Policy, Policy on prevention, prohibition and redressal of sexual harassment of women employees at workplace and redressal of compliance of sexual harassment..
- P6** E-Waste Policy, Business Continuity Policy, Policy on Business Continuity Plan - Non-IT Operations, Corporate Social Responsibility Policy.
- P7** Compliance Policy, KYC/AML Policy, Principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of unpublished price sensitive information, Customer Compensation Policy.
- P8** Outsourcing Policy, Policy on Interest Rate on Deposits, Corporate Social Responsibility Policy.
- P9** Customer Rights Policy, Customer Grievances Redressal Policy, Customer Compensation Policy, New Product and Process Policy, Policy on Third Party Products Business Continuity Policy, Policy on Business Continuity Plan - Non-IT Operations, Policy on Digital Payment products and Services Cyber Security Policy, Information Security Policy.

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

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

**PRINCIPLE 1 – BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.**

**ESSENTIAL INDICATORS**

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

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	2	<p><b>Program on Governance and Assurance for Directors on Boards of Banks</b></p> <ul style="list-style-type: none"> <li>a. Risk Based Supervision Assessment of Governance Standards and Assurance Functions</li> <li>b. Corporate Governance Framework in Banks, FIs and NBFCs– Role of Independent Directors</li> <li>c. Ethical Performance and Value Oriented Decision-making</li> <li>d. Strategic Issues &amp; Behavioural Dynamics in Board Functioning</li> <li>e. Governance Challenges in use of Advanced Technologies in Financial Intermediation</li> </ul> <p><b>Certification Programme in IT and Cyber Security for Board Members</b></p> <ul style="list-style-type: none"> <li>a. Principles of Cyber Security</li> <li>b. IT/Cyber Security Governance</li> <li>c. IT/Cyber Risk</li> <li>d. Cyber Risk Mitigation</li> <li>e. Data Sensitivity/Privacy Issues</li> <li>f. Cyber Security</li> <li>g. Operation Centre</li> <li>h. Cyber Insurance</li> <li>i. Internal Audit framework.</li> </ul>	61.54%
Key Managerial Personnel	2	Psychometric assesment, Programme in IT & Cyber Security for Senior Management	66.67%

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
Employees other than BoD and KMPs	118	Keeping in mind a larger employee base with varied skill sets across different levels, the Bank provided opportunities for every section of employees to enhance their soft skills, technical skill levels and various Banking related skills. Trainings were comprehensive and covered wide array of subject matters, such as personality development and negotiation skills on soft skill aspects while on technical or subject matter areas we covered topics around understanding of credit assessment, compliances and guidelines, technical know-how on CRM software to product level trainings.	64.43%
Workers	23	Orientation Programmes and Various Banking Related Trainings	41.20%

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

PARTICULARS	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	1	RBI	10,92,900/-	Please refer to the Strictures and Penalties section forming part of the Corporate Governance section of the Annual Report.	No
Settlement	Nil	NA	NA	NA	NA
Compounding fee	Nil	NA	NA	NA	NA



**NON-MONETARY**

PARTICULARS	NGRBC PRINCIPLE	NAME OF THE REGULATORY/ ENFORCEMENT AGENCIES/ JUDICIAL INSTITUTIONS	AMOUNT (IN INR)	BRIEF OF THE CASE	HAS AN APPEAL BEEN PREFERRED? (YES/ NO)
Imprisonment	Nil	NA	NA	NA	NA
Punishment	Nil	NA	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non- monetary action has been appealed. – 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 instituted various policy mechanisms which covers anti-corruption or anti-bribery. Through the code of conduct for the Board and Senior Management, the principals of ethical businesses are re-iterated. Further to support the vigilance around this, Bank has a separate policy for Whistle Blower cum protected disclosure Scheme which empowers employees to raise issues and concerns. The policy also ensures non-retaliation towards employee raising the complaint. Details of the code of conduct and policy for Whistle Blower cum protected disclosure Scheme can be found in below links: <https://tmb.in/regulatory-policies.aspx>

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	PY 2022
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

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

PARTICULARS	FY 2022-23	FY 2021-22
Number of complaints received in relation to issues of conflict of interest of directors	Nil	Nil
Number of complaints received in relation to issues of conflict of interest of KMPs	Nil	Nil

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

There were no such cases related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

## LEADERSHIP INDICATORS

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

S.NO	TOTAL NUMBER OF AWARENESS PROGRAMMES HELD	TOPICS / PRINCIPLES COVERED UNDER THE TRAINING	PERCENTAGE OF VALUE CHAIN PARTNERS COVERED (BY VALUE OF BUSINESS DONE WITH SUCH PARTNERS) UNDER THE AWARENESS PROGRAMMES
1	Nil	Nil	Nil

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

Yes. Bank has a policy "Code of Conduct of Board of Directors & Senior Management". The policy is hosted on the website of the bank <https://tmb.in/regulatory-policies.aspx>. In terms of the said policy an annual disclosure is obtained from the Directors and Senior Management on the compliance of the policy.

## 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

PARTICULARS	FY 2023	PY 2022	DETAILS OF IMPROVEMENTS IN ENVIRONMENTAL AND SOCIAL IMPACTS
R&D	Being a banking company, our R&D is mainly on developing new digital products. Various services are being identified and considered for digital transformation to increase operational efficiency. As on March 31, 2023, Digital Transaction Percentage is increased to 90.40% from 84.80% with an increase of 5.60% Y-O-Y. Digital services help the Bank to provide prompt customer service and enhanced customer satisfaction		
Capex			

PARTICULARS	FY 2023	PY 2022	DETAILS OF IMPROVEMENTS IN ENVIRONMENTAL AND SOCIAL IMPACTS
2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)	Given that the Banking sector's primary product offering is financial services, the Bank does not have any raw material requirements. The primary resources consumed for its day-to-day operations are paper, electricity, water from municipal sources, and diesel for DG set.		
b. If yes, what percentage of inputs were sourced sustainably?			
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for			
(a) Plastics (including packaging)	Not applicable		
(b) E-waste	All the E-waste are disposed as per the E-Waste policy of the bank at the end-of-life period.		
(c) Hazardous waste	Not applicable		
(d) other waste	Nil		
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).	Not applicable		
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.	-		

## LEADERSHIP INDICATORS

- Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? - Yes

## LOANS:

The Bank offers various loan products to cater to the credit requirements of different types of borrowers. Branches and Regional Offices source credit proposals which comply with the scheme norms and policy guidelines stipulated by the Bank. Preliminary scrutiny is carried out by Branches / RMs through inspection of the business unit, market enquiries and discussions with the customer. After preliminary scrutiny and collection of all the documents mandated by the Bank, the credit proposal is sent to the respective sanctioning authority. A comprehensive assessment of the credit proposal is carried out by sanctioning authority such as verification of Bureau records, CFR check, financial and commercial viability, ascertaining managerial competence and creditworthiness etc. Internal rating of the credit proposal is also carried out and it is ensured that the rating is above the threshold grade / score fixed by the Bank. The

bank also obtains the services of empaneled advocates and valuers to ensure that the property offered as security to the Bank is marketable and can be enforced by the bank in case of need.

While sanctioning the credit proposal, the sanctioning authority stipulates suitable covenants (pre disbursal and post disbursal) which shall be complied with by the borrower. The post disbursal covenants are monitored by the Credit Monitoring Department for timely compliance. In addition, the Credit Monitoring Department tracks the performance of the loan account based on the transaction-based behaviour and early warning signals observed. The property / other securities charged to the bank will be released after closure of the loan.

## DEPOSITS:

The deposit lifecycle begins with sourcing of customers through branches/ offices or walk-in customers. The requisite KYC checks and other information of customers are collected and reviewed to ensure compliance with extant regulations. KYC complied customers can open deposits either through digital channels such as mobile banking/ internet banking or through submission of application form in the branches. Deposit receipt is provided to the customer who opens Fixed Deposits and the details can also be viewed through the digital channels, irrespective of the mode of opening. Upon maturity, fixed deposits are either closed and the proceeds transferred to the operative account or renewed. Customers can also open operative accounts such as Savings Bank or Current Account. The customers would be provided with various facilities such as cheque books and debit cards for operative accounts. The accounts can be closed by the customer upon submission of a request.

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.	Nil
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).	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:	Not applicable
5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category	Not applicable



## 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	% OF EMPLOYEES COVERED BY										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
PERMANENT EMPLOYEES											
Male	1850	1850	100.00%	1850	100%	0	0	1850	100%	0	0
Female	168	168	100.00%	168	100%	168	100%	0	0	0	0
Other	0	0	0.00%	0	-	-	-	0	0	0	0
Total	2018	2018	100.00%	2018	100%	168	100%	1850	100%	0	0
OTHER THAN PERMANENT EMPLOYEES											
Male	36	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0
Female	1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0
Other	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0
Total	37	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0

B. DETAILS OF MEASURES FOR THE WELL-BEING OF WORKERS:											
CATEGORY	% OF EMPLOYEES COVERED BY										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
PERMANENT EMPLOYEES											
Male	2122	2122	100.00%	2122	100.00%	0	0	2122	100.00%	0	0
Female	327	327	100.00%	327	100.00%	327	100.00%	0	0	0	0
Other	0	0	0.00%	0	0.00%	0	0	0	0	0	0
Total	2449	2449	100.00%	2449	100.00%	0	0	0	0	0	0
OTHER THAN PERMANENT EMPLOYEES											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0

## 2. DETAILS OF RETIREMENT BENEFITS

	FY 2022-23			PY 2021-22		
BENEFITS	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 / PENSION	37.17%	12.98%	Y	42.31%	13.54%	Y
GRATUITY	100.00%	100.00%	Y	100.00%	100.00%	Y
ESI	0.00%	0.00%	NA	0.00%	0.00%	NA
OTHERS – NPS	62.83%	87.02%	Y	57.69%	86.46%	Y

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.  
Yes, the bank follows RBI guidelines with regard to the provision of ramps in the branches/offices.
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.

	PERMANENT EMPLOYEES		PERMANENT WORKERS	
GENDER	RETURN TO WORK RATE	RETENTION RATE	RETURN TO WORK RATE	RETENTION RATE
MALE	100%	98.86%	100%	98.99%
FEMALE	100%	100%	100%	100%
OTHER	0	0	0	0
TOTAL	100%	98.92%	100%	99.24%

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	Yes. The respective employees or worker may prefer either in writing or inform orally for referring their grievances to their reporting authorities / Regional Office / Head Office. Also if they want to disclose in confidential manner, they can prefer whistle Blower mechanism and forward their grievances to vigilance mail id civ@tmbank.in
Other than Permanent Workers	Yes	
Permanent Employees	Yes	
Other than Permanent Employees	Yes	

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

	FY 2022-23			PY 2021-22		
BENEFITS	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>						
Male	1807	1760	97.40%	1684	1637	97.21%
Female	168	161	95.83%	168	158	94.05%
Other	0	0	0.00%	0	0	0.00%
<b>TOTAL PERMANENT WORKERS</b>						
Male	2122	1419	66.87%	2192	2169	98.95%
Female	327	327	100.00%	333	333	100.00%
Other	0	0	0.00%	0	0	0.00%

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

CATEGORY	FY 2022-23					PY 2021-22				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
EMPLOYEES										
Male	1850	0	0.00%	1633	88.27%	1724	0	0.00%	212	12.30
Female	168	0	0.00%	167	99.40%	169	0	0.00%	12	7.10
Other	0	0	0.00%	0	0.00%	0	0	0.00%	0	0
Total	2018	0	0	1800	89.20%	1893	0	0.00%	224	11.83
WORKERS										
Male	2122	0	0.00%	1007	47.46%	2192	0	0.00%	0	0
Female	327	0	0.00%	90	27.52%	333	0	0.00%	0	0
Other	0	0	0.00%	0	0.00%	0	0	0.00%	0	0
Total	2449	0	0	1097	44.79%	2525	0	0.00%	0	0

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

CATEGORY	FY 2022-23			PY 2021-22		
	TOTAL (A)	NO. (B)	% (B / A)	TOTAL (D)	NO. (E)	% (E/D)
EMPLOYEES						
Male	1855	1851	99.78%	1725	1720	99.71%
Female	168	168	100.00%	169	169	100.00%
Other	0	0	0.00%	0	0	0.00%
Total	2023	2019	99.80%	1894	1889	99.74%
WORKERS						
Male	2122	1433	67.53%	2192	1489	67.93%
Female	327	327	100.00%	333	333	100.00%
Other	0	0	0.00%	0	0	0.00%
Total	2449	1760	71.87%	2525	1822	72.16%

## 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 of such system?

Given the nature of business activities, there is no major occupational health and safety related issues. Nonetheless, The Bank conducts robust and periodic training and awareness sessions like basic fire safety training. The bank has conducted fire safety drill, evacuation drills through experts from Fire Department, Government of Tamil Nadu at its central office. Further, in light of COVID-19 led pandemic, The Bank acknowledges risks of infections that could take place in the office premises. To manage those health-related risks, The Bank has effectively implemented the SOP issued by the respective State/Central Govt.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Not Applicable

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Not Applicable

- d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No) Yes. All the employees are covered under Group Medical Accident Insurance.

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

SAFETY INCIDENT/NUMBER	CATEGORY	FY 2023	PY 2022
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	Nil
	Workers	Nil	Nil
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Nil	Nil
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

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

Employee health and safety is of prime importance and the bank conducts periodic training like advanced and basic fire safety training, first aid, evacuation related training for floor marshals and employees across offices. Periodic fire evacuation drills were conducted at the office locations to sensitize employees about fire safety norms and regulations. The Bank has tie-ups with vendors to educate and demonstrate the use of fire-fighting equipment to employees.



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

	FY 2022-23			PY 2021-22		
	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	NA	Nil	Nil	NA
Health & Safety	Nil	Nil	NA	Nil	Nil	NA

## 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	Not applicable
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 &amp; safety practices and working conditions.

The bank has ensured the effective implementation of Standard Operative Procedures issued by respective State/Central Governments from time to time to ensure Safety, Hygiene and implementing necessary SOP in all its Branches and Offices for wellbeing of our staff and customers.

**LEADERSHIP INDICATORS**

- 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)

(A) Employees (Y/N)	Y
(B) Workers (Y/N).	Y

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

The bank ensures that statutory dues as applicable to the transactions are deducted and deposited in accordance with extant regulations. This activity is also reviewed as part of the internal and statutory audit.

- 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 rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Not applicable

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)

Yes

5. Details on assessment of value chain partners:

Not applicable

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

#### **PRINCIPLE 4 – BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS ESSENTIAL INDICATORS.**

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

Every individual or institution who is directly or indirectly impacted through TMB's activities is considered as our stakeholders. Keeping this broad philosophy, TMB has identified below a list of key stakeholders. TMB always pursues its efforts in regular engagement across these stakeholders to build and maintain mutual trust and value creation.

- Employees
- Customers
- Investors/Shareholders
- Regulatory Bodies
- Communities

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

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half yearly/Quarterly /others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Both direct and digital means	Continuous	Both business and non-business aspects including employee's wellbeing
Regulators	No	Email, one-on-one meetings, concalls, videoconference	Need based	Discussions with regard to various regulations and amendments, inspections, approvals
Customers	Yes, if they qualify certain criteria	Multiple channels- Physical and digital	Frequently and need basis	Customer awareness, intimation and information sharing throughout the customer lifecycle

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half yearly/ Quarterly /others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders/ Investors	No	Email, SMS, newspaper advertisement, notice board, website, Annual General Meetings, intimation to stock exchanges, annual/ quarterly financials, and investor meetings/ conferences	Frequently and need basis	To discuss and communicate latest developments in the Bank
Partners	No	Multiple channels- Physical and digital	Frequently and need basis	Performance optimization and business enhancement
Research Analysts	No	Email, Concalls, meetings, conferences	Frequently and need basis	To discuss and communicate latest developments in the Bank
NGOs and communities	Yes	Directly or through representatives	Frequently and need basis	Support environmentally and socially high impact projects

## 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 the feedback from such consultations provided to the Board.

The Bank maintains regular consultation and feedback mechanisms across its stakeholders. The Bank also ensures feedback from stakeholders is factored in the strategic decision-making process. The feedback is a critical input in developing new products and services as well as enhancement of existing services.

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

Yes, through the proactive engagement with the stakeholder groups, the Bank identified key focus areas, especially CSR intervention, new product introduction. Further, the inputs and suggestions of shareholders are being incorporated into the policies and activities wherever considered feasible.

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

The Bank supports the Government's endeavour towards affordable access of all financial services into under banked areas. Under the financial inclusion Scheme the bank renders services to the disadvantaged, rural/ semi-urban section of the society. The Bank is involved in many CSR activities to outreach to vulnerable sections of community.

## PRINCIPLE 5 – BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

### ESSENTIAL INDICATORS

1. EMPLOYEES AND WORKERS WHO HAVE BEEN PROVIDED TRAINING ON HUMAN RIGHTS ISSUES AND POLICY(IES) OF THE ENTITY, IN THE FOLLOWING FORMAT:						
Category	FY 2022-23			PY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
<b>EMPLOYEES</b>						
Permanent	Nil	Nil	Nil	Nil	Nil	Nil
Other than permanent	Nil	Nil	Nil	Nil	Nil	Nil
Total Employees	Nil	Nil	Nil	Nil	Nil	Nil
<b>WORKERS</b>						
Permanent	Nil	Nil	Nil	Nil	Nil	Nil
Other than permanent	Nil	Nil	Nil	Nil	Nil	Nil
Total Workers	Nil	Nil	Nil	Nil	Nil	Nil

2. DETAILS OF MINIMUM WAGES PAID TO EMPLOYEES AND WORKERS, IN THE FOLLOWING FORMAT:										
Category	FY 2022-23					PY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
EMPLOYEES										
PERMANENT										
Male	1850	0	0.00%	1850	100.00%	1724	0	0.00%	1724	100.00%
Female	168	0	0.00%	168	100.00%	169	0	0.00%	169	100.00%
Other	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
OTHER THAN PERMANENT										
Male	36	0	0.00%	36	100.00%	38	0	0.00%	38	100.00%
Female	1	0	0.00%	1	100.00%	0	0	0.00%	0	0.00%
Other	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%

CATEGORY	FY 2022-23					PY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
WORKERS										
PERMANENT										
Male	2122	0	0.00%	2122	100.00%	2192	0	0.00%	2192	100.00%
Female	327	0	0.00%	327	100.00%	333	0	0.00%	333	100.00%
Other	0	0	0.00%		0.00%	0	0	0.00%	0	0.00%
OTHER THAN PERMANENT										
Male	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Female	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%
Other	0	0	0.00%	0	0.00%	0	0	0.00%	0	0.00%

### 3. DETAILS OF REMUNERATION/SALARY/WAGES, IN THE FOLLOWING FORMAT:

CATEGORY	MALE		FEMALE		OTHER	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors*	1	1,14,52,427	-	-	-	-
Key Managerial Personnel	3	25,87,000	-	-	-	-
Employees other than BoD and KMP	1901	13,22,826	169	1289921	-	-
Workers	2128	6,65,767	327	836966	-	-

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

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

Yes, the bank has Grievance redressal mechanism



**6. NUMBER OF COMPLAINTS ON THE FOLLOWING MADE BY EMPLOYEES AND WORKERS: NIL**

CATEGORY	FY (-)			PY (-)		
	Filed during the year	Pending resolution at the	Remarks	Filed during the year	Pending resolution at the	Remarks
Sexual Harassment	NIL					
Discrimination at workplace						
Child Labour						
Forced Labour / Involuntary Labour						
Wages						
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

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

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

No, however the bank ensures fair treatment, transparency, honest dealing with its customers/ contractors.

9. Assessments for the year:

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

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

Not Applicable

## LEADERSHIP INDICATORS

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

There have been no instances of human rights grievances requiring modification of processes during the year.

Bank is committed to the principle of equal opportunity for all employees and to providing employees with a work environment free of discrimination and harassment.

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

Staff Grievance Redressal Mechanism introduced for redressing the grievances of employees relating to work conditions, Pay and benefits, leave allotment, workload, managerial decision, staff benefits, sexual discrimination at work place etc., and the same can be filed by aggrieved employee.

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:

Nil

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

Nil

## 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 (22-23)	Unit	PY (21-22)	Unit
Total electricity consumption (A)	While we have not measured our total energy consumption so far, we are in the process of collecting energy consumption data.			
Total fuel consumption (B)				
Energy consumption through other sources (C)				
Total energy consumption (A+B+C)				
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)				
Energy intensity (optional) – the relevant metric may be selected by the entity				

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 is conducted by any external agency

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

Not Applicable

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

PARAMETER	FY (22-23)	Unit
Water withdrawal by source (in kilolitres)	Not applicable	
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		

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 is conducted by any external agency

4. Has the entity implemented a mechanism for Zero Liquid Discharge? – Not applicable
5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

PARAMETER	FY (22-23)	Unit
NOx	Not applicable	
SOx		
Particulate matter (PM)		
Persistent organic pollutants (POP)		
Volatile organic compounds (VOC)		
Hazardous air pollutants (HAP)		
Others – please specify		

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 is conducted by any external agency

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

PARAMETER	UNIT	FY 2023	PY 2022
Total Scope 1 emissions (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)	Being a service industry, the greenhouse gas emission will be very minimal, however, we have not measured the emissions and its intensity so far.		
Total Scope 2 emissions (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)			
Total Scope 1 and Scope 2 emissions per rupee of turnover			
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

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 is conducted by any external agency

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

No, there are no direct projects related to Green House Gas Emission.

8. Provide details related to waste management by the entity, in the following format:

PARAMETER	UNIT	FY 2023
Total Waste generated (in metric tonnes)		
Plastic waste (A)	Not applicable	
E-waste (B)		
Bio-medical waste (C)		
Construction and demolition waste (D)		
Battery waste (E)		
Radioactive waste (F)		
Other Hazardous waste. Please specify, if any. (G)		
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
Total (A+B + C + D + E + F + G + H)		

PARAMETER	UNIT	FY 2023
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	Not applicable	
(ii) Re-used		
(iii) Other recovery operations		
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	Not applicable	
(ii) Landfilling		
(iii) Other disposal operations		
Total		

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 is conducted by any external agency

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

E-waste materials generated due to up gradation/replacement of existing components like computers, modems, printers, UPS and etc., are disposed as per the E-waste policy.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

Not applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

SR NO.	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						



12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

No non-compliance reported.

## LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

PARAMETER	FY (22-23)	Unit	PY (21-22)	Unit
From renewable sources				
Total electricity consumption (A)	While we have not measured our total energy consumption so far, we are in the process of collecting energy consumption data.			
Total fuel consumption (B)				
Energy consumption through other sources (C)				
Total energy consumed from renewable sources (A+B+C)				
From non-renewable sources				
Total electricity consumption (D)	While we have not measured our total energy consumption so far, we are in the process of collecting energy consumption data.			
Total fuel consumption (E)				
Energy consumption through other sources (F)				
Total energy consumed from non-renewable sources (D+E+F)				

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 is conducted by any external agency

2. Provide the following details related to water discharged

PARAMETER	FY 2023	PY 2022
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	Not applicable	
No treatment		
With treatment – please specify level of treatment		
(ii) To Groundwater		
No treatment		
With treatment – please specify level of treatment		
(iii) To Seawater		
No treatment		
With treatment – please specify level of treatment		

PARAMETER	FY 2023	PY 2022
(iv) Sent to third-parties	Not applicable	
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

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 is conducted by any external agency

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area – Not Applicable
- Nature of operations – Not Applicable
- Water withdrawal, consumption and discharge in the following format: Not applicable

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

PARAMETER	FY 2023	PY 2022
Total Scope 3 emissions (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)	We have not measured the emissions and its intensity so far.	
Total Scope 3 emissions per rupee of turnover		
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		

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 is conducted by any external agency

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Not applicable

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

Yes, the bank has a policy on business continuity and disaster management plan. The DR/BCP is duly approved by the Board.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Not Applicable

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable

## 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.		
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/International)
1	Indian Banks Association (IBA)	National
2	Fixed Income Money Market and Derivatives Association (FIMMDA)	National
3	Clearing Corporation of India Ltd (CCIL)	National
4	Foreign Exchange Dealers Association of India (FEDAI)	National

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

We have not received any adverse order from any regulatory authorities w.r.t, any issue on anti-competitive conduct for FY-2022-23.

### LEADERSHIP INDICATORS

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

## 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.

S NO.	Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency	Results communicated in public domain	Relevant Web link
Not applicable						

2. Provide information on project(s) for which on-going Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

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)
owing to the business nature						

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

Bank has systems in place to receive and redress grievances of various stakeholder groups including customer complaints. The stakeholders can register their grievances through various modes by accessing the Bank's website. The Bank has a mechanism in place to monitor the implementation of the CSR projects and the concerns of the beneficiary community. The Bank may undertake assessment by external agency on the impact of the projects and their reach, if necessary.

4. PERCENTAGE OF INPUT MATERIAL (INPUTS TO TOTAL INPUTS BY VALUE) SOURCED FROM SUPPLIERS:	FY 2022-23	PY 2021-22
Directly sourced from MSMEs/small producers	Not applicable in the view of the nature of business carried out	
Sourced directly from within the district and neighbouring districts		

### LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above: No such instances)
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	Rs.98,38,424/- (42 Applications)
2	Tamilnadu	Ramanathapuram	Rs.14,00,000/- (13 Applications)

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:

Owing to the nature of business, this is not applicable for the Bank

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.

Owing to the nature of business, this is not applicable for the Bank

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	Sponsor Note Books to poor students	300	100
2	25 Nos. of push cart (Waste Collection vehicles)	Nagapattinam Municipality surrounding peoples	100
3	Construction of Class Rooms	150	100
4	10 Nos. of Hand Cart (Waste Collection Vehicle) & 100 Nos. of Baskets	General Public	100
5	Good Will Supporters in 44th FIDE Chess Olympiad	Chess Players	100
6	Construction of Ramp	50 Students	100
7	Tractor for management of domestic waste in and around Surandai	Surandai Municipality (27 Ward peoples)	100
8	12 Nos. CCTV Camera and its Accessories for safety purpose	General Public in Puliangudi area	100
9	5 no of 20W solar street light with 15ft MS coated pole.	School Students	100
10	Class Room Construction	School Students (153)	100



S.NO	CSR PROJECT	NO. OF PERSONS BENEFITTED FROM CSR PROJECTS	% OF BENEFICIARIES FROM VULNERABLE AND MARGINALIZED GROUPS
11	RO Plant	1600	100
12	Medal & Shield distribution	1200	100
13	RO Plant to Dharmapuram Adheenam, Mayiladuthurai	100 devotees on daily basis	100
14	Safety netting for Class rooms	790	100
15	Renovation of dining halls for pilgrims	60	100
16	4 Numbers of Garbage Rickshaw	Ponneri Municipality & General Public	100
17	Computer, Printer & Vacuum Cleaner	300	100
18	Medal Distribution	School Students attending in the Science Exhibition (2000 Nos.)	100
19	Construction of Toilet & Water Tank	50	100
20	Fixing Paver Blocks	240	100
21	Smart Class Board	150	100
22	Books	100	100
23	Computer & Printer	350	100
24	CCTV	100	100
25	Smart Class Room	100	100
26	Construction of Class Room	3800	100
27	Computer & Printer	150	100
28	RO Plant	82	100
29	One new Piaggio Ape Model 3 wheeler (Ape XTRA LDX DV)	50	100
30	Smart Class rooms	150	100
31	Construction of Shed	30	100
32	RO Water purifier	60	100
33	Construction of Class Room	400	100
34	Construction of Class Room	1700	100
35	New School Furniture's	1050	100
36	Renovation of Toilet Block	250	100
37	Smart Class Rooms	420	100
38	Construction of Meeting Hall	6100	100
39	Construction of Toilet Block	400	100
40	Construction of Toilet Block	331	100

S.NO	CSR PROJECT	NO. OF PERSONS BENEFITTED FROM CSR PROJECTS	% OF BENEFICIARIES FROM VULNERABLE AND MARGINALIZED GROUPS
41	Construction of Toilet Block	680	100
42	Renovation of School Building	200	100
43	Construction of Kitchen with Dining Hall	55	100
44	Purchase Desk, Bench, Chair, Table, Round Table.	School Students	100
45	Construction of Class Room	260	100
46	Construct the Temple Compound Wall	General Pilgrims & Devotees	100
47	Construction of Class Room & Toilet	School Students	100
48	Scientific Equipment's	–	100
49	Barricades	Colachel Police Station & General Public	100
50	Contribute the expense to four or five creches @ 2.7 lakhs	4 to 5 Creche Childrens	100
51	Purchase computer, Speaker, Projector, Cable Kit, Smart Board and furniture's	Students	100
52	Under privileged children's education	30 Under privileged children's education	100
53	Construction of Toilet	50 Deaf Students	100
54	Purchase Students tables, chairs, lab equipment's & class room renovation work.	Students	100
55	3 AAC Devices & Aquatic Tank	Special children's with neurological and orthopedic problems	100
56	Purchase of Automated Hematology analyzer & Bio Chemistry Analyzer machine, ECG Machine Microscope, Binocular LED.	General Public	100
57	Renovate the toilet	Backward Class Children's	100
58	Purchase of Chairs with & without Book Shelf	200 Nos of Students	100
59	Repairs & Reconstruction of Old Building	Old age peoples, handicapped and mentally retarded persons. 172	100
60	Visitors Shed with Cooling Sheet roof and seating arrangement	Hearing Impaired students 40	100

S.NO	CSR PROJECT	NO. OF PERSONS BENEFITTED FROM CSR PROJECTS	% OF BENEFICIARIES FROM VULNERABLE AND MARGINALIZED GROUPS
61	Construction of Dining Hall and Kitchen Room, Computer & Other equipment's 2 Nos. of Class Rooms	College Hostel Students 185	100
62	Class room roof, Basket Ball court construction	School Students (8500)	100
63	Construction of Toilet Block	School students & Staffs 162	100
64	Purchase of Furnitures, Computers & Teaching Equipments	Students & Staffs 200	100
65	Smart Class Room & Modern Toilet facility	School Staff & Students 1600	100
66	Purchase of Chairs	100 set of students	100
67	Smart Board	School Students 700	100

## 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.

A dedicated customer service cell is functioning in the Operations and Services Department. We are having a dedicated all India toll-free customer helpline for the use of customers to enquire about the products and services. Customers can also register their grievances and get spontaneous assistance through toll-free number 1800-425-0-426 during the bank working hours. We have a dedicated phone number for customer care / help, 9842-461-461. It also includes SMS based customer help line. Customers can seek help by sending an SMS with the text, HELP. We are also having two dedicated e-mails for the use of customers to register their grievances and complaints – customerservice@tmbank.in and complaints@tmbank.in. Customers can also register their enquiries / feedback / complaints / grievances through our banks website www.tmb.in. The customer will receive instant acknowledgement to their e-mail ID for the suggestions / feedback / complaints / grievances registered by them.

We are maintaining a centralized registry for recording all the complaints received through letters, mail, Banking Ombudsman and other regulators. The Branches, Regional Offices and Customer Service Cell can access the record/retrieve the details through exclusive login ID and password provided to them for login into complaint portal. We are also having Online Dispute Resolution System (ODRS) for registering the complaints related to the digital transactions (ATM, UPI, ECOMM, POS, and other IT related complaints). The complaint number and status of the complaint will be popped up to the customers through SMS to their registered mobile number from the ODRS.

We are conducting Standing Committee on Customer Service at all our branches every month. During the meeting, the feedback / suggestions given by the customers are collected through MIS portal and the feasible suggestions are implemented and placed before the Stakeholders Relationship and Capital Planning Committee of the Board.

2. Turnover of products and/ services as a percentage of turnover from all products/ service that carry information about	As a percentage to total turnover
Environmental and social parameters relevant to the product	<p>This aspect is not applicable as the Bank is not a manufacturing company. The Bank complies with disclosure requirements relating to its products and services to the extent as applicable.</p> <p>Further in general, public are made aware of various safety measures to be adopted by customers for preventing ATM frauds, Phishing attacks, etc., by sending bulk SMSs, e-mails, auto voice calls from call centers to reiterate not to share ATM PIN, Internet/Mobile banking passwords, One Time Passwords (OTP), etc.</p>
Safe and responsible usage	
Recycling and/or safe disposal	

### 3. NUMBER OF CONSUMER COMPLAINTS IN RESPECT OF THE FOLLOWING

CATEGORY	FY 2022-23		Remarks	PY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other	35149	760	All the pending complaints for the financial year 2022-23 are related to IT services received at our ADC cell i.e. complaints related to ATM, POS and ECOMM transactions, which were settled within 13.04.2023	39682	321	All the pending complaints are related to ATM failed transactions, ATM cards and other IT services received at our ADC cell, which were settled within 12.04.2022

4. Details of instances of product recalls on account of safety issues	Number	Reasons for recall
Voluntary recalls	Not applicable due to nature of the products / service being offered	
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy:

Yes, the bank has a Cyber Security Policy.

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.

The Bank always strives to have a cordial relationship with its customers and attempts to have an amicable settlement of any disputes. In the ordinary course of banking business, some customers may raise disputes with the Bank which could result in their filing a civil suit or a customer complaint against the Bank alleging deficiency of services. In such cases, the Bank intervenes and sorts of unresolved issues amicably. But only in rare instances, where the issues cannot be settled mutually, legal recourse is resorted. Further no complaints were received on cyber security and data privacy in the reporting period. The rest of the cases are not applicable, considering the nature of business.

## LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information on products/services can be accessed from our Website, Call-Centre and at Branches/Offices. Website link includes <https://www.tmb.in>. In addition, Bank actively uses various social media and digital platforms to disseminate information on its products and services.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Customers are educated about safe banking practices via social media channels, SMS, banners/ push notifications in our mobile banking app and Website. We had initiated SMS to customers related to phishing attacks to avoid falling to fraud call or victim of a scam. Customers are intimated not to share the OTP, UPI PIN, or any personal information through push notifications. The above awareness is also available in the Bank's website [www.tmb.in](https://www.tmb.in).

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Depending on the disruption, communication is sent via emails / SMS / scrolls in Website / push notifications via Mobile Banking.

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.

Yes, the Bank is disclosing all the details relevant to the products and its services in the Bank's website for the information all concerned

Did the bank has carried out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes, the bank is conducting the survey on customer satisfaction through our Bank's website which is made available 24 X 7 basis. Furthermore, the Bank is also conducting the survey on customers' satisfaction on regular basis at the time renewing the ISO certification of the branches and offices.

.5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact - NIL
- b. Percentage of data breaches involving personally identifiable information of customers - NIL

**M/S. SURI & CO.**

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4th Floor, Anna Salai, Teynampet  
Chennai 600 018.

**M/S. ABARNA & ANANTHAN**

Chartered Accountants,  
521, 3rd Main 6th Block,  
2nd Phase BSK 3rd Stage,  
Bengaluru - 560 085.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

**M/S. TAMILNAD MERCANTILE BANK LIMITED**

### REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

#### OPINION

1. We have audited the accompanying financial statements of M/s. TAMILNAD MERCANTILE BANK LIMITED ("the Bank"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, and the statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of Head Office, 21 branches, Integrated Treasury & International Banking Division audited by us and 509 branches audited by statutory branch auditors located across India.

In our opinion and to the best of our information and according to the explanations given to us, 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 and circulars and guidelines issued by the Reserve Bank of India ('RBI'), in the manner so required for the banking companies 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, give a true and fair of the state of affairs of the Bank as at March 31, 2023, and its profit, and its cash flows for the year ended on that date.

#### BASIS FOR OPINION

2. We conducted our audit of the Bank including its branches 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 (ICAI) together with the 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 is sufficient and appropriate to provide a basis for our opinion.

## BASIS FOR OPINION

3. Key audit matters are those matters that, in our professional judgement, and based on the consideration of the reports of the statutory branch auditors as referred to paragraph xx below, were of most significance in our audit of the financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.
4. 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.

	KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED
A	<p><b>Identification of Non-performing advances (NPA) and provisioning on advances:</b></p> <p>Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank/ Government Guarantees and Unsecured advances.</p> <p>The Reserve Bank of India ('RBI') has prescribed the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' in respect of advances for banks ('IRACP Norms').</p> <p>The identification of performing and non-performing advances (including advances restructured under applicable IRACP Norms) involves establishment of proper mechanism and the Bank is required to apply significant degree of judgement to</p>	<p>Our approach and procedures for auditing the classification of advances, identification of non-performing advances, income recognition, and provision on advances included the following steps:</p> <ol style="list-style-type: none"> <li>1. We examined and assessed the bank's accounting policies for identifying non-performing assets (NPAs) and making provisions, ensuring compliance with the IRACP norms prescribed by the Reserve Bank of India (RBI).</li> <li>2. We reviewed and tested the design and effectiveness of key controls, including system-based automated controls, for identifying and provisioning NPA accounts, based on the extant guidelines on IRACP laid down by the RBI.</li> <li>3. We conducted additional procedures to identify NPAs, which included:</li> </ol>

	KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED
A	<p>identify and determine the amount of provision required against each advance applying both quantitative as well as qualitative factors prescribed by the regulations.</p> <p>Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on:</p> <ul style="list-style-type: none"> <li>• Completeness and timing of recognition of non-performing assets in accordance with criteria as per IRACP norms;</li> <li>• Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security;</li> <li>• Appropriate reversal of unrealized income on the NPAs.</li> <li>• Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions on restructured advances under applicable IRACP Norms) and income recognition on advances:</li> <li>• Requires proper control mechanism and significant level of estimation by the Bank;</li> <li>• Has significant impact on the overall financial statements of the Bank;</li> <li>• we have ascertained this area as a Key Audit Matter.</li> </ul>	<ol style="list-style-type: none"> <li>Testing exception reports generated by the bank's application systems where advances are recorded.</li> <li>Analyzing accounts reported by the bank and other banks as Special Mention Accounts (SMA) in RBI's central repository of information on large credits (CRILC) to identify potential stress.</li> <li>Reviewing borrower account statements, drawing power calculations, security details, and other relevant information based on quantitative and qualitative risk factors.</li> <li>Examining minutes of management committee and credit committee meetings, and conducting inquiries with the credit and risk departments to identify indicators of stress or default events in loan accounts or products.</li> <li>Considering audit reports and memorandum of changes issued by statutory branch auditors.</li> <li>Reviewing internal audit, systems audit, credit audit, and concurrent audit reports in accordance with the bank's policies and procedures.</li> <li>Analyzing the RBI Annual Financial Inspection report on the bank, the bank's responses to observations, and other communications with the RBI throughout the year.</li> <li>Examining a sample of advances, including stressed or restructured advances, to assess compliance with the RBI's Master Circulars/Guidelines.</li> <li>Conducting branch visits and examining documentation and records related to advances.</li> </ol>

	KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED
		For identified non-performing advances, we conducted sample-based testing of asset classification dates, reversal of unrealized interest, valuation of available security, and provisioning as per the IRACP norms. We recalculated the provision for NPAs on these samples, considering key factors, and compared our findings with the management's measurements.
B	<p><b>Information Technology ("IT") Systems and Controls</b></p> <p>The Bank highly relies on information systems, including automated controls, for its key financial accounting and reporting processes. However, this dependence poses a risk that deficiencies in the IT control environment could lead to significant misstatements in the financial accounting and reporting records.</p> <p>Given the Bank's use of multiple systems for overall financial reporting and the high volume of daily transactions recorded across various locations, protecting the integrity of the Bank's systems and data has become increasingly challenging. Cybersecurity risks have emerged as a significant concern in recent periods.</p> <p>Considering the pervasive and intricate nature of the IT environment, as well as its critical role in ensuring accurate and timely financial reporting, we have identified this area as a Key Audit Matter.</p>	<p>As part of our audit procedures for reviewing the Bank's IT systems and related controls for financial reporting, we undertook the following actions:</p> <ul style="list-style-type: none"> <li>- We conducted testing to evaluate the design and effectiveness of the Bank's IT access controls over critical information systems used for financial reporting.</li> <li>- We performed sample testing of IT general controls, including logical access, change management, and aspects of IT operational controls. This involved reviewing and authorizing access requests to systems and inspecting requests for changes to systems for approval and authorization. We also considered the control environment related to interfaces, configuration, and other application layer controls that were identified as crucial for our audit.</li> <li>- We examined the Bank's controls pertaining to the prevention of unauthorized opening and operations in internal/office accounts.</li> <li>- Furthermore, we tested the design and operating effectiveness of specific automated controls that were identified as key internal financial controls for financial reporting. Whenever deficiencies were identified, we sought explanations regarding compensating controls or performed alternative audit procedures. Additionally, we took into account any changes made to the IT landscape during the audit period that had a significant impact on financial reporting and conducted testing accordingly.</li> </ul>



	KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED
C	<p><b>Evaluation of litigations included in Contingent Liabilities.</b></p> <p>Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on:</p> <p>Considerable management judgment is necessary to determine the existence of obligations and whether provisions should be recognized on the reporting date, in accordance with the accounting criteria specified in Accounting Standard 29 - Provisions, Contingent Liabilities, and Contingent Assets (AS 29), or whether they should be disclosed as contingent liabilities. Additionally, significant judgments are involved in measuring such obligations, with the following being the most significant:</p> <ul style="list-style-type: none"> <li>• Assessment of liability: Determining whether the likelihood of outflows related to identified material matters is probable and can be reliably estimated requires judgment.</li> <li>• Adequacy of provisions: The appropriateness of assumptions and judgments utilized in estimating significant provisions is a key consideration.</li> <li>• Adequacy of disclosures: Ensuring that provisions for liabilities and charges, as well as contingent liabilities, are appropriately disclosed.</li> </ul> <p>The Bank's assessment is informed by factual information, their own judgment, experience, and advice from legal and independent tax consultants, as deemed necessary.</p> <p>Given that the assessment of these ongoing litigations entails a significant level of judgment in interpreting the law, we have identified this as a key audit matter.</p>	<p>Our Audit procedures with respect to this matter included:</p> <p>Testing the design and operating effectiveness of the Bank's key controls over the estimation, monitoring and disclosure of provisions and contingent liabilities.</p> <p>Our substantive audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of internal controls relevant to the identification of litigations and legal cases to be reported;</li> <li>• Obtained list of cases/matters in respect of which litigations were outstanding as at reporting date;</li> <li>• Examining recent orders and/or communication received from various tax authorities/judicial forums and follow up action thereon;</li> <li>• Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal/tax advice including opinion of the Bank's tax consultants;</li> <li>• Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues;</li> <li>• Verification of disclosures related to significant litigations, taxation matters and Employee benefits liabilities in the financial statements.</li> </ul>

## EMPHASIS OF MATTER

5. We draw attention to
  - a. Note No.4.i. of the accompanying financial statements which describes the uncertainties due to the outbreak of novel coronavirus (COVID 19). In view of these uncertainties, the impact on the Bank's financial statements is significantly dependent on future developments.
  - b. Note No.14.i. of the accompanying financial statements where the Bank, as required under law, has pre-deposited the penalty before the Appellate Tribunal amounting to Rs.16.99 crores levied by Directorate of Enforcement, for recording share transfers during 2007, 2011 and 2012, in violation of the regulation 4 of Foreign Exchange Management (Transfer or Issue of security by a person resident outside India) Regulations,2000.,

Our opinion is not modified in respect of the above matters.

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND THE AUDITOR'S REPORT THEREON

6. The Bank's Board of Directors are responsible for other information. The other information comprises the Corporate Overview, Directors' Report including annexures to Directors' Report, Management Discussion and Analysis, Basel III – Pillar 3 disclosures and Corporate Governance report included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Financial Statements does not cover the other information and Pillar 3 disclosure under the Basel III Disclosure and we do not express any form of assurance/ conclusion thereon

In connection with our Audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance..

We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT & THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

7. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with read with Companies (Accounting Standards) Rules, 2021 in so far as they apply to the Bank and

provision of Sec.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 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.

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 the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

## **AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - 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.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our Audit work and evaluating the results of our work; and (ii) to evaluate the effect of identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTERS

9. We did not audit the financial statements/information of 509 branches included in the financial statements of the bank whose financial statements/financial information reflect total assets of ₹44,387.62 Crores as at March 31, 2023 and the total revenue of ₹2,894.77 Crores for the year ended on that date, as considered in the financial statements. These branches cover 80.88% of Advances, 77.22% of Deposits and 74.44% of Non-Performing assets as at March 31, 2023 and 61.46% of revenue for the year ended March 31, 2023. The Financial Statements/Information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is solely based on the report of such branch auditors.

Our report is not modified in respect of these matters.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Accounting Standards as per section 133 of the Act read with Companies (Accounting Standards) Rules, 2021.

Being a Banking Company, the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of the powers conferred by subsection (11) of section 143 of the Companies Act, 2013, is not applicable.

11. As required by Sub Section 3 of Section 30 of the Banking Regulation Act 1949, and on the consideration of the reports of the statutory branch auditors as referred in paragraph 9 above we report that:

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
- c. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit; and
- d. The Profit and Loss account shows a true balance of profit for the year then ended.

12. Further, as required by Section 143 (3) of the Act, we report to the extent applicable that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us.
- c. The reports on the accounts of the branches audited by branch auditors of the bank under section 143(8) of the Companies Act, 2013 have been sent to us and have been properly dealt with by us in preparing this report.
- d. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts and with the audited returns from the branches.
- e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with read with Companies (Accounting Standards) Rules, 2021 to the extent they are not inconsistent with the Accounting Policies prescribed by the Reserve Bank of India.
- f. On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Companies Act.



- g. With respect to adequacy of the Internal Financials controls over Financial Reporting of the Bank and the operating effectiveness of such controls, refer to our separate report in Annexure – I, and
- 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, 2023 has been paid/ provided by the Bank in accordance with the provisions of Section 35B(1) of the Banking Regulation Act, 1949
- i. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 15.13 to 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 forward derivative contracts – Refer Schedule 12 to the financial statements.
  - iii. There has been delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and the details are disclosed in its financial statements – Refer Note No. 14.j. to the financial statements.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the Notes to the Accounts, 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 Notes to the Accounts, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entity (“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 the audit procedures that have been considered reasonable and appropriate by us in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

- v. The dividend paid by the Bank during the year is in compliance with section 123 of the Companies Act 2013.
- vi. As stated in Note No. 15.16 to the financial statements, the Board of Directors of the Company have declared and paid dividend during the financial year and the same is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vii. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail facility is applicable to the company with effect from April 1, 2023 and accordingly reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023

**For Suri & Co**

Chartered Accountants  
FRN No. 004283S

CA M. Sivaram  
Partner  
M No 211916  
UDIN: 23211916BGWKFH1629

Place: Mumbai

Date: 24-04-2023

**For Abarna & Ananthan**

Chartered Accountants  
FRN No. 000003S

CA Mohan Rao  
Partner  
M No. 203737  
UDIN: 23203737BGZDDV2708

Vide our report of even date attached

**For Suri & Co**  
Chartered Accountants,  
20, Moores Road, II Floor  
Park Circle, Thousand Lights  
Chennai- 600 006.

Vide our report of even date attached

**For Abarna & Ananthan**  
Chartered Accountants  
521, 3rd Main 6th Block,  
2nd Phase BSK 3rd Stage,  
Bengaluru - 560 085.

# ANNEXURE - I TO THE AUDITORS' REPORT

## REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

**(Referred to in paragraph 10 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

We have audited the internal financial controls over financial reporting of Tamilnad Mercantile Bank Limited ("the Bank") as of March 31, 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date which includes internal financial controls over financial reporting 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 over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 Reserve Bank of India.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI") 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an

understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal 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 over financial reporting.

## **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A Bank's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Bank's internal financial controls over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and 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 OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **OPINION**

In our opinion, 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 branch auditors referred

to in the Other Matters paragraph below, the Bank has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal control over financial reporting 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.

## OTHER MATTERS

Our aforesaid report insofar as it relates to the operating effectiveness of internal financial controls over financial reporting of 509 branches is based on the corresponding reports of the respective branch auditors of those branches.

Our opinion is not modified in respect of this matter.

**For Suri & Co**  
Chartered Accountants  
FRN No. 004283S

CA M. Sivaram  
Partner  
M No 211916  
UDIN: 23211916BGWKFH1629

Place: Mumbai

Date: 24-04-2023

**For Abarna & Ananthan**  
Chartered Accountants  
FRN No. 000003S

CA Mohan Rao  
Partner  
M No. 203737  
UDIN: 23203737BGZDDV2708



**BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2023**

	SCHEDULE	(₹ in thousands)	
		As on 31.03.2023	As on 31.03.2022
CAPITAL AND LIABILITIES:			
Capital	1	1583515	1425115
Reserves and Surplus	2	67699940	51931948
Deposits	3	477664860	449331146
Borrowings	4	5250000	0
Other Liabilities and Provisions	5	26755343	25896672
TOTAL		578953658	528584881
ASSETS			
Cash and balances with Reserve Bank of India	6	21025716	21131137
Balance with Banks and Money at Call and Short Notice	7	14794138	17388898
Investments	8	141560378	132423695
Advances	9	372896893	334915428
Fixed Assets	10	2456482	2108354
Other Assets	11	26220051	20617369
TOTAL		578953658	528584881
Contingent Liabilities	12	66390605	87976951
Bills for Collection		12257236	9831349
Significant Accounting Policies	17		
Notes form part of Accounts	18		
The Schedules referred to above form an integral part of the Balance Sheet			

**S.Krishnan**

Managing Director &amp; CEO

**P.C.G. Asok Kumar**  
Director**C. Chiranjeeviraj**  
Director**S. Ezhil Jothi**  
Director**B.S. Keshava Murthy**  
Director**K. Nagarajan**  
Director**A. Niranjana Sankar**  
Director**D.N. Nirranjan Kani**  
Director**B. Prabakaran**  
Director**S.B. Suresh Kumar**  
Director**B. Vijayadurai**  
Director**D. Inbamani**  
General Manager**P. Suriaraj**  
General Manager**S. Narayanan**  
General Manager**V. Jayaraman**  
General Manager**D. Ramesh**  
General Manager**P.A. Krishnan**  
Chief Financial Officer**P.C. Panda**  
Company Secretary

Vide our report of even date attached

Vide our report of even date attached

**For Suri & Co****For Abarna & Ananthan**

Chartered Accountants

Chartered Accountants

FRN No. 004283S

FRN No. 000003S

Mumbai  
24.04.2023

Sd/- M.Sivaram | Partner (M.No.211916)

Sd/- Mohan Rao G | Partner (M.No.203737)

# **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2023**

	SCHEDULE	(₹ in thousands)	
		Year ended 31-03-2023	Year ended 31-03-2022
INCOME			
Interest earned	13	40810417	38338601
Other income	14	6291103	8122582
TOTAL		47101520	46461183
EXPENDITURE			
Interest expended	15	19869159	20186309
Operating expenses	16	11503943	11110354
Provisions and contingencies		5435828	6945433
TOTAL		36808930	38242096
PROFIT / LOSS			
Net profit/loss (-) for the year		10292590	8219087
Profit/Loss (-) brought forward		2263161	799931
TOTAL		12555751	9019018
APPROPRIATIONS			
Transfer to Statutory Reserve		3090000	2470000
Transfer to Other Reserves		5100000	3000000
Transfer to Capital Reserve		0	109500
Transfer to Investment reserve		0	0
Transfer to Investment Fluctuation Reserve		416000	103800
Transfer to Special Reserve 36(1)(viii)		500000	360000
Dividend			
Final Dividend 2021-22		1425115	
Interim Dividend 2022-23		791757	712557
Balance carried over to Balance Sheet		1232879	2263161
TOTAL		12555751	9019018
Earning per share (Basic and Diluted) (Rs)		68.06	57.67
Significant Accounting Policies	17		
Notes form part of Accounts	18		
The Schedules referred to above form an integral part of the Profit & Loss Account.			

**S.Krishnan**

Managing Director & CEO

**P.C.G. Asok Kumar**  
Director

**C. Chiranjeeviraj**  
Director

**S. Ezhil Jothi**  
Director

**B.S. Keshava Murthy**  
Director

**K. Nagarajan**  
Director

**A. Niranjana Sankar**  
Director

**D.N. Nirranjan Kani**  
Director

**B. Prabakaran**  
Director

**S.B. Suresh Kumar**  
Director

**B. Vijayadurai**  
Director

**D. Inbamani**  
General Manager

**P. Suriaraj**  
General Manager

**S. Narayanan**  
General Manager

**V. Jayaraman**  
General Manager

**D. Ramesh**  
General Manager

**P.A. Krishnan**  
Chief Financial Officer

**P.C. Panda**  
Company Secretary

Vide our report of even date attached

**For Suri & Co**  
Chartered Accountants  
FRN No. 004283S

Vide our report of even date attached

**For Abarna & Ananthan**  
Chartered Accountants  
FRN No. 000003S

Mumbai  
24.04.2023

**Sd/- M.Sivaram** | Partner (M.No.211916)

**Sd/- Mohan Rao G** | Partner (M.No.203737)

# SCHEDULES TO BALANCE SHEET

		(₹ in thousands)	
		As on 31-03-2023	As on 31-03-2022
	<b>SCHEDULE 1 – CAPITAL</b>		
	Authorised Equity Capital 28,00,00,000 Equity Shares of Rs.10/- each	2800000	2800000
	Issued, Subscribed, Called-up and Paid-up Capital 15,83,51,454 Equity Shares of Rs.10/- each	1583515	1425115
	Less: Calls unpaid	0	0
	Add: Forfeited shares	0	0
	<b>TOTAL</b>	<b>1583515</b>	<b>1425115</b>
	<b>SCHEDULE 2 – RESERVES AND SURPLUS</b>		
<b>I</b>	<b>STATUTORY RESERVES</b>		
	Opening Balance	17907786	15437786
	Additions during the year	3090000	2470000
	Deductions during the year	0	0
	<b>TOTAL</b>	<b>20997786</b>	<b>17907786</b>
<b>II</b>	<b>CAPITAL RESERVES</b>		
	Opening Balance	989235	879735
	Additions during the year	0	109500
	Deductions during the year	0	0
	<b>TOTAL</b>	<b>989235</b>	<b>989235</b>
<b>III</b>	<b>SHARE PREMIUM</b>		
	Opening Balance	0	0
	Additions during the year	7692274	0
	Deductions during the year	0	0
	<b>TOTAL</b>	<b>7692274</b>	<b>0</b>
<b>IV</b>	<b>REVENUE AND OTHER RESERVES</b>		
	Opening Balance	30771766	27257257
	Additions during the year	6016000	3514509
	Deductions during the year	0	0
	<b>TOTAL</b>	<b>36787766</b>	<b>30771766</b>
<b>V</b>	<b>BALANCE IN PROFIT AND LOSS ACCOUNT</b>	<b>1232879</b>	<b>2263161</b>
	<b>Total (I, II, III, IV and V)</b>	<b>67699940</b>	<b>51931948</b>

## SCHEDULES TO BALANCE SHEET

SCHEDULE 3 - DEPOSITS		₹ in thousands	
		As on 31-03-2023	As on 31-03-2022
<b>A. I</b>	<b>DEMAND DEPOSITS</b>		
	(i) From Banks	549	892
	(ii) From Others	42487616	43300190
<b>II</b>	<b>SAVINGS BANK DEPOSITS</b>	<b>94867927</b>	<b>93750564</b>
<b>III</b>	<b>TERM DEPOSITS</b>		
	(i) From Banks	0	0
	(ii) From Others	340308768	312279500
	<b>Total (I, II, &amp; III)</b>	<b>477664860</b>	<b>449331146</b>
<b>B</b>	<b>(i) Deposits of Branches in India</b>	<b>477664860</b>	<b>449331146</b>
	<b>(ii) Deposits of Branches outside India</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>477664860</b>	<b>449331146</b>

SCHEDULE 4 - BORROWINGS			
<b>I</b>	<b>BORROWINGS IN INDIA</b>	<b>5250000</b>	<b>0</b>
	(a) Reserve Bank of India	5250000	0
	(b) Other Banks	0	0
	(c) Other Institutions and Agencies	0	0
<b>II</b>	<b>BORROWINGS OUTSIDE INDIA</b>	<b>0</b>	<b>0</b>
	<b>Total (I and II)</b>	<b>5250000</b>	<b>0</b>
	Secured borrowings included in I and II above	0	0

SCHEDULE 5-OTHER LIABILITIES AND PROVISIONS			
	(i) Bills Payable	3319645	3695823
	(ii) Inter Office Adjustments (Net)	0	0
	(iii) Interest Accrued	1451069	1439907
	(iv) Others (Including Provisions)	21984629	20760942
	<b>TOTAL</b>	<b>26755343</b>	<b>25896672</b>

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
<b>I</b>	<b>Cash in hand (including foreign currency notes)</b>	<b>4804697</b>	<b>3628175</b>
<b>II</b>	<b>Balances with Reserve Bank of India</b>		
	(a) in Current Account	16221019	17502962
	(b) in Other Accounts	0	0
	<b>TOTAL</b>	<b>21025716</b>	<b>21131137</b>

SCHEDULE 7 – BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE		₹ in thousands)	
		As on 31-03-2023	As on 31-03-2022
<b>I</b>	<b>IN INDIA</b>		
	i) Balances with banks		
	(a) in Current Accounts	111698	133393
	(b) in Other Deposit Accounts	55025	25
	ii) Money at call and short notice		
	(a) with banks	0	14340000
	(b) with other institutions	11983147	0
	<b>TOTAL (I &amp; II)</b>	<b>12149870</b>	<b>14473418</b>
<b>II</b>	<b>Outside India</b>		
	(i) in Current Accounts	214268	1065480
	(ii) in Other Deposit Accounts	2430000	1850000
	(iii) Money at call and short notice	0	0
	<b>TOTAL (I, II AND III)</b>	<b>2644268</b>	<b>2915480</b>
	<b>GRAND TOTAL (I AND II)</b>	<b>14794138</b>	<b>17388898</b>

SCHEDULE 8 – INVESTMENTS		As on 31-03-2023	As on 31-03-2022
<b>I</b>	<b>INVESTMENTS IN INDIA IN</b>		
	i) Government Securities	123170992	120340783
	ii) Other approved securities	0	0
	iii) Shares	71750	18345
	iv) Debentures and Bonds	12526504	12061985
	v) Subsidiaries and/or joint ventures	0	0
	vi) Others – Mutual Fund, Commercial Paper	5788550	0
	<b>TOTAL</b>	<b>141557796</b>	<b>132421113</b>
<b>II</b>	<b>Investments outside India in</b>		
	i) Government Securities (including local authorities)	0	0
	ii) Subsidiaries and/or joint ventures abroad	0	0
	iii) Others – Mutual Fund, Commercial Paper	2582	2582
	<b>TOTAL</b>	<b>2582</b>	<b>2582</b>
	<b>GRAND TOTAL (I AND II)</b>	<b>141560378</b>	<b>132423695</b>



SCHEDULE 9 – ADVANCES		(₹ in thousands)	
		As on 31-03-2023	As on 31-03-2022
<b>A</b>	i) Bills purchased and discounted	2573417	3918270
	ii) Cash credits, overdrafts and loans repayable on demand	251152297	221239666
	iii) Term Loans	119171179	109757492
	<b>TOTAL</b>	<b>372896893</b>	<b>334915428</b>
<b>B</b>	i) Secured by tangible assets *	<b>370285221</b>	<b>330875564</b>
	* includes advances against Book Debt ₹ in thousands: 3513749 (previous year: 4926241)		
	ii) Covered by Bank/Government Guarantee	585102	1670746
	iii) Unsecured	2026570	2369118
	<b>TOTAL</b>	<b>372896893</b>	<b>334915428</b>
<b>C. I</b>	<b>Advances in India</b>		
	i) Priority Sector	269128435	243276605
	ii) Public Sector	1468403	2704953
	iii) Banks	0	0
	iv) Others	102300055	88933870
	<b>TOTAL</b>	<b>372896893</b>	<b>334915428</b>
<b>C. II</b>	<b>Advances outside India</b>		
	i) Due from Banks	0	0
	ii) Due from Others	0	0
	(a) Bills purchased and discounted	0	0
	(b) Syndicated loans	0	0
	(c) Others	0	0
	<b>TOTAL</b>	<b>0</b>	<b>0</b>
	<b>GRAND TOTAL (C. I AND II)</b>	<b>372896893</b>	<b>334915428</b>

SCHEDULE 10 – FIXED ASSETS		(₹ in thousands)	
		As on 31-03-2023	As on 31-03-2022
<b>I</b>	<b>PREMISES</b>		
	At cost as on 31st March of the preceding year	742468	742011
	Additions during the year	67196	457
	Deductions during the year	1894	0
	Depreciation to date	254329	245805
	<b>TOTAL (I)</b>	<b>372896893</b>	<b>334915428</b>
<b>II</b>	<b>OTHER FIXED ASSETS (INCLUDING FURNITURE AND FIXTURES)</b>		
	At cost as on 31st March of the preceding year	5731254	4663267
	Additions during the year	828603	1069986
	Deductions during the year	6622	1999
	Depreciation to date	4650194	4119563
	<b>TOTAL (II)</b>	<b>1903041</b>	<b>1611691</b>
	<b>TOTAL (I &amp; II)</b>	<b>2456482</b>	<b>2108354</b>

SCHEDULE 11 – OTHER ASSETS		As on 31-03-2023	As on 31-03-2022
<b>I.</b>	Inter-Office adjustments (net)	0	0
<b>II.</b>	Interest accrued	3614588	3290203
<b>III.</b>	Tax paid in advance/tax deducted at source	10731933	10441870
<b>IV.</b>	Stationery and stamps	7920	9554
<b>V.</b>	Non-Banking Assets acquired in satisfaction of claims	0	0
<b>VI.</b>	Others	11865610	6875742
	<b>TOTAL</b>	<b>26220051</b>	<b>20617369</b>

SCHEDULE 12 – CONTINGENT LIABILITIES		As on 31-03-2023	As on 31-03-2022
<b>I.</b>	Claims against the Bank not acknowledged as debts	2887291	1353210
<b>II.</b>	Liability for partly paid investments	0	0
<b>III.</b>	Liability on account of outstanding forward exchange contracts	45353309	66433606
<b>IV.</b>	Guarantee given on behalf of constituents		
	(a) In India	10709294	11392249
	(b) Outside India	0	0
<b>V.</b>	Acceptances, endorsements and other obligations	6237834	7686930
<b>VI.</b>	Other items for which the bank is contingently liable	1202877	1110956
	<b>TOTAL</b>	<b>66390605</b>	<b>87976951</b>

SCHEDULE 13 – INTEREST EARNED		(₹ in thousands)	
		Year ended 31-03-2023	Year ended 31-03-2022
I.	Interest / discount on advances / bills	31437039	29527939
II.	Income on investments	9045043	8224841
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	273386	497308
IV.	Others	54949	88513
	<b>TOTAL</b>	<b>40810417</b>	<b>38338601</b>

SCHEDULE 14 – OTHER INCOME		Year ended 31-03-2023	Year ended 31-03-2022
I.	Commission, exchange and brokerage	1921713	1859702
II.	Profit on sale of investments	76471	727872
	Less: Loss on sale of investments	(20573)	(49894)
III.	Profit on revaluation of investments	0	0
	Less: Loss on revaluation of investments	(873323)	(103166)
IV.	Profit on sale of land, building and other assets	5370	1092
	Less: Loss on sale of land, building and other assets	(4065)	(932)
V.	Profit on exchange transactions	240431	331846
	Less: Loss on exchange transactions	(189)	(122)
VI.	Income earned by way of dividends, etc. from subsidiaries/ companies and/or joint ventures abroad/in India	0	0
VII.	Miscellaneous income	4945268	5356184
	<b>TOTAL</b>	<b>6291103</b>	<b>8122582</b>

SCHEDULE 15 – INTEREST EXPENDED		Year ended 31-03-2023	Year ended 31-03-2022
I.	Interest on deposits	19644480	20118477
II.	Interest on Reserve Bank of India/Inter-Bank borrowings	54156	13913
III.	Others	170523	53919
	<b>TOTAL</b>	<b>19869159</b>	<b>20186309</b>

SCHEDULE 16 – OPERATING EXPENSES		(₹ in thousands)	
		Year ended 31-03-2023	Year ended 31-03-2022
I.	Payment to and provisions for employees	6186731	6157931
II.	Rent, taxes and lighting	986206	895851
III.	Printing and stationery	117802	94708
IV	Advertisement and publicity	98659	59919
V	Depreciation on Bank's Property	539154	331852
VI	Director's fees, allowances and expenses	39733	21280
VII	Auditors' fees and expenses (including branch auditors)	22559	28101
VIII	Law charges	12250	4472
XI	Postages, Telegrams, Telephones, etc.	202570	205382
X	Repairs and maintenance	155763	180723
XI	Insurance	541196	497394
XII	Other expenditure	2601320	2632741
	<b>TOTAL</b>	<b>11503943</b>	<b>11110354</b>

**TAMILNAD MERCANTILE BANK LIMITED****57, V.E. ROAD, THOOTHUKUDI-628002****SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR  
ENDED 31ST MARCH 2023.****SCHEDULE-17: SIGNIFICANT ACCOUNTING POLICIES****1. GENERAL****OVERVIEW**

Tamilnad Mercantile Bank Limited (TMB or the Bank), incorporated in Thoothukudi, India is a publicly held Banking Company governed by the Banking Regulation Act, 1949 and is engaged in providing a wide range of banking & financial services involving retail, corporate banking and para-banking activities in addition to treasury and foreign exchange business.

**BASIS OF PREPARATION**

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949. The accounting and reporting policies used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the historical cost convention and the accrual method of accounting, except where specifically stated and it conforms to the guidelines issued by RBI for banks.

**USE OF ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that are considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates & assumptions used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The impact of any revision in these estimates is recognised prospectively from the period of change.



## 2. REVENUE REGOGNITION

Income and expenditure is generally accounted on accrual basis except in the following cases:.

- a. In the case of NPAs, income is recognized on realization basis, in terms of guidelines of Reserve Bank of India. Where recovery is not adequate to upgrade the NPA accounts by way of regularization, such recovery is being appropriated towards interest in the first instance and towards the principal / book values thereafter, except in the case of suit filed accounts. In case of Non-performing investments (NPIs), the same accounting treatment as above is followed except otherwise agreed.
- b. Dividend Income is recognised when right to receive the dividend is established.
- c. Income from sale of mutual fund products, locker rent, insurance claims, commission on LCs, income on auxiliary services and other services, overdue charges on bills and commission on Government business are accounted on cash / realization basis.
- d. Income related to credit card is accounted on the basis of the bills raised.
- e. In the case of suit filed accounts, legal expenses are charged to the profit and loss account. Similarly, at the time of recovery of legal expenses, in respect of such suit filed accounts, the amount recovered is accounted as income.
- f. Funded Interest on Standard Restructured Advances and Interest on FITL are accounted as per the guidelines of Reserve Bank of India.

## 3. INVESTMENTS

Investments are accounted for in accordance with the extant RBI guidelines on investment classification and valuation.

### Classification:

Classification of investments has been made as per the guidelines of Reserve Bank of India.

- a. The entire investment portfolio of the Bank is classified under three categories viz. "Held to Maturity", "Available for sale" and "Held for Trading". Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT Category. Investments that the company intends to hold till maturity are classified under the HTM category or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.
- b. Transfer between the categories – Reclassification of investments from one category to other, if done, is in accordance with RBI guidelines. Transfer of script from AFS / HFT Category to HTM category is made at book value or market value, whichever is lower.
- c. In case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM at a discount are transferred to AFS / HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS / HFT at amortized cost.

- d. Transfer of investments from AFS to HFT or vice versa is done at the book value. Depreciation carried if any on such investments is also transferred from one category to another.
- e. The investments are classified for the purpose of Balance Sheet under five groups viz. (i) Government securities, (ii) Other approved securities, (iii) Shares, (iv) Debentures and Bonds and (v) Others.

### **Cost of Acquisition:**

Brokerage / commission received on subscriptions is reduced from the cost. Brokerage, commission, securities transaction tax, stamp duty etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost. Broken period interest paid / received on debt instruments is treated as interest expense / income and is excluded from cost / sale consideration.

### **Valuation:**

Valuation of investments is done as follows:

- a. Investments held under "Held to Maturity" are valued at cost price. Wherever the cost price is more than the face value, the premium paid is amortized over the remaining period of maturity and the amortisation expenses is accounted on quarterly basis as per policy. In terms of the instructions of RBI, the excess of acquisition cost over face value of securities kept under "Held to Maturity" category is amortized up to the date of maturity and the amount amortized is deducted in Profit & Loss account Schedule 13 – Interest Earned, under item II – Income on Investments.

Profit on sale of securities under "Held to Maturity" category is initially taken to Profit & Loss account and then appropriated to Capital Reserve Account. The amount so appropriated would be net of taxes and the amount required to be transferred to statutory reserves. If there is a loss it is charged to Profit & Loss account.

- b. Investments classified under "Available for Sale" category are marked to market on quarterly basis. Shares held under "Available for sale" are marked to market on weekly basis. Scrip wise appreciation / depreciation is segregated group-wise. The Net Depreciation category wise is charged to Profit & Loss account. The Net Appreciation in any category is ignored.
- c. Investments classified under "Held for Trading" category except shares are marked to market scrip-wise on daily basis. Shares held under "Held for Trading" are marked to market on weekly basis. The net depreciation group wise is charged to Profit and Loss account and the net appreciation is ignored.
- d. Investments received in lieu of restructured advances are valued in accordance with RBI guidelines.
- e. Investments are valued periodically as per RBI guidelines as follows:
  - i. Central / State Government Securities are valued as per rates published by the Financial Benchmark India Pvt. Ltd. (FBIL).
  - ii. Debenture and Bonds have been valued with appropriate mark up over the YTM rates for Central Government Securities declared by FIMMDA/FBIL.
  - iii. Quoted shares are valued at market rates quoted on NSE / BSE.

- iv. Unquoted shares are valued at book value ascertained from the latest available Balance Sheet and in case the latest Balance Sheet is not available, the same is valued at Re.1 per company.
- v. Preference shares are valued at YTM, if dividend is received regularly. Where dividend is in arrears, appropriate depreciation is provided based on the number of years for which dividend is in arrears as per RBI guidelines.
- vi. Mutual Fund units are valued at market rates / NAV / Repurchase price as applicable.
- vii. Treasury bills, certificate of deposits and commercial papers are valued at carrying cost.
- viii. Zero Coupon Bonds are valued in the books at carrying cost. In the absence of market value, the ZCBs are marked to market with reference to the present value of the ZCB.
- ix. Provisions for Non performing investments are made as per RBI prudential norms. \*

(\*) Prudential norms: Securities guaranteed by the State Government where the principal / interest is due but not paid for a period of more than 90 days are treated as non performing investments and appropriate provision is made and interest in respect of such investments is recognized as income only on cash basis.

#### **Repurchase (REPO) transactions:**

Repo and reverse Repo transactions are accounted in accordance with the extant RBI guidelines. Securities purchased / sold under Liquidity Adjustment Facility (LAF) with RBI are debited / credited to Investment account and reversed on maturity of the transaction. Interest expended / earned thereon is accounted for as expenditure / revenue.

## **4. ADVANCES & PROVISIONS**

#### **Classification:**

Advances are classified into Standard, Sub-standard, Doubtful and Loss Assets and provisions for possible losses on such advances are made as per prudential norms / directions of the Board of Directors/directions issued by Reserve Bank of India from time to time.

In case of loan accounts classified as NPA, such accounts may be reclassified as Standard Asset if it confirms to the guidelines prescribed by RBI

#### **Provisioning, Write Off & Recovery:**

- a. With regard to the Standard Advances, Provisions are made as per extant RBI guidelines. In addition to the specific provision made towards identified NPAs, the bank also holds floating provision. Provisioning on categorized assets are made as follows:

ASSET CLASSIFICATION	PROVISIONING
Sub-standard	Secured 25%
	Unsecured 25%
Doubtful 1	Secured 25%
	Unsecured 100%
Doubtful 2	Secured 40%
	Unsecured 100%
Doubtful 3	100% on outstanding
Loss	100% on outstanding
NCLT referred loans	As per RBI instruction

- b. Education loans were provided at 100% in respect of NPA asset classification.
- c. Reserve Bank of India has given methodology to arrive at Unhedged Foreign Currency Exposure (UFCE) and for introduction of incremental provision and capital requirements. Accordingly, the incremental provisioning for UFCE is made as per RBI extant guidelines.
- d. Advances disclosed are net of provisioning made for non performing assets and floating provisions, provisioning on diminution in fair value of assets on restructured accounts.
- e. In terms of RBI guidelines, the NPAs are written-off in accordance with the Bank's policy. Amounts recovered against bad debts written-off are recognised in the profit and loss account.

## 5. FIXED ASSETS & DEPRECIATION

### Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost includes incidental expenditure incurred on the assets before they are ready for intended use and Taxes and duties to the extent not eligible for input credits if any.

Computer Software is capitalised along with computer hardware and included under other fixed assets.

Carrying amount of fixed assets is reviewed at each balance sheet date for indication of impairment. Impairment loss if any, is recognised in the Profit and Loss Account to the extent the carrying amount of an asset exceeds its estimated recoverable value.

### Depreciation:

Depreciation on fixed assets is provided over the estimated useful life of fixed assets on a straight-line basis, in accordance with estimated useful lives as specified in Schedule II to the Companies Act, 2013, and reckoning the residual value at 5% of the original cost of the asset except for the following:

CLASS OF ASSET	RATES OF DEPRECIATION PER ANNUM
Computer Hardware & Software	33.33%

In case of Assets purchased / sold during the year, depreciation is provided on a pro-rata basis for the actual number of days the asset has been capitalized.

Expenditure during construction / capital works pending completion is shown at cost.

## 6. FOREIGN CURRENCY TRANSACTION

Monetary Assets and Liabilities, Forward Exchange Contracts, Guarantees, Letters of Credit, Acceptances, Endorsements and other obligations are evaluated at the closing spot rates/ forward rates as published by the FEDAI and in accordance with Accounting Standard 11.

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

Gain or loss on evaluation of outstanding monetary assets/liabilities and Foreign Exchange Contracts are taken to Profit and Loss Account.

## 7. EMPLOYEE BENEFITS

The bank is following Accounting Standard 15 (Revised 2005) "Employee Benefits" as under:.

- In respect of contributory plans viz-Provident Fund and Contributory Pension Scheme, the bank pays fixed contribution at pre-determined rates to a separate entity, which invests in permitted securities. The obligation of the bank is limited to such fixed contribution.
- In respect of Defined Benefit Plans, viz. Gratuity and pension as well as for leave encashment, provision has been made based on actuarial valuation as per the guidelines.
- The summarized position of Post-employment benefits and long term employee benefits have been recognized in the profit and loss account and balance sheet, as required in accordance with the Accounting Standard-15.
- The actuarial gain/loss is recognized in the profit and loss account.

## 8. SEGMENT REPORTING

As per RBI guidelines on enhancement of disclosures relating to segment reporting under AS-17, the reportable segments have been divided into treasury, corporate/wholesale, retail banking operations.

- The Bank recognizes the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.
- Business Segment is classified into (i) Treasury (ii) Corporate and Wholesale Banking (iii) Retail Banking and (iv) Other Banking Operations.
- Geographical Segment consists only of the Domestic Segment since the Bank does not have any foreign branches.



## 9. LEASES

Leases where the lessor effectively retains substantially all risks and benefits of ownership are classified as Operating Leases. Operating Lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term in accordance with AS19 Leases.

## 10. EARNINGS PER SHARE

The bank reports basic and diluted earnings per share in accordance with applicable AS-20. For the year under reference, both Basic and diluted earning per share being the same, is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the period

## 11. TAXES ON INCOME

- a. Income tax expense is the aggregate amount of current tax and deferred tax. Current taxes are determined in accordance with the provisions of tax laws prevailing in India. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the period and Deferred Tax is determined in terms of AS-22 issued by ICAI.
- b. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. Deferred tax assets and liabilities are recognized on a prudent basis for future tax consequences of timing differences by adoption of Profit and Loss approach with their respective tax bases. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.
- c. Deferred tax assets are recognized at each reporting date, based upon management's judgment as to whether realization is considered reasonably certain. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future profits.
- d. No withdrawal is made from the Special Reserve created and maintained under the provisions of Section 36(1)(viii) of the Income Tax Act, 1961.

## 12. IMPAIRMENT OF ASSETS

Impairment losses, if any, on fixed assets are recognized in accordance with the AS-28 - 'impairment of assets' and charged to profit and loss account.

## 13. NET PROFIT

The net profit is arrived at after provisions for:.

- a. direct taxes;
- b. possible losses on standard assets, restructured advances, NPAs and other contingencies;
- c. depreciation/diminution on investments ;
- d. employee retirement benefits and
- e. Other usual and necessary provisions.

## 14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, Balance with RBI, Balance with other Banks and Money at Call at Short Notice including cash in ATM, Coin Vending Machine and Cash Deposit Machine.

## 15. CASH FLOW STATEMENT

The Bank has adopted the respective Accounting Standard prescribed under Companies (Accounting Standard) Rules, 2006 and follows indirect method.

## 16. INTANGIBLE ASSETS

The Bank has adopted the respective Accounting Standard prescribed under Companies (Accounting Standard) Rules, 2006 and follows indirect method.

## 17. CONTINGENCIES

Loss, if any from contingencies arising from claims, litigation, assessment, fines, penalties etc are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

The Bank does not recognize a contingent liability but discloses its existence in the financial statements. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## 18. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- a. As per the Accounting Standard 29, the bank recognizes provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources is required to settle the obligation and when a reliable estimate of the amount can be made. The required disclosure for contingent liability is made on possible obligation that arises from past events, the existence of which depends on occurrence or non occurrence of future event not under control.
- b. Contingent assets are not recognized in the financial statement since this may result in the recognition of income that may never be realized.

**S.Krishnan**

Managing Director & CEO

**S.R. Ashok**

Director

**P.C.G. Asok Kumar**

Director

**C. Chiranjeeviraj**

Director

**S. Ezhil Jothi**

Director

**C.S. Ram Kumar**

Director

**B.S. Keshava Murthy**

Director

**K. Nagarajan**

Director

**A. Niranjana Sankar**

Director

**D.N. Nirranjan Kani**

Director

**B. Prabakaran**

Director

**S.B. Suresh Kumar**

Director

**B. Vijayadurai**

Director

**D. Inbamani**

General Manager

**P. Suriaraj**

General Manager

**S. Narayanan**

General Manager

**V. Jayaraman**

General Manager

**D. Ramesh**

General Manager

**P.A. Krishnan**

Chief Financial Officer

**P.C. Panda**

Company Secretary

Vide our report of even date attached

**For Suri & Co**

Chartered Accountants

FRN No. 004283S

Vide our report of even date attached

**For Abarna & Ananthan**

Chartered Accountants

FRN No. 000003S

**Mumbai**

24.04.2023

**M.Sivaram**

Partner (M.No.211916)

**Mohan Rao G**

Partner (M.No.203737)

# SCHEDULE – 18

## DISCLOSURE IN FINANCIAL STATEMENTS – ‘NOTES TO ACCOUNTS’

### NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023

- The Financial Statements have been prepared in conformity with Forms A & B of the Schedule III to the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India. During the year, all the 530 branches have been subjected to statutory audit.
- Reconciliation of inter branch / office adjustment accounts has been completed up to 31.03.2023.

### 1. REGULATORY CAPITAL

#### a) Composition of Regulatory Capital

As per Basel-III :

(Amount in ₹ crore)

S. NO.	PARTICULARS	2022-23	2021-22
i)	Common Equity Tier 1 capital (CET 1) / Paid up share capital and reserves (net of deductions, if any)	6782.81	5231.77
ii)	Additional Tier 1 capital/ Other Tier 1 capital	0.00	0.00
iii)	Tier 1 capital (i + ii)	6782.81	5231.77
iv)	Tier 2 capital	454.73	415.62
v)	Total capital (Tier 1+Tier 2)	7237.54	5647.39
vi)	Total Risk Weighted Assets (RWAs)	27558.84	25604.49
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share capital and reserves as percentage of RWAs	24.61%	20.44%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	24.61%	20.44%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.65%	1.62%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	26.26%	22.06%
xi)	Leverage Ratio	11.28%	9.50%
xii)	Percentage of the shareholding of a. Government of India b. State Government (specify name) c. Sponsor Bank	0.00	0.00
xiii)	Amount of paid-up equity capital raised during the year	15.84	0
xiv)	Amount of non-equity Tier 1 capital raised during the year	0	0
xv)	Amount of Tier 2 capital raised during the year	0	0

#### b) Draw down from Reserves – NIL (Previous Year –NIL)

## 2. ASSET LIABILITY MANAGEMENT

### a) Maturity pattern of certain items of assets and liabilities

(Amount in ₹ crore)

	DAY 1	2 TO 7 DAYS	8 TO 14 DAYS	15 TO 30 DAYS	31 DAYS TO 2 MONTHS	OVER 2 MONTHS AND TO 3 MONTHS	OVER 3 MONTHS AND UP TO 6 MONTHS	OVER 6 MONTHS AND UP TO 1 YEAR	OVER 1 YEAR AND UP TO 3 YEARS	OVER 3 YEARS AND UP TO 5 YEARS	OVER 5 YEARS	TOTAL
Deposits	274.33	1213.2	694.76	2916.33	1515.72	703.4	1828.03	13797.14	22771.31	892.77	1159.5	47766.49
Advances	706.74	525.75	375.75	1811.69	718.6	1089.61	2412.57	6294.67	13637.38	2574.08	7142.85	37289.69
Investments	5142.45	205.99	268.6	241.05	223.34	189.83	642.59	2146.09	4171.82	360.26	564.02	14156.04
Borrowings	0	525	0	0	0	0	0	0	0	0	0	525
Foreign Currency assets	37.29	20.87	24.62	70.45	93.41	155.75	127.75	3.68	8.87	2.22	8.65	553.56
Foreign Currency liabilities	45.65	1.5	1.31	6.93	14.44	15.73	39.96	203.63	146.06	139.75	0	614.96

### b) Liquidity coverage ratio (LCR):

Quantitative information on Liquidity Coverage Ratio (LCR) for the year ended March 31, 2023 is given below:

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key reforms to develop a more resilient banking sector. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar days liquidity stress scenario. The LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. The LCR is calculated by dividing a bank's stock of HQLA by its total net cash outflows over a 30-days stress period. HQLA of bank is in the form of Government Securities and highly marketable and liquid securities / bonds.



The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements. The guidelines for LCR were effective January 1, 2015, with the minimum requirement at 60%, which would rise in equal annual steps to reach 100% on January 1, 2019. In order to accommodate the burden on banks cash flows on account of the Covid19 pandemic, RBI had permitted the banks to maintain LCR as under: vide their circular Ref DOR.BP.BC.No.65/21.04.098/2019-20 dated 17.04.2020.

DATE	LCR TO BE MAINTAINED
17.04.2020 to 30.09.2020	80%
01.10.2020 to 31.03.2021	90%
01.04.2021 onwards	100%

The present requirement, as on March 31, 2023 is 100%. Bank prepares daily Liquidity Coverage Ratio statement to assess the liquidity needs of the Bank on an ongoing basis. A number of data points are used in calculating the average figures in the template since January 01, 2017 and a simple average is calculated on daily observations over the previous quarter. Bank has been publishing information on LCR in annual financial statements under Notes to Accounts. LCR related information based on simple averages of daily observations for the year ended March 2023 is furnished below:

(Amount in ₹ crore)

LCR DISCLOSURE TEMPLATE (CONSOLIDATION)					
		CURRENT YEAR 2022-23		PREVIOUS YEAR 2021-22	
PARTICULARS		TOTAL UNWEIGHTED \$ VALUE (AVERAGE)	TOTAL WEIGHTED# VALUE (AVERAGE)	TOTAL UNWEIGHTED \$ VALUE (AVERAGE)	TOTAL WEIGHTED# VALUE (AVERAGE)
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	Total High Quality Liquid Assets (HQLA)	11881.53	11824.12	10762.79	10709.24
<b>CASH OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:	13874.1	985.87	12943.1	907.2
(i)	Stable deposits	8030.91	401.55	7742.2	387.11
(ii)	Less stable deposits	5843.19	584.32	5200.9	520.09
3	Unsecured wholesale funding, of which:	7232.43	3440.18	7205.63	3696.39
(i)	Operational deposits (all counterparties)	0	0	137.05	34.26
(ii)	Non-operational deposits (all counterparties)	7232.43	3440.18	7068.58	3662.13
(iii)	Unsecured debt	0	0	0	0
4	Secured wholesale funding	0	0	0	0
5	Additional requirements, of which	1454.2	1454.2	1463.88	1463.88

(Amount in ₹ crore)

LCR DISCLOSURE TEMPLATE (CONSOLIDATION)					
		CURRENT YEAR 2022-23		PREVIOUS YEAR 2021-22	
PARTICULARS		TOTAL UNWEIGHTED \$ VALUE (AVERAGE)	TOTAL WEIGHTED# VALUE (AVERAGE)	TOTAL UNWEIGHTED \$ VALUE (AVERAGE)	TOTAL WEIGHTED# VALUE (AVERAGE)
(i)	Outflows related to derivative exposures and other collateral requirements	1454.2	1454.2	1463.88	1463.88
(ii)	Outflows related to loss of funding on debt products	0	0	0	0
(iii)	Credit and liquidity facilities	0	0	0	0
6	Other contractual funding obligations	8425.88	573.48	4639.11	333.62
7	Other contingent funding obligations	2797.58	995.27	2568.81	683.72
8	TOTAL CASH OUTFLOWS	33784.19	7449	28820.53	7084.81
<b>CASH INFLOWS</b>					
9	Secured lending (e.g. reverse repos)	230.59	0	1293.83	0
10	Inflows from fully performing exposures	838.28	419.14	858.34	429.17
11	Other cash inflows	1443.1	1443.1	1413.49	1413.49
12	TOTAL CASH INFLOWS	2511.97	1862.24	3565.66	1842.66
			Total Adjusted @ Value		Total Adjusted @ Value
13	TOTAL HQLA		11824.12		10709.24
14	TOTAL NET CASH OUTFLOWS		5586.76		5242.15
15	LIQUIDITY COVERAGE RATIO (%)		211.65%		204.29%

\$ Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows) except where otherwise mentioned in the circular and LCR template.

# Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

@ Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on Level 2B and Level 2 assets for HQLA and cap on inflows).

**I) LIQUIDITY COVERAGE RATIO (LCR) CURRENT YEAR (2022-23)**

(Amount in ₹ crore)

		2022-23 (Q1)		2022-23 (Q2)		2022-23 (Q3)		2022-23 (Q4)	
		TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)
<b>HIGH QUALITY LIQUID ASSETS</b>									
1	Total High-Quality Liquid Assets (HQLA)		11354.32	---	11528.77	--	11704.06	--	12709.34
<b>CASH OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	13670.49	967.43	13452.3	952.15	14092.78	1002.33	14280.82	1021.54
	i) Stable deposits	7992.28	399.61	7861.57	393.08	8138.95	406.95	8130.85	406.54
	ii) Less stable deposits	5678.21	567.82	5590.73	559.07	5953.83	595.38	6149.97	615
3	Unsecured wholesale funding, of which:	6885.49	3377.92	7188.46	3480.45	6756.12	3136.64	8099.63	3765.72
	i) Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	ii) Non-operational deposits (all counterparties)	6885.49	3377.92	7188.46	3480.45	6756.12	3136.64	8099.63	3765.72
	iii) Unsecured debt	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	0.00	0.00	0.00
5	Additional requirements, of which	1343.01	1343.01	1460.99	1460.99	1829.07	1829.07	1183.73	1183.73
	i) Outflows related to derivative exposures and other collateral Requirements	1343.01	1343.01	1460.99	1460.99	1829.07	1829.07	1183.73	1183.73
	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
	iii) Credit and liquidity facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Other contractual funding Obligations	4655.46	331.68	7760.68	537.21	10088.37	681.56	11198.99	743.44

7	Other contingent funding obligations	2904.19	1044.35	2855	952.48	2943.22	1182.56	2488.07	801.84
8	Total Cash Outflows	29458.64	7064.39	32717.43	7383.28	35709.56	7832.16	37251.24	7516.27
<b>CASH INFLOWS</b>									
9	Secured lending (e.g. reverse repos)	508.42	0.00	305.99	0.00	32.83	0.00	75.13	0.00
10	Inflows from fully performing Exposures	799.1	399.55	873.95	436.98	821.23	410.61	858.82	429.41
11	Other cash inflows	1274.77	1274.77	1494.83	1494.83	1780.55	1780.55	1222.26	1222.26
12	<b>Total Cash Inflows</b>	<b>2582.29</b>	<b>1674.32</b>	<b>2674.77</b>	<b>1931.81</b>	<b>2634.61</b>	<b>2191.16</b>	<b>2156.21</b>	<b>1651.67</b>
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	<b>Total HQLA</b>		<b>11354.32</b>	-	<b>11528.77</b>	-	<b>11704.06</b>	-	<b>12709.34</b>
14	<b>Total Net Cash Outflows</b>		<b>5390.07</b>	-	<b>5451.47</b>	-	<b>5641</b>	-	<b>5864.6</b>
15	<b>Liquidity Coverage Ratio (%)</b>		<b>210.65%</b>	-	<b>211.48%</b>	-	<b>207.48%</b>	-	<b>216.71%</b>

## II) LIQUIDITY COVERAGE RATIO (LCR) PREVIOUS YEAR (2021-22)

(Amount in ₹ crore)

		2022-23 (Q1)		2022-23 (Q2)		2022-23 (Q3)		2022-23 (Q4)	
		TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)
<b>HIGH QUALITY LIQUID ASSETS</b>									
1	Total High-Quality Liquid Assets (HQLA)		10398.71	10529.95	10479.33	10624.73	10572.05	11447.55	11387.19
<b>CASH OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	12689.72	885.43	12416.46	864.97	13295.76	934.57	13370.44	943.85
	i) Stable deposits	7670.96	383.55	7533.70	376.69	7900.16	395.01	7863.97	393.20
	ii) Less stable deposits	5018.76	501.88	4882.76	488.28	5395.60	539.56	5506.47	550.65
3	Unsecured wholesale funding, of which:	6738.66	3446.31	7180.11	3711.23	7570.90	3943.02	7332.85	3684.99
	i) Operational deposits (all counterparties)	143.13	35.78	132.17	33.04	136.99	34.25	135.91	33.98

		2022-23 (Q1)		2022-23 (Q2)		2022-23 (Q3)		2022-23 (Q4)	
		TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)	TOTAL UN-WEIGHTED VALUE (AVERAGE)	TOTAL WEIGHTED VALUE (AVERAGE)
	ii) Non-operational deposits (all counterparties)	6595.53	3410.53	7047.94	3678.19	7433.91	3908.77	7196.94	3651.01
	iii) Unsecured debt	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	0.00	0.00
5	Additional requirements, of which	1642.07	1642.07	1357.32	1357.32	1314.76	1314.76	1541.38	1541.38
	i) Outflows related to derivative exposures and other collateral Requirements	1642.07	1642.07	1357.32	1357.32	1314.76	1314.76	1541.38	1541.38
	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
	iii) Credit and liquidity facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Other contractual funding Obligations	4522.87	328.31	4467.29	319.76	4743.47	339.74	4822.80	346.67
7	Other contingent funding obligations	2324.01	385.42	2365.77	515.02	2732.27	889.40	2851.73	943.56
8	Total Cash Outflows		6687.54	27786.95	6768.30	29657.16	7421.49	29919.20	7460.45
<b>CASH INFLOWS</b>									
9	Secured lending (e.g. reverse repos)	701.44	0.00	1372.30	0.00	2091.30	0.00	1010.29	0.00
10	Inflows from fully performing Exposures	696.29	348.15	954.87	477.44	924.21	462.10	857.97	428.98
11	Other cash inflows	1565.35	1565.35	1294.68	1294.68	1333.39	1333.39	1460.52	1460.52
12	<b>Total Cash Inflows</b>	<b>2963.08</b>	<b>1913.50</b>	<b>3621.85</b>	<b>1772.12</b>	<b>4348.90</b>	<b>1795.49</b>	<b>3328.78</b>	<b>1889.50</b>
			TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE
13	<b>Total HQLA</b>		<b>10398.71</b>	-	<b>10479.33</b>	-	<b>10572.05</b>	-	<b>11387.19</b>
14	<b>Total Net Cash Outflows</b>		<b>4774.04</b>	-	<b>4996.18</b>	-	<b>5626.00</b>	-	<b>5570.95</b>
15	<b>Liquidity Coverage Ratio (%)</b>		<b>217.82%</b>	-	<b>209.75%</b>	-	<b>187.91%</b>	-	<b>204.40%</b>



### III) QUALITATIVE DISCLOSURE ABOUT LCR:

#### The main drivers of LCR Results:

The bank is having an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately in markets into cash to meet liquidity needs for a 30 calendar days under liquidity stress scenario.

The net cash outflows for the next 30 days has been calculated after deducting the cash inflows from the outflows for the period. The inflows and outflows have been calculated based on RBI prescribed haircuts and run-off factors.

The Bank's LCR has been more than the minimum regulatory requirement for all the dates from April'22 to March'23. LCR of the bank for the Annual Financial Year 2022-23 stood at 211.65%.

#### Composition of HQLA:

The Level 1 Assets of our bank comprises of Cash in hand & Cash at ATM, Excess CRR and SLR, MSF & FALLCR are as per permitted extent. Level 1 asset is the main driver of HQLA, contributing around 98.02% in the total HQLA of the Bank.

Level 2A and Level 2B assets are well within the regulatory cap of 40% and 15% of the stock of HQLA respectively after the required haircut.

Corporate Bonds not issued by a Bank/Financial/NBFC which have been rated AA- or above by an Eligible Credit Rating Agency have been classified under Level 2A assets. Similarly Bonds not issued by a Bank/FI/NBFC which have been rated not lower than BBB- have been classified under level 2B Assets.

#### Outflows & Inflows:

Deposits are the main source of funds for the Bank.

#### Currency mismatch in LCR:

LCR is expected to be met and reported in a single currency. The bank is not having significant liabilities and HQLAs in any foreign currency.

#### Description of the degree of centralization of liquidity management and interaction between the group's units:

The Bank does not belong to any group and does not have any associate, subsidiaries, joint venture, etc.

#### C) Net Stable Funding Ratio (NSFR):

The RBI guidelines stipulated the implementation of NSFR effective from 1st October 2021 at a consolidated level with disclosure from quarter ended December 2021. Accordingly, the bank is computing the Consolidated NSFR. The NSFR is defined as the amount of Available Stable Funding relative to the amount of Required Stable Funding. Net Stable Funding is a liquidity measure which is the indication of the long term liquidity health of the Bank is measured as under.

$$\text{NSFR} = (\text{Available Stable Funding (ASF)}) / (\text{Required Stable Funding (RSF)}) \geq 100\%$$

Available stable funding (ASF) is measured based on the broad characteristics of relative stability of funding sources, including contractual maturity of its liabilities and the differences in the tendency of different types of funding providers to withdraw their funding. Required Stable Funding (RSF) is a function of the liquidity characteristics and residual maturities of the various

assets held by the bank including Off-Balance Sheet (OBS) exposures. The result should minimum of 100% to ensure liquidity comfort.

The table given below sets out the un-weighted and weighted value of the NSFR components as on 31st March 2023 based on audited financials. At a consolidated level, the NSFR of the bank comes out to 168.87% as on 31st March 2023 against the requirement of 100% as per RBI guidelines.

(Amount in ₹ crore)

NSFR DISCLOSURE TEMPLATE						
S.NO	ASF ITEM	UNWEIGHTED VALUE BY RESIDUAL MATURITY				WEIGHTED VALUE
		NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	>= 1 YEAR	
1	<b>Capital: (2+3)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7 237.55</b>	<b>7 237.55</b>
2	Regulatory capital	0.00	0.00	0.00	7 237.55	7 237.55
3	Other capital instruments	0.00	0.00	0.00	0.00	0.00
4	<b>Retail deposits and deposits from small business customers: (5+6)</b>	<b>12 390.35</b>	<b>5 869.31</b>	<b>12 421.21</b>	<b>7 763.27</b>	<b>35 425.23</b>
5	Stable deposits	7 464.75	2 661.68	5 145.49	3 587.36	18 634.35
6	Less stable deposits	4 925.60	3 207.63	7 275.72	4 175.92	16 790.88
7	<b>Wholesale funding: (8+9)</b>	<b>1 110.00</b>	<b>4 893.57</b>	<b>2 383.35</b>	<b>935.43</b>	<b>3 343.15</b>
8	Operational deposits		0.00	0.00	0.00	0.00
9	Other wholesale funding	1 110.00	4 893.57	2 383.35	935.43	3 343.15
10	<b>Other liabilities: (11+12)</b>	<b>277.76</b>	<b>2 761.20</b>	<b>162.08</b>	<b>18.07</b>	<b>0.00</b>
11	NSFR derivative liabilities		2 236.20	162.08	18.07	
12	All other liabilities and equity not included in the above categories	277.76	525	0.00	0.00	0.00
13	<b>Total ASF (1+4+7+10)</b>					<b>46 005.93</b>
13.1	<b>RSF Item</b>					
14	Total NSFR high-quality liquid assets (HQLA)					213.81
15	Deposits held at other financial institutions for operational purposes	281.1	0.00	0.00	0.00	140.55
16	Performing loans and securities: (17+18+19+21+23)	3.3	12 706.34	12 498.93	13 449.41	22 413.86
17	<b>Performing loans to financial institutions secured by Level 1 HQLA</b>	<b>0.00</b>	<b>1 198.31</b>	<b>0.00</b>	<b>0.00</b>	

NSFR DISCLOSURE TEMPLATE						
S.NO	ASF ITEM	UNWEIGHTED VALUE BY RESIDUAL MATURITY				WEIGHTED VALUE
		NO MATURITY	< 6 MONTHS	6 MONTHS TO < 1 YEAR	>= 1 YEAR	
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	0.00	280.14	2.11	49.23	1.06
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:	0.00	11 222.85	12 493.76	8 333.35	18 829.79
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	0.00	0.00	353.76	229.95
21	Performing residential mortgages, of which:	0.00	5.04	3.07	4 148.75	2 799.83
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	3.86	2.7	3 858.46	2 508.00
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	3.3	0.00	0.00	918.09	783.18
24	<b>Other assets: (sum of rows 25 to 29)</b>	<b>245.65</b>	<b>2 176.87</b>	<b>304.69</b>	<b>1 031.89</b>	<b>4 086.11</b>
25	Physical traded commodities, including gold	0.00	0.00	0.00	0.00	0.00
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	0.00	0.00	0.00	15.65	13.3
27	NSFR derivative assets	0.00	1 964.88	136.29	17.82	2 118.99
28	NSFR derivative liabilities before deduction of variation margin posted	0.00	0.00	0.00	0.00	0.00
29	All other assets not included in the above categories	245.65	211.99	168.4	998.42	1 953.82
30	Off-balance sheet items		4 232.49	4 232.49		389.43
31	<b>Total RSF (14+15+16+24+30)</b>	<b>530.05</b>	<b>19 115.71</b>	<b>17 036.11</b>	<b>14 481.30</b>	<b>27 243.76</b>
<b>NET STABLE FUNDING RATIO</b>						<b>168.87</b>

### 3. INVESTMENTS

Composition of Investment Portfolio: As at 31.03.2023

(Amount in ₹ crore)

	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	
HELD TO MATURITY												
Gross	9488.89	0.00	0.00	0.00	0.00	0.00	9488.89	0.00	0.00	0.00	0.00	9488.89
Less: Provision for non- performing investments (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	9488.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9488.89
AVAILABLE FOR SALE												
Gross	2882.83	0.00	58.49	1287.42	0.00	578.86	4807.6	0.00	0.00	0.26	0.00	4807.86
Less: Provision for depreciation and NPI	54.62	0.00	51.32	34.77	0.00	0.00	140.71	0.00	0.00	0.00	0.00	140.71
Net	2828.21	0.00	7.17	1252.65	0.00	578.86	4666.89	0.00	0.00	0.26	0.00	4667.15
HELD FOR TRADING												
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Investments	12371.72	0.00	58.49	1287.42	0.00	578.86	14296.49	0.00	0.00	0.26	0.00	14296.75
Less: Provision for non- performing investments	0.00	0.00	51.32	5	0.00	0.00	56.32	0.00	0.00	0.00	0.00	56.32
Less: Provision for depreciation and NPI	54.62	0.00	0.00	29.77	0.00	0.00	84.39	0.00	0.00	0.00	0.00	84.39
Net	12317.1	0.00	7.17	1252.65	0.00	578.86	14155.78	0.00	0.00	0.26	0.00	14156.04

As at 31.03.2022:

(Amount in ₹ crore)

	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	
HELD TO MATURITY												
Gross	9196.25	0.00	0.00	0.00	0.00	0.00	9196.25	0.00	0.00	0.00	0.00	9196.25
Less: Provision for non- performing investments (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	9196.25	0.00	0.00	0.00	0.00	0.00	9196.25	0.00	0.00	0.00	0.00	9196.25
AVAILABLE FOR SALE												
Gross	2630.92	0.00	87.95	1211.20	0.00	0.00	3930.07	0.00	0.00	0.00	0.00	3930.07
Less: Provision for depreciation and NPI	0.00	0.00	85.86	5.00	0.00	0.00	90.86	0.00	0.00	0.00	0.00	90.86
Net	2630.92	0.00	2.09	1206.20	0.00	0.00	3839.21	0.00	0.00	0.00	0.00	3839.21
HELD FOR TRADING												
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Investments												
Total Investments	11827.17	0.00	87.95	1211.20	0.00	0.00	13126.32	0.00	0.00	0.00	0.00	13126.32
Less: Provision for non- performing investments	0.00	0.00	79.82	5.00	0.00	0.00	84.82	0.00	0.00	0.00	0.00	84.82
Less: Provision for depreciation and NPI	0.00	0.00	6.04	0.00	0.00	0.00	6.04	0.00	0.00	0.00	0.00	6.04
Net	11827.17	0.00	2.09	1206.20	0.00	0.00	13035.46	0.00	0.00	0.00	0.00	13035.46



**a) Movement of Provisions for Depreciation and Investment Fluctuation Reserve**

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
i) Movement of provisions held towards depreciation on investments		
a) Opening balance	90.86	91.67
b) Add: Provisions made during the year	78.35	0.00
c) Less: Write off / write back of excess provisions during the year	28.50	0.81
d) Closing balance	140.71	90.86
ii) Movement of Investment Fluctuation Reserve		
a) Opening balance	78.60	68.22
b) Add: Amount transferred during the year	41.60	10.38
c) Less: Drawdown	0.00	0.00
d) Closing balance	120.20	78.60
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2.50%	2.05%

**b) Sale and transfers to/from HTM category**

The value of sales and transfers of securities to/from HTM category has not exceeded 5 per cent of the book value of investments held in HTM category at the beginning of the year.

**c) Non-SLR investment portfolio****i) Non-performing non-SLR investments**

(Amount in ₹ crore)

S. NO.	PARTICULARS	2022-23	2021-22
a)	Opening Balance	84.82	85.63
b)	Additions during the year	0.00	0.00
c)	Reductions during the year	28.51	0.81
d)	Closing balance	56.31	84.82
e)	<b>Total provisions held</b>	<b>56.31</b>	<b>84.82</b>

## ii) Issuer composition of non-SLR investments

(Amount in ₹ crore)

S. NO.	ISSUER	AMOUNT		EXTENT OF PRIVATE PLACEMENT		EXTENT OF 'BELOW INVESTMENT GRADE' SECURITIES		EXTENT OF 'UNRATED' SECURITIES		EXTENT OF 'UNLISTED' SECURITIES	
(1)	(2)	(3)		(4)		(5)		(6)		(7)	
		2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
a.	PSUs	396.99	454.03	72	89	0.00	0.00	0.00	0.00	2	2
b.	FIs	632.17	662.43	75.21	110.21	5	5	0.00	0.00	1.04	1.04
c.	Banks	841.85	102.62	30	40	5	5	0.00	0.00	0.00	0.00
d.	Private Corporates	54.01	79.82	0.00	0.00	0.00	0.00	0.00	0.00	9.73	37.98
e.	Subsidiaries/ Joint Ventures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f.	Others	0.00	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
g.	Provision held towards depreciation	(86.09)	(90.86)	0.00	0.00	0.00	0.00	0.00	0.00	(9.47)	(37.98)
	<b>Total</b>	<b>1838.93</b>	<b>1208.29</b>	<b>177.21</b>	<b>239.21</b>	<b>10</b>	<b>10</b>	<b>0.00</b>	<b>0.00</b>	<b>3.3</b>	<b>3.04</b>

**Note:**

1. Total under column 3 shall match with the sum of total of Investments included under the following categories in Schedule 8 to the balance sheet:

- a) Investment in India in
  - i) Shares
  - ii) Debentures and Bonds
  - iii) Subsidiaries and/or Joint Ventures
  - iv) Others
- b) Investment outside India in (where applicable)
  - i) Government securities (including local authorities)
  - ii) Subsidiaries and/ or joint ventures abroad
  - iii) Other investments

## i) Investment in India

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
Shares	7.43	2.09
Debentures and Bonds	1252.65	1206.2
Subsidiaries and Joint Ventures	0.00	0.00
Others (CD,CP, MF)	578.86	0.00
<b>Total</b>	<b>1838.94</b>	<b>1208.29</b>

## ii) Investment outside India – ₹0.26 Crore

Investment in SWIFT shares ₹0.26 Crore.

## d) Repo transactions including Liquidity Adjustment Report (LAF) (in Face Value Terms) for the year 2022-23:

(Amount in ₹ crore)

	MINIMUM OUTSTANDING DURING THE YEAR 2022-23	MAXIMUM OUTSTANDING DURING THE YEAR 2022-23	DAILY AVERAGE OUTSTANDING DURING THE YEAR 2022-23	OUTSTANDING AS ON MARCH 31, 2023
i) Securities sold under repo				
➤ Government securities	36.00	525.00	21.58	525.00
➤ Corporate debt securities	0.00	0.00	0.00	0.00
➤ Any other securities	0.00	0.00	0.00	0.00
ii) Securities purchased under reverse repo				
➤ Government securities	300.00	1564.00	64.62	0.00
➤ Corporate debt securities	0.00	0.00	0.00	0.00
➤ Any other securities	0.00	0.00	0.00	0.00

e) Repo transactions including Liquidity Adjustment Report (LAF) (in Face Value Terms) for the year 2021-22 :

(Amount in ₹ crore)

	MINIMUM OUTSTANDING DURING THE YEAR 2021-22	MAXIMUM OUTSTANDING DURING THE YEAR 2021-22	DAILY AVERAGE OUTSTANDING DURING THE YEAR 2021-22	OUTSTANDING AS ON MARCH 31, 2022
i) Securities sold under repo				
➤ Government securities	16.00	30.00	0.37	0.00
➤ Corporate debt securities	0.00	0.00	0.00	0.00
➤ Any other securities	0.00	0.00	0.00	0.00
ii) Securities purchased under reverse repo				
➤ Government securities	6.00	3028.00	1306.92	1434.00
➤ Corporate debt securities	0.00	0.00	0.00	0.00
➤ Any other securities	0.00	0.00	0.00	0.00

f) Tri-party/ reverse repo transactions (in Face Value Terms) during the year end 31.03.2023:

(Amount in ₹ crore)

	MINIMUM OUTSTANDING DURING THE YEAR 2022-23	MAXIMUM OUTSTANDING DURING THE YEAR 2022-23	DAILY AVERAGE OUTSTANDING DURING THE YEAR 2022-23	OUTSTANDING AS ON MARCH 31, 2023
i) Securities sold under repo				
➤ Government securities	10.00	1210.35	305.79	0.00
➤ Corporate debt securities	0.00	0.00	0.00	0.00
➤ Any other securities	0.00	0.00	0.00	0.00
ii) Securities purchased under reverse repo				
➤ Government securities	5.00	1525.00	33.98	1200.00
➤ Corporate debt securities	0.00	0.00	0.00	0.00
➤ Any other securities	0.00	0.00	0.00	0.00

g) Tri-party/ reverse repo transactions (in Face Value Terms) during the year end 31.03.2022 :

(Amount in ₹ crore)

	MINIMUM OUTSTANDING DURING THE YEAR 2021-22	MAXIMUM OUTSTANDING DURING THE YEAR 2021-22	DAILY AVERAGE OUTSTANDING DURING THE YEAR 2021-22	OUTSTANDING AS ON MARCH 31, 2022
i) Securities sold under repo				
➤ Government securities	9.30	718.00	142.24	0.00
➤ Corporate debt securities	0.00	0.00	0.00	0.00
➤ Any other securities	0.00	0.00	0.00	0.00
ii) Securities purchased under reverse repo				
➤ Government securities	4.90	300.00	5.85	0.00
➤ Corporate debt securities	0.00	0.00	0.00	0.00
➤ Any other securities	0.00	0.00	0.00	0.00

#### 4. ASSET QUALITY

a) i) CLASSIFICATION OF ADVANCES AND PROVISIONS HELD CURRENT YEAR (2022-23)

(Amount in ₹ crore)

	STANDARD		NON-PERFORMING				TOTAL
	TOTAL STANDARD ADVANCES	SUB- STANDARD	DOUBTFUL	LOSS	TOTAL NON- PERFORMING		
					ADVANCES		
GROSS STANDARD ADVANCES AND NPAS							
Opening Balance	33177.25		124.83	435.31	10.78	570.92	33748.17
Add: Additions during the year						271.35	271.35
Less: Reductions during the year						320.81	320.81
Closing balance	37089.15		158.14	354.22	9.1	521.46	37610.61
Reductions in Gross NPAs due to:							
i) Upgradation						23.89	23.89
ii) Recoveries (excluding recoveries from upgraded accounts)						198.2	198.2
iii) Technical/ Prudential Write-offs						98.72	98.72
iv) Write-offs other than those under (iii) above						0	0



	STANDARD		NON-PERFORMING				TOTAL
	TOTAL STANDARD ADVANCES	SUB- STANDARD	DOUBTFUL	LOSS	TOTAL NON- PERFORMING		
					ADVANCES		
PROVISIONS (EXCLUDING FLOATING PROVISIONS)							
Opening balance of provisions held	100.37	33.1	205.8	10.73	249.63	350	
Add: Fresh provisions made during the year					148.59	148.59	
Less: Excess provision reversed/ Write-off loans					117.04	117.04	
Closing balance of provisions held	113.96	63.45	208.71	9.02	281.18	395.14	
NET NPAS							
Opening Balance		91.73	225.8	0.05	317.58		
Add: Fresh additions during the year					122.76		
Less: Reductions during the year					210.52		
Closing Balance		94.69	135.05	0.08	229.82	229.82	
FLOATING PROVISIONS							
Opening Balance						4.15	
Add: Additional provisions made during the year						3.84	
Less: Amount drawn down during the year						0	
Closing balance of floating provisions						7.99	
TECHNICAL WRITE-OFFS AND THE RECOVERIES MADE THEREON							
Opening balance of Technical/ Prudential written-off accounts						2057.14	
Add: Technical/ Prudential write-offs during the year						98.72	
Less: Recoveries made from previously technical/ prudential written-off						151.75	
accounts during the year							
Closing balance						2004.11	

RATIOS	2022-23	2021-22
(IN PER CENT)		
Gross NPA to Gross Advances	1.39%	1.69%
Net NPA to Net Advances	0.62%	0.95%
Provision coverage ratio	90.90%	87.92%

a) ii) Classification of advances and provisions held previous year (2021-22)

(Amount in ₹ crore)

	STANDARD	NON-PERFORMING				TOTAL
	TOTAL STANDARD ADVANCES	SUB- STANDARD	DOUBTFUL	LOSS	TOTAL NON- PERFORMING ADVANCES	
<b>GROSS STANDARD ADVANCES AND NPAS</b>						
Opening Balance	30456.25	530.97	533.32	20.48	1084.78	31541.02
Add: Additions during the year					518.16	518.16
Less: Reductions during the year					1032.02	1032.02
Closing balance	33177.25	124.83	435.31	10.78	570.92	33748.17
Reductions in Gross NPAs due to:						
i) Upgradation					401.68	401.68
ii) Recoveries (excluding recoveries from upgraded accounts)					309.45	309.45
iii) Technical/ Prudential Write-offs					320.89	320.89
iv) Write-offs other than those under (iii) above					0.00	0.00
<b>PROVISIONS (EXCLUDING FLOATING PROVISIONS)</b>						
Opening balance of provisions held	147.67	147.67	266.99	15.37	430.03	674.7
Add: Fresh provisions made during the year					179.09	179.09
Less: Excess provision reversed/ Write-off loans					359.49	359.49
Closing balance of provisions held	100.37	33.1	205.8	10.73	249.63	350
<b>NET NPAS</b>						
Opening Balance		383.3	225.41	5.11	613.82	
Add: Fresh additions during the year					376.28	

	STANDARD	NON-PERFORMING				TOTAL
	TOTAL STANDARD ADVANCES	SUB- STANDARD	DOUBTFUL	LOSS	TOTAL NON- PERFORMING ADVANCES	
Less: Reductions during the year					672.52	
Closing Balance		91.73	225.8	0.05	317.58	317.58
<b>FLOATING PROVISIONS</b>						
Opening Balance						38.97
Add: Additional provisions made during the year						2.21
Less: Amount drawn down during the year						37.03
Closing balance of floating provisions						4.15
<b>TECHNICAL WRITE-OFFS AND THE RECOVERIES MADE THEREON</b>						
Opening balance of Technical/ Prudential written-off accounts						1913.39
Add: Technical/ Prudential write-offs during the year						320.89
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						177.14
Closing balance						2057.14

RATIOS	2021-22	2020-21
(IN PER CENT)		
Gross NPA to Gross Advances	1.69%	3.44%
Net NPA to Net Advances	0.95%	1.98%
Provision coverage ratio	87.92%	79.53%

**b) SECTOR-WISE ADVANCES AND GROSS NPAS**

(Amount in ₹ crore)

SR. NO.	SECTOR	2022-23			2021-22		
		OUTSTANDING TOTAL ADVANCES	GROSS NPAS	PERCENTAGE OF GROSS NPAS TO TOTAL ADVANCES IN THAT SECTOR	OUTSTANDING TOTAL ADVANCES	GROSS NPAS	PERCENTAGE OF GROSS NPAS TO TOTAL ADVANCES IN THAT SECTOR
I)	<b>PRIORITY SECTOR</b>						
a)	Agriculture and allied activities	11562.43	69.36	0.60%	10021.77	52.04	0.52%
b)	Advances to industries sector eligible as priority sector lending	4976.95	140.71	2.83%	4838.66	143.43	2.96%
c)	Services	8277.03	133.15	1.61%	7616.92	177.18	2.33%
d)	Personal loans	2277.73	26.06	1.14%	2035.01	31.63	1.55%
	<b>Subtotal (i)</b>	<b>27094.14</b>	<b>369.28</b>	<b>1.36%</b>	<b>24512.36</b>	<b>404.28</b>	<b>1.65%</b>
II)	<b>NON-PRIORITY SECTOR</b>						
a)	Agriculture and allied activities	11.99	0.00	0.00	1.08	0.00	0.00%
b)	Industry	1289.52	79.65	6.18%	1813.05	45	2.48%
c)	Services	3597.97	54.23	1.51%	2698.57	99.38	3.68%
d)	Personal loans	5588.49	18.3	0.33%	4723.11	22.26	0.47%
	<b>Sub-total (ii)</b>	<b>10487.97</b>	<b>152.18</b>	<b>1.45%</b>	<b>9235.81</b>	<b>166.64</b>	<b>1.80%</b>
	<b>Total (i + ii)</b>	<b>37582.11</b>	<b>521.46</b>	<b>1.39%</b>	<b>33748.17</b>	<b>570.92</b>	<b>1.69%</b>

**c) OVERSEAS ASSETS, NPAS AND REVENUE – THERE IS NO FOREIGN OPERATION, HENCE NOT APPLICABLE.**
**d) PARTICULARS OF RESOLUTION PLAN AND RESTRUCTURING:**

- i. Particulars of resolution plan – NIL
- ii. Details of Accounts subjected to restructuring – Not applicable
- iii. Particulars of resolution plan and restructuring Details of Loan assets subjected to Restructuring

(Amount in ₹ crore)

S. NO	TYPE OF RESTRUCTURING		UNDER CDR MECHANISM					UNDER SME DEBT RESTRUCTURING MECHANISM					OTHERS					TOTAL				
	ASSET CLASSIFICATION		STANDARD	SUB STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB STANDARD	DOUBTFUL	LOSS	TOTAL	STANDARD	SUB STANDARD	DOUBTFUL	LOSS	TOTAL
DETAILS																						
1	Restructured standard category during the FY Accounts as on April 1 of the FY 2022(opening figures)	No. of borrowers	0	0	0	0	0	93	10	19	0	122	2995	21	14	4	3034	3088	31	33	4	3156
		Amount outstanding	0	0	0	0	0	124.62	16.11	27.75	0	168.48	763.81	10.72	0.62	0.01	775.16	888.43	26.83	28.37	0.01	943.64
		Provision thereon	0	0	0	0	0	6.41	4.01	11.72	0	22.14	85.19	2.62	0.39	0.01	88.21	91.6	6.63	12.11	0.01	110.35
2	Fresh restructuring During the year	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amount outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	2	0	-2	0	0	9	-9	0	0	0	11	-9	-2	0	0
		Amount outstanding	0	0	0	0	0	0.3	0	-0.32	0	-0.02	3.08	-3.19	0	0	-0.11	3.38	-3.19	-0.32	0	-0.13
		Provision thereon	0	0	0	0	0	0.02	0	-0.12	0	-0.1	0.32	-0.78	0	0	-0.46	0.34	-0.78	-0.12	0	-0.56
4	Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Amount outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Down gradation of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	-5	3	2	0	0	-52	34	17	1	0	-57	37	19	1	0
		Amount outstanding	0	0	0	0	0	-5.36	3.77	1.18	0	-0.41	-39.39	4.03	32.1	0.02	-3.24	-44.75	7.8	33.28	0.02	-3.65
		Provision thereon	0	0	0	0	0	-0.28	0.93	0.38	0	1.03	-4.38	1.24	7.96	0.02	4.84	-4.66	2.17	8.34	0.02	5.87
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	-13	-2	-9	0	-24	-351	-5	-4	0	-360	-364	-7	-13	0	-384
		Amount outstanding	0	0	0	0	0	-32.84	-1.8	-16.9	0	-51.54	-140.58	-4.46	-0.28	0	-145.32	-173.42	-6.26	-17.18	0	-196.86
		Provision thereon	0	0	0	0	0	-1.64	-0.44	-5.96	0	-8.04	-15.98	-1.07	-0.08	0	-17.13	-17.62	-1.51	-6.04	0	-25.17
7	Restructured as on March 31 of the FY 2023(closing figure)	No. of borrowers	0	0	0	0	0	77	11	10	0	98	2601	41	27	5	2674	2678	52	37	5	2772
		Amount outstanding	0	0	0	0	0	86.72	18.08	11.71	0	116.51	583.92	7.1	32.44	0.03	626.49	673.64	25.18	44.15	0.03	743
		Provision thereon	0	0	0	0	0	4.51	4.5	6.02	0	15.03	65.15	2.01	8.27	0.03	75.46	69.66	6.51	14.29	0.03	90.49

Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight



IV) Disclosure on Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances (RBI/DBR.BP.BC.No.18/21.04.048/ 2018-19 dated 1st January 2019)

(Amount in ₹ crore)

YEAR	NO.OF ACCOUNTS RESTRUCTURED – MSME	AMOUNT
2022-23*	Nil	Nil
2021-22	Nil	Nil
2020-21	135	82.2

\* This scheme is valid up to only 31.03.2022

V) Details of single borrower limit (SBL)/group borrower limit (GBL) exceeded by the Bank.

Single Borrower limit / Group Borrower limit has not been exceeded during the financial year.

**e) DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING:**

Divergence in Asset classification and Provisioning for NPAs The divergence observed by RBI for the financial years 2021-22 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition, asset classification and provisioning is below the regulatory requirement for disclosure and hence the disclosure as required under RBI Master Direction on 'Financial Statements-Presentation and Disclosures' on 'Divergence in the asset classification and provisioning', is not required to be made.

**f) DISCLOSURE OF TRANSFER OF LOAN EXPOSURES: NIL**

- There were no loans that are not in default or stressed, transferred and acquired to or from other entities.
- Particulars of stressed loans transferred acquired – NIL

**g) FRAUD ACCOUNTS**

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
Number of frauds reported (Advances & Non- Advances)*	96	86
Amount involved in fraud*	43.86	209.18
Amount of Book Balance (excluding interest) for Advances related fraud a/cs	38.52	179.75
Amount of provision made for such frauds	38.52	179.75
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	0.00	0.00

\*As per FMR reported to RBI.

**h) DISCLOSURE UNDER RESOLUTION FRAMEWORK FOR COVID-19 RELATED STRESS:****i) Disclosures to be made half yearly Resolution Framework 1.0**

(Amount in ₹ 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 ENDING 30.09.2022 (A)	OF (A) AGGREGATE DEBT THAT SLIPPED INTO NPA DURING THE CURRENT HALF-YEAR ENDING 31.03.2023	OF (A) AMOUNT WRITTEN OFF DURING THE HALF-YEAR ENDING 31.03.2023	OF (A) AMOUNT PAID BY THE BORROWERS DURING THE HALF-YEAR	EXPOSURE TO ACCOUNTS CLASSIFIED AS STANDARD CONSEQUENT TO IMPLEMENTATION OF RESOLUTION PLAN - POSITION AS AT THE END OF THE PREVIOUS HALF-YEAR ENDING 31.03.2023
Personal Loans	3.36	0	0	3.02	0.34
Corporate persons*	75.53	0	0	21.8	53.73
Of which MSMEs	0	0	0	0	0
Others	0	0	0	0	0
<b>Total</b>	<b>78.89</b>	<b>0</b>	<b>0</b>	<b>24.82</b>	<b>54.07</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016. "corporate person" means a company as defined in clause (20) of section 2 of the Companies Act, 2013, a limited liability partnership, as defined in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008, or any other person incorporated with limited liability under any law for the time being in force but shall not include any financial service provider;

Personal Loan<sup>3</sup> 'Personal loans', for the purpose of this circular shall have the same meaning as defined in the Circular DBR.No.BP.BC.99/08.13.100/2017-18 dated January 4, 2018 on "XBRL Returns – Harmonization of Banking Statistics".

**ii) Disclosures to be made half yearly Resolution Framework 2.0:**

(Amount in ₹ 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 ENDING 30.09.2022 (A)	OF (A) AGGREGATE DEBT THAT SLIPPED INTO NPA DURING THE CURRENT HALF-YEAR ENDING 31.03.2023	OF (A) AMOUNT WRITTEN OFF DURING THE HALF-YEAR ENDING 31.03.2023	OF (A) AMOUNT PAID BY THE BORROWERS DURING THE HALF-YEAR	EXPOSURE TO ACCOUNTS CLASSIFIED AS STANDARD CONSEQUENT TO IMPLEMENTATION OF RESOLUTION PLAN - POSITION AS AT THE END OF THE PREVIOUS HALF-YEAR ENDING 31.03.2023
Personal Loans	176.91	1.67	0.00	5.05	170.19
Corporate persons*	55.14	25.41	0.00	15.66	14.07
Of which MSMEs	1.11	0.00	0.00	0.71	0.40
Others	252.63	3.67	0.00	30.41	218.55
<b>Total</b>	<b>484.68</b>	<b>30.75</b>	<b>0.00</b>	<b>51.12</b>	<b>402.81</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016. "corporate person" means a company as defined in clause (20) of section 2 of the Companies Act, 2013, a limited liability partnership, as defined in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008, or any other person incorporated with limited liability under any law for the time being in force but shall not include any financial service provider;

## i) COVID -19

COVID-19 pandemic has and had an extraordinary impact on macroeconomic conditions in India and around the world during the past two years. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and Individual activities, had led to volatility in global and Indian financial markets and a decrease in global and local economic activities. The revival of economic activity has since improved supported by relaxation of restrictions due to administration of the COVID vaccines to a large population in the country. The extent to which any new wave of COVID-19 pandemic will impact the Bank results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. On a prudent basis, the Bank holds a provision of ₹300 crores as at 31st March, 2023 against the potential impact of COVID-19 & other uncertainties (previous year 31.3.2022: Rs.250 crores).

## 5. EXPOSURES

### a) Exposure to real estate sector

(Amount in ₹ crore)

CATEGORY	2022-23	2021-22
<b>I) DIRECT EXPOSURE</b>		
a) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented Of Which Individual housing loans eligible for inclusion in priority sector advances shall be shown separately. Exposure would also include non-fund based (NFB) limits.	5126.16	4301.48
b) Commercial Real Estate – Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	207.03	187.22
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures –		
i) Residential	0.00	0.00
ii) Commercial Real Estate	0.00	0.00
<b>II) INDIRECT EXPOSURE</b>		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	0.14	0.05
<b>Total Exposure to Real Estate Sector</b>	<b>5333.33</b>	<b>4488.75</b>

**b) Exposure to capital market**

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	7.43	8.13
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	2.1	0.59
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	0.00
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	0.73	0.25
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	15.94	28.3
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	0.00	0.00
vii) Bridge loans to companies against expected equity flows / issues;	0.00	0.00
viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	0.00	0.00
ix) Financing to stockbrokers for margin trading;	0.00	0.00
x) All exposures to Venture Capital Funds (both registered and unregistered)	0.00	0.00
<b>Total exposure to capital market</b>	<b>26.2</b>	<b>37.27</b>

**c) Risk category-wise country exposure**

(Amount in ₹ crore)

RISK CATEGORY	EXPOSURE (NET) AS AT 31/03/2023	PROVISION HELD AS AT 31/03/2023	EXPOSURE (NET) AS AT 31/03/2022	PROVISION HELD AS AT 31/03/2022
Insignificant	113.58	0.00	319.58	0.00
Low	58.26	0.00	329.27	0.00
Moderately Low	62.42	0.00	13.93	0.00
Moderate	5.09	0.00	1.57	0.00
Moderately High	2.81	0.00	0.54	0.00
High	0.19	0.00	0	0.00
Very High	0	0.00	0	0.00
<b>Total</b>	<b>243.35</b>	<b>0.00</b>	<b>664.9</b>	<b>0.00</b>

**d) Unsecured advances**

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
Total unsecured advances of the bank	202.66	236.91
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	0	0
Estimated value of such intangible securities	0	0

**e) Factoring exposures – Nil****f) Intra-group exposures as on 31.03.2023**

- i) Total amount of intra-group exposures – NIL
- ii) Total amount of top 20 intra-group exposures – NIL
- iii) Percentage of intra-group exposures to total exposure of the bank on borrowers/customers – NIL
- iv) Details of breach of limits on intra-group exposures and regulatory action thereon, if any – NIL

**g) Unhedged foreign currency exposure**

The provisioning required for currency induced Credit Risk for the bank on account of the unhedged Foreign Currency Exposure of the borrowers was estimated at ₹1.87 Crore (Previous Year – ₹1.16 Crore). Bank holds required provision towards the same. Bank holds ₹3.19 Crore as capital towards the unhedged foreign currency exposure.

**6. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS****a) Concentration of deposits**

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
Total deposits of the twenty largest depositors	4703.58	4212.63
Percentage of deposits of twenty largest depositors to total deposits of the bank	9.85%	9.38%

**b) Concentration of advances**

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
Total advances to the twenty largest borrowers	2643.48	1805.44
Percentage of advances to twenty largest borrowers to total advances of the bank	7.03%	5.35%

**c) Concentration of exposures**

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
Total exposure to the twenty largest borrowers/customers	3781.27	3305.02
Percentage of exposures to the twenty largest borrowers/ customers to the total exposure of the bank on borrowers/ customers	8.25%	7.63%



**d) Concentration of NPAs**

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
Total Exposure to the top twenty NPA accounts	211.44	209.72
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	42.84%	36.73%

**7. DERIVATIVES****a) Forward rate agreement/Interest rate swap**

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
i) The notional principal of swap agreements	NIL	NIL
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements		
iii) Collateral required by the bank upon entering into swaps		
iv) Concentration of credit risk arising from the swaps		
v) The fair value of the swap book		

**b) Exchange traded interest rate derivatives**

(Amount in ₹ crore)

S. NO.	PARTICULARS	2022-23	2021-22
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument wise)	NIL	NIL
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March (instrument wise)		
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)		
iv)	Mark to market value of exchange traded interest rate derivatives outstanding and not 'highly effective' (instrument wise)		

**c) Disclosures on risk exposure in derivatives****i) Qualitative disclosures**

Banks shall disclose their risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The disclosure shall also include:

- the structure and organization for management of risk in derivatives trading,
- the scope and nature of risk measurement, risk reporting and risk monitoring systems,
- policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and
- accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.

## ii) Quantitative disclosures

(Amount in ₹ crore)

S. NO	PARTICULAR	2022-23		2021-22	
		CURRENCY DERIVATIVES	INTEREST RATE DERIVATIVES	CURRENCY DERIVATIVES	INTEREST RATE DERIVATIVES
a)	Derivatives (Notional Principal Amount)	NIL	NIL	NIL	NIL
	i) For hedging				
	ii) For trading				
b)	Marked to Market Positions [1]				
	i) Asset (+)				
	ii) Liability (-)				
c)	Credit Exposure [2]				
d)	Likely impact of one percentage change in interest rate (100PV01)				
	i) on hedging derivatives				
	ii) on trading derivatives				
e)	Maximum and Minimum of 100PV01 observed during the year				
	i) on hedging				
	ii) on trading				

## d) Credit default swaps - NIL

## 8. DISCLOSURES RELATING TO SECURITIZATION - NIL

## 9. OFF BALANCE SHEET SPVS SPONSORED (WHICH ARE REQUIRED TO BE CONSOLIDATED AS PER ACCOUNTING NORMS)

NAME OF THE SPV SPONSORED	
Domestic	Overseas
NIL	NIL

## 10. TRANSFERS TO DEPOSITOR EDUCATION AND AWARENESS FUND (DEA FUND)

(Amount in ₹ crore)

S. NO.	PARTICULARS	2022-23	2021-22
i)	Opening balance of amounts transferred to DEA Fund	102.66	89.79
ii)	Add: Amounts transferred to DEA Fund during the year	13.47	13.69
iii)	Less: Amounts reimbursed by DEA Fund towards claims	1.42	0.82
iv)	Closing balance of amounts transferred to DEA Fund	114.71	102.66

## 11. DISCLOSURE OF COMPLAINTS

a) Summary information on complaints received by the bank from customers and from the Offices of Ombudsman

S. NO		PARTICULARS	2022-23	2021-22
<b>COMPLAINTS RECEIVED BY THE BANK FROM ITS CUSTOMERS</b>				
1		Number of complaints pending at beginning of the year	321	318
2		Number of complaints received during the year	35149	39682
3		Number of complaints disposed during the year	34710	39679
	3.1	Of which, number of complaints rejected by the bank	-	-
4		Number of complaints pending at the end of the year	760	321
<b>MAINTAINABLE COMPLAINTS RECEIVED BY THE BANK FROM OFFICE OF OMBUDSMAN</b>				
5		Number of maintainable complaints received by the bank from Office of Ombudsman	184	164
	5.1.	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	184	164
	5.2	Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	3	2
	5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	-	-
6		Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-
<b>Note:</b> Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.				

b) Top five grounds of complaints received by the bank from customers

<b>GROUND OF COMPLAINTS, (I.E. COMPLAINTS RELATING TO)</b>	<b>NUMBER OF COMPLAINTS PENDING AT THE BEGINNING OF THE YEAR</b>	<b>NUMBER OF COMPLAINTS RECEIVED DURING THE YEAR</b>	<b>% INCREASE/ DECREASE IN THE NUMBER OF COMPLAINTS RECEIVED OVER THE 2021-22</b>	<b>NUMBER OF COMPLAINTS PENDING AT THE END OF THE YEAR</b>	<b>OF 5, NUMBER OF COMPLAINTS PENDING BEYOND 30 DAYS</b>
	<b>2022-23</b>				
ATM/ Debit Cards	321	30921	-10%	760	-
Internet/ Mobile/Electronic Banking	-	3867	-24%	-	-
Loans and Advances	-	140	7%	-	-
Service Charges	-	33	-38%	-	-
Account opening/ Difficulty in operation of accounts	-	49	133%	-	-
Others	-	139	11%	-	-
<b>Total</b>	<b>321</b>	<b>35149</b>	<b>-</b>	<b>760</b>	<b>-</b>

<b>GROUND OF COMPLAINTS, (I.E. COMPLAINTS RELATING TO)</b>	<b>NUMBER OF COMPLAINTS PENDING AT THE BEGINNING OF THE YEAR</b>	<b>NUMBER OF COMPLAINTS RECEIVED DURING THE YEAR</b>	<b>% INCREASE/ DECREASE IN THE NUMBER OF COMPLAINTS RECEIVED OVER THE 2021-22</b>	<b>NUMBER OF COMPLAINTS PENDING AT THE END OF THE YEAR</b>	<b>OF 5, NUMBER OF COMPLAINTS PENDING BEYOND 30 DAYS</b>
	<b>2021-22</b>				
ATM/ Debit Cards	318	34247	102%	321	-
Internet/ Mobile/Electronic Banking	-	5105	-26%	-	-
Loans and Advances	-	131	-2%	-	-
Service Charges	-	53	-25%	-	-
Account opening/ Difficulty in operation of accounts	-	21	-25%	-	-
Others	-	125	-14%	-	-
<b>Total</b>	<b>318</b>	<b>39682</b>	<b>-</b>	<b>321</b>	<b>-</b>

## 12. DISCLOSURE OF PENALTIES IMPOSED BY THE RESERVE BANK OF INDIA

- i) Penalty charged for detection of counterfeit notes by RBI: Penalty charged by RBI under Scheme of Incentives and Penalties for Bank Branches including Currency chests during the period from 01.04.2022 to 31.03.2023 - ₹22,900/-
- ii) During the year, RBI has imposed penalty of ₹10,70,000/- under the scheme of penalty for Non-replenishment of ATM.

## 13. DISCLOSURES ON REMUNERATION

TYPE OF DISCLOSURE	INFORMATION	
Qualitative	(a) Information relating to the composition and mandate of the Nomination and Remuneration Committee.	<p>The Nomination &amp; Remuneration Committee comprised of five members constituted to oversee the framing, review and implementation of Compensation Policy of the Bank, on behalf of the Board.</p> <p>As on March 31,2023, the Nomination &amp; Remuneration Committee of the Board comprises of the following Directors</p> <p>Shri K. Nagarajan, Independent Director (Chairman)            Shri A. Niranjana Sankar, Director            Shri B. Vijayadurai, Independent Director            Shri C. Chiranjeeviraj, Independent Director            Smt S. Ezhil Jothi, Independent Director)</p>
	(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p>The Bank has formulated and adopted a comprehensive compensation policy &amp; HR policy covering all the employees. The policy is reviewed on an annual basis. The policy covers all aspects of the compensation structure such as fixed pay, variable compensation, perquisites, performance bonus, pension, gratuity, etc., taking into account the guidelines issued by Reserve Bank of India from time to time.</p> <p>Key Features:</p> <p>i) Board oversees the design of the compensation package and operations.            ii) Compensation commensurate with the responsibility and accountability.</p>

TYPE OF DISCLOSURE		INFORMATION	
			<b>Objectives:</b> 1. Ensure compliance with applicable laws, rules and regulations as well as 'Fit and Proper criteria' of directors before their appointment 2. Formulate criteria for determining qualifications, positive attributes and independence of directors 3. Develop and regularly review succession plan for the Board 4. Develop and recommend to the Board a set of corporate governance principles, that takes a leadership role in shaping the corporate governance of the Bank 5. Identify, assess and recommend to the Board on nominees for appointment as directors. 6. Make recommendations to the Board as to the size, composition, structure of the Board and also evaluation criteria of the directors, conduct annual review of the performance of the Chief Executive Officer and also oversee the Bank's Chief Executive Officer's succession planning process 7. Retain, motivate and promote talent and to ensure long term sustainability of talented KMP and senior management. 8. Establish standards on compensation/ remuneration including fixed and variable, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industry 9. Recommend to the Board in relation to appointment, removal and remuneration of Directors, KMP and senior management
	(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.	Regional Heads, Branch Heads, IT department, MIS, Information security officials and Dealers in Treasury & IBD are paid special allowance based on risk taken by them.
	(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	A performance based incentive scheme was approved by our Board of Directors and it is paid every year.  The employee who have joined on or after 01.06.2021 is covered under new salary structure and for them variable pay depends on the following factors 1. Outstanding achievement beyond regular KRA. 2. TMB My Bank
	(e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the banks policy and criteria for adjusting deferred remuneration before vesting and after vesting.	There is deferred remuneration payment to Shri. K.V.Rama Moorthy, former MD & CEO (erstwhile) which is payment of variable pay spread over 3 years. i.e 2023-2025.
	(f)	Description of the different forms of variable remuneration (i.e., cash and types of share-linked instruments) that the bank utilizes and the rationale for using these different forms.	The remuneration is in the form of cash only. There is no remuneration in the form of Shares, ESOP and other forms.



TYPE OF DISCLOSURE		INFORMATION	2022-23	2021-22
Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors/ Chief Executive Officer/ Material Risk Takers)	(g)	Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	14 meetings (Nomination and Remuneration Committee) were held during the financial Year and the total remuneration & commission paid to the members during the year is ₹12,50,000/-	7 meetings (Nomination and Remuneration Committee) were held during the financial Year and the total remuneration & commission paid to the members during the year is ₹4,95,000/-
	(h)	i. Number of employees having received a variable remuneration award during the financial year.	i. One (Shri K.V. Rama Moorthy, Former MD & CEO) + 203 (Other employees who are given variable Pay) Total - 204	i. Nil
		ii. Number and total amount of sign-on/joining bonus made during the financial year.	ii) Joining Bonus - ₹6,47,220/- Number of staff : 1	ii. Joining Bonus - ₹3,52,776/- Number of staff : 1
	(i)	iii. Details of severance pay, in addition to accrued benefits, if any.	iii) NIL	iii) Nil
		i. Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	i) Shri K.V. Rama Moorthy Former MD & CEO) - ₹23,50,000/- (cash)	Nil
		ii. Total amount of deferred remuneration paid out in the financial year.	ii) Nil	
	(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Shri S. Krishnan, MD & CEO Variable Pay - ₹7087811/-	Nil
	(k)	i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	Nil
		ii. Total amount of reductions during the financial year due to ex post explicit adjustments.		
		iii. Total amount of reductions during the financial year due to ex post implicit adjustments.		
	(l)	Number of MRTs identified.	551	530
	(m)	i. Number of cases where malus has been exercised. Number of cases where clawback has been exercised.	Nil	Nil
		ii. Number of cases where both malus and clawback have been exercised.		
General Quantitative Disclosure	(n)	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	Mean Pay - ₹71,391.00 MD Pay - ₹3,76,944.00 Difference - ₹3,05,553.00	Mean Pay - ₹67,314.70 MD Pay - ₹3,60,625.00 Difference - ₹2,93,310.30

**14. OTHER DISCLOSURES****a) Business ratios**

(Amount in ₹ crore)

PARTICULAR	2022-23	2021-22
i) Interest Income as a percentage to Working Funds	7.80%	7.77%
ii) Non-interest income as a percentage to Working Funds	1.20%	1.67%
iii) Cost of Deposits	4.71%	4.91%
iv) Net Interest Margin	4.46%	4.10%
v) Operating Profit as a percentage to Working Funds	3.00%	3.09%
vi) Return on Assets	1.97%	1.66%
vii) Business (deposits plus advances) per employee (in ₹ crore)	19.04	17.75
viii) Profit per employee (in ₹ crore)	0.23	0.19

**b) Bancassurance business**

The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by us shall disclosed as under given below

(Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
Commission from UIIC	3.74	3.03
Commission from NIAC	0.11	0.14
Commission from LIC	4.14	1.82
Commission from Chola MS	0.25	0.00
Commission from Kotak General	0.03	0.00
Commission from Bajaj Allianz	0.97	0.00
Commission from Max Life	1.55	0.00
<b>Grand Total</b>	<b>10.79</b>	<b>4.99</b>

**c) Marketing and distribution**

Banks shall disclose the details of fees / remuneration received in respect of the marketing and distribution function (excluding bancassurance business) undertaken by them.

(Amount in ₹ crore)

S.NO	PARTICULARS	2022-23	2021-22
1	Government Schemes related NPS, etc	1.51	1.55
2	Distribution of Mutual Fund	0.14	0.15
3	Credit Card related	4.54	3.89
4	Point of Sales	1.37	2.49
5	Depository Services	0.34	0.32
6	Others	0.88	0.88
<b>Total</b>		<b>8.78</b>	<b>9.28</b>

**d) Disclosures regarding Priority Sector Lending Certificates (PSLCs)**

(Amount in ₹ crore)

S.NO	PARTICULARS	2022-23		2021-22	
		PURCHASE	SALE	PURCHASE	SALE
i)	PSLC- Agriculture	0.00	1100.00	0.00	941.00
ii)	PSLC- Small & Marginal Farmer	0.00	2815.00	0.00	1,970.00.00
iii)	PSLC- Micro Enterprises	0.00	2288.00	0.00	2,971.50.00
iv)	PSLC- General	0.00	200.00	0.00	530.00
	<b>Grand Total</b>	<b>0.00</b>	<b>6403.00</b>	<b>0.00</b>	<b>6412.5.00</b>

**e) Provisions and contingencies**

(Amount in ₹ crore)

PROVISION DEBITED TO PROFIT AND LOSS ACCOUNT		2022-23	2021-22
i)	Provisions for NPI	0.00	0.00
ii)	Provision towards NPA	133.50	141.87
iii)	Provision made towards Income tax	349.06	293.18
iv)	Other Provisions and Contingencies (with details)		
	a) Provision towards Standard Asset	13.59	5.70
	b) Floating Provision for Advances	3.84	(34.82)
	c) Deferred Tax	15.32	9.52
	d) Provision for Restructured Advances	(22.14)	82.55
	e) Contingency Provision for Covid and other uncertainties	50.00	196.12
	f) Provision for fair value for Restructured Advances	0.41	0.42
<b>Grand Total</b>		<b>543.58</b>	<b>694.54</b>

**Provision for standard advances**

(Amount in ₹ crore)

PARTICULARS	31.03.2023	31.03.2022
Standard Assets	113.96	100.37
Of which Punjab Food Credit	2.92	3.1

**f) Implementation of IFRS converged Indian Accounting Standards (Ind AS)**

The Proforma Financial Statement (PFS) are being submitted to RBI on a periodical basis. Bank is in the process of development of software for IFRS converged India Accounting Standard (IndAS). However bank is awaiting for the final guidance from RBI in order to make suitable system related changes.

**g) Payment of DICGC Insurance Premium**

(Amount in ₹ crore)

S.NO.	PARTICULARS	2022-23	2021-22
i)	Payment of DICGC Insurance Premium*	61.78	57.39
ii)	Arrears in payment of DICGC premium	0.00	0.00

\*Including GST

## **h) Disclosure on amortisation of expenditure on account of enhancement in family pension of employees of banks:**

The Bank has incurred an additional liability of Rs.26.84 Crore on account of revision in family pension consequent to the 11th Bipartite settlement and it has been fully charged to the Profit & Loss Account during the financial year 2021-22 itself and there is no amortization expense for 2022-23.

## **i) Penalty levied by Directorate of Enforcement**

The Bank had received a show-cause notice dated 17.12.2014 from the office of the Special Director, Directorate of Enforcement, Chennai, which was simultaneously issued to 26 persons/entities, including Standard Chartered Bank (SCB) and SCB's Head of operations, in connection with the alleged violation in transfer of shares on 13.05.2007, 26.12.2011 and 11.06.2012.

Subsequently, after considering all our submissions/written replies/responses/personal hearing, the Directorate of Enforcement had levied a penalty of ₹16.99 Crores on our bank, vide its order dated 14.08.2020.

In the meantime, on 27.01.2021, the Deputy legal advisor of the Directorate of Enforcement has filed an appeal before the appellate tribunal for foreign exchange, New Delhi with a prayer for confiscation of shares/de-nova proceedings. We understand from the other notice (previous Director) that they have also gone for appeal against the order of DoE. Considering the situation, our Bank has also filed an appeal before the Appellate Tribunal, New Delhi on 04.11.2022.

On 05.12.2022, the Appellate Tribunal was not inclined to hear the main issue in the absence of pre-deposit of the penalty amount before the Tribunal, as required under law. We have therefore agreed to deposit the amount of penalty and the penalty was deposited on 16.12.2022.

The Bank has paid the above penalty amount on 16.12.2022 and the bank is having necessary provision.

## **j) Transfer of Dividend and shares to IEPF:**

Unclaimed Dividend pertaining to the Financial Year 2014-15 (Interim Dividend 1 & 2) and related shares have been transferred to IEPF with little delay beyond the due date.

## IEPF 1 &amp; 4 TRANSFERRED DETAILS (2022-23)

(Amount in ₹ crore)

S.NO	FINANCIAL YEAR	DIVIDEND NATURE	DATE OF DECLARATION	DUE OF TRANSFER	ACTUAL TRANSFERRED DATE (DIVIDEND)	DIVIDEND AMOUNT TRANSFERRED	ACTUAL TRANSFERRED DATE (SHARES)	SHARES TRANSFERRED
1	2014-15	Interim 1	09.01.2015	13.02.2022	07.05.2022	10581300	01.06.2022	131
2	2014-15	Interim 2	01.06.2015	06.07.2022	07.11.2022	8355200	28.11.2022	814

## 15. DISCLOSURE REQUIREMENTS AS PER ACCOUNTING STANDARDS WHERE RBI HAS ISSUED GUIDELINES IN RESPECT OF DISCLOSURE ITEMS FOR NOTES ON ACCOUNTS:

### 15.1. CHANGES IN ACCOUNTING POLICIES (AS-5):

There were no material pertaining to prior period Income /Expenditure requiring disclosure as per AS.

### 15.2. REVENUE RECOGNITION (AS-9):

The heads of income recognized on cash basis are neither material enough nor do they require disclosure under AS 9 on Revenue Recognition.

### 15.3. EMPLOYEE BENEFITS (AS-15):

(Amount in ₹ crore)

	2022-23		2021-22	
	PENSION	GRATUITY	PENSION	GRATUITY
<b>(i) Principal Actuarial Assumption used</b>				
Discount Rate	7.48%	7.58%	7.27%	7.52%
Rate of return on Plan Assets	7.27%	7.52%	7.00%	6.90%
Salary Escalation	6.50%	6.50%	6.50%	6.50%
<b>(ii) Change in Benefit Obligation:</b>				
Liability at the beginning of the year	592.06	178.74	544.66	174.72
Interest Cost	40.54	12.88	34.79	11.47
Current Service Cost	35.45	11.49	33.39	10.43
Benefit Paid	-100.08	-14.74	-132.19	-16.71
Actuarial (gain) / loss on obligation	61.97	2.55	111.41	-1.18
Liability at the end of the year	629.94	190.92	592.06	178.73
<b>(iii) Fair Value of Plan Assets :</b>				
Fair value of Plan Assets at the beginning of the year	592.16	178.74	513.38	174.32
Expected return on plan Assets	43.04	13.12	37.4	11.76
Contributions	99.96	13.38	174.28	8.95
Benefits paid	-100.08	-14.74	-132.19	-16.71
Actuarial Gain / (loss) Plan Assets	-0.09	0.39	-0.72	0.42
Fair value of Plan Assets at the End of the year	634.99	190.89	592.15	178.74

	2022-23		2021-22	
	PENSION	GRATUITY	PENSION	GRATUITY
<b>(iv) Actual Return on Plan Assets</b>				
Expected Return On Plan Assets	43.05	13.38	37.4	11.76
Actuarial gain/ (loss) Plan Assets	-0.09	0.39	-0.72	0.42
Actual return on Plan Assets	42.96	13.77	36.68	12.18
<b>(v) Amount Recognised in the Balance Sheet</b>				
Liability at the end of the year	629.94	190.92	592.06	178.73
Fair value of Plan Assets at the End of the year	634.99	190.89	592.16	178.73
Amount recognised in the Balance Sheet	5.05	-0.03	0.10	0.00
<b>(vi) Expenses Recognised in the Income Statement</b>				
Current Service Cost	35.44	11.49	33.39	10.43
Interest Cost	40.54	12.88	34.79	11.47
Expected Return On Plan Assets	-43.04	-13.38	-37.4	-11.76
Actuarial gain or Loss	62.06	2.15	112.13	-1.60
Past Service Cost	0.00	0.00	0.00	0.00
Expenses Recognized in P & L	95.00	13.14	142.91	8.54

**Details of Provisions made for Other Long term Employee Benefits:**

(Amount in ₹ crore)

S.NO	OTHER LONG TERM BENEFITS	2022-23	2021-22
1	Leave Encashment	11.69	12.18
2	Sick Leave	0.00	0.75



#### 15.4. ACCOUNTING SEGMENT REPORTING (AS-17):

PART A: Operational Segments:

(Amount in ₹ crore)

BUSINESS SEGMENTS	TREASURY		CORPORATE / WHOLESALE BANKING		RETAIL BANKING		OTHER BANKING BUSINESS		TOTAL	
PARTICULARS	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Revenue	920.51	1009.75	532.59	622.73	3257.05	3013.64	0.00	0.00	4710.15	4646.12
Result	216.48	354.26	165.44	131.92	1011.72	638.43	0.00	0.00	1393.64	1124.61
Unallocated expenses									0.00	0.00
Operating profit									1393.64	1124.61
Income taxes									364.38	302.7
Extraordinary profit / loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit									1029.26	821.91
<b>Other information:</b>										
Segment assets	15734.03	15134.31	9260.96	8143.15	31791.31	28505.9	0.00	0.00	56786.3	51783.36
Unallocated assets									1109.07	1075.12
Total assets									57895.37	52858.48
Segment liabilities	16766.27	14379.07	4613.91	5457.18	28216.52	26409.6	0.00	0.00	49596.7	46245.85
Unallocated liabilities									1370.32	1276.93
Total liabilities									50967.02	47522.78

**Note:**

1. Assets and Liabilities wherever directly related to segments have been accordingly allocated to segments and wherever not directly related have been allocated on the basis of segment revenue.
2. The Bank operates only in Domestic Segment.

**Part B: Geographic segments**

(Amount in ₹ crore)

	DOMESTIC		INTERNATIONAL		TOTAL	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
(a) Revenue	4710.15	4646.12	0.00	0.00	4710.15	4646.12
(b) Assets	57895.37	52858.48	0.00	0.00	57895.37	52858.48

**15.5. RELATED PARTY DISCLOSURES (AS-18)**

The bank has identified the following person to be the Key Management Person (KMP) as per AS-18 on related Party Disclosures:

- 1) Thiru K.V.Rama Moorthy – Former Managing Director and Chief Executive Officer – 01.04.2021 to 03.09.2022.
- 2) Thiru S.Krishnan – Managing Director and Chief Executive Officer – 04.09.2022 – 31.03.2023.

**A i) Emoluments: Thiru K.V.Rama Moorthy** (Amount in ₹)

PARTICULARS	2022-23	2021-22
Salary	17,85,000.00	43,27,500.00
Bank contribution to provident Fund	2,14,200.00	5,19,300.00
Other Benefits	58,29,294.00	3,81,557.00
<b>Total</b>	<b>78,28,494.00</b>	<b>52,28,357.00</b>

**ii) Emoluments: Thiru S.Krishnan** (Amount in ₹)

PARTICULARS	2022-23	2021-22
Salary	27,60,000.00	0.00
Bank contribution to provident Fund	3,31,200.00	0.00
Other Benefits	12,091.00	0.00
<b>Total</b>	<b>31,03,291.00</b>	<b>0.00</b>

B. Others – The bank has not paid any remuneration other than sitting fees to its non-executive directors.

C. Other transaction with the Managing Director & CEO

**(i) Thiru K.V. Rama Moorthy – Former Managing Director and Chief Executive Officer – 01.04.2021 to 03.09.2022.**

(Amount in ₹ crore)

ITEMS/ RELATED PARTY	PARENT (AS PER OWNERSHIP OR CONTROL)		SUBSIDIARIES		ASSOCIATES/ JOINT VENTURES		KEY MANAGEMENT PERSONNEL		RELATIVES OF KEY MANAGEMENT PERSONNEL		TOTAL	
PERIOD	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil			Nil	Nil		
Deposits							0.52 (Maximum during the year 0.52)	0.50 (Maximum during the year 0.50)			0.52	0.5
Placement of deposits							Nil	Nil			Nil	Nil
Advances												
Investments												
Non-funded commitments												
Leasing/HP arrangements availed												
Leasing/HP arrangements provided												
Purchase of fixed assets												
Sale of fixed assets							0.02	0.03			Nil	Nil
Interest paid												
Interest received												
Rendering of services												
Receiving of services							Nil	Nil			Nil	Nil
Management contracts												

**(ii) Thiru S. Krishnan – Managing Director and Chief Executive Officer – 04.09.2022 – 31.03.2023.**

(Amount in ₹ crore)

ITEMS/ RELATED PARTY	PARENT (AS PER OWNERSHIP OR CONTROL)		SUBSIDIARIES		ASSOCIATES/ JOINT VENTURES		KEY MANAGEMENT PERSONNEL		RELATIVES OF KEY MANAGEMENT PERSONNEL		TOTAL	
PERIOD	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil			Nil	Nil		
Deposits							0.11 (Maximum during the year 0.11)	Nil			0.11	Nil
Placement of deposits							Nil	Nil			Nil	Nil
Advances												
Investments												
Non-funded commitments												
Leasing/HP arrangements availed												
Leasing/HP arrangements provided											Nil	Nil
Purchase of fixed assets												
Sale of fixed assets												
Interest paid							0.001	Nil			0.001	Nil
Interest received							Nil	Nil				
Rendering of services												
Receiving of services												
Management contracts												

**15.6. EARNINGS PER SHARE (AS-20)**

(Amount in ₹)

ITEMS	AMOUNT	AMOUNT
	31.03.2023	31.03.2022
Net Profit after Tax available for equity share holders (Rs. in Lakhs)	102925.9	82190.87
Average number of shares	158351454	142511454
Basic and Diluted EPS (in Rs.)	68.06	57.67
Nominal value per share (in Rs.)	10.00	10.00

**15.7. CONSOLIDATED FINANCIAL STATEMENTS (AS-21)**

The Bank has no subsidiaries/Joint ventures/ Associates. Hence reporting under CFS is not applicable.

**15.8. ACCOUNTING FOR TAXES ON INCOME (AS-22)**

(Amount in ₹ crore)

PARTICULARS	DEFERRED TAX ASSET	DEFERRED TAX LIABILITY	DEFERRED TAX ASSET	DEFERRED TAX LIABILITY
	31.03.2023	31.03.2023	31.03.2022	31.03.2022
Depreciation on Fixed Assets	2.84	0.00	4.57	0.00
Provision for NPAs/Bad Debts	0.00	0.00	0.00	0.00
Special Reserve u/s 36 (1) (viii)	0.00	84.53	0.00	71.94
Provisions on retirement benefit, Leave encashment etc	24.17	0.00	22.31	0.00
Others	2.74	0.00	4.07	0.00
<b>Deferred tax asset/liability</b>	<b>29.75</b>	<b>84.53</b>	<b>30.95</b>	<b>71.94</b>
<b>Net Deferred Tax Asset/(Liability)</b>	<b>(54.78)</b>		<b>(40.99)</b>	

Note :

Deferred Tax Asset on IPO expenses - ₹7.66

Less: 1/5th transfer to DTA expense - ₹1.53

Deferred Tax Asset carried to years 2024 to 2027 - ₹6.13

**15.9. ACCOUNTING FOR INVESTMENT IN ASSOCIATES IN CFS (AS-23)**

The Bank has no associates. Hence reporting under AS 23 is not applicable.

**15.10. DISCONTINUING OPERATION (AS-24):**

The bank has not discontinued any operations. Hence reporting under AS 24 is not applicable.

**15.11. INTANGIBLE ASSETS (AS-26)**

Depreciation on software is calculated on straight line method at 33.33% in compliance with RBI guidelines.

**15.12. IMPAIRMENT OF ASSETS (AS-28)**

In the opinion of the management, there is no impairment to the assets to which AS 28 "Impairment of Assets" applies.

**15.13. CONTINGENT LIABILITIES AND PROVISIONS (AS-29)**

The details of provisions and contingencies, contingent liabilities, the movement of provisions on NPA's and depreciation on investment which are considered material are disclosed elsewhere under the appropriate headings as per RBI guidelines.

a) Provisions:

(Amount in ₹ crore)

PARTICULARS	PROVISIONS AS AT THE BEGINNING OF THE YEAR	ADDITIONS DURING THE YEAR	AMOUNT USED DURING THE YEAR	UNUSED AMOUNTS REVERSED DURING THE YEAR	PROVISIONS AS AT THE CLOSE OF THE YEAR
A. Provision for Interest sacrifice on restructured accounts(DFV)	2.85	0.41	0	0	3.26
B.Provision for Contingencies	27.5	0.42	0.05	0	27.87

b) Contingent Liabilities:

(Amount in ₹ crore)

PARTICULARS	AS ON 31.03.2023	AS ON 31.03.2022
1. Claims not acknowledged as debt		
a) Counter suits filed by the borrowers against the Bank has initiated legal action.	8.47	Nil
b) Cases filed in Consumer/Civil Courts for deficiency in services	1.71	1.75
c) Any other claims against the bank not Acknowledged as debts*	278.55	133.57
2. Forward exchange contracts	4535.33	6643.36
3. Guarantees issued on behalf of constituents	1070.93	1139.23
4. Acceptance, endorsements & other obligations	623.78	768.69
5. Other items for which the Bank is contingently liable	120.29	111.1
<b>TOTAL</b>	<b>6639.06</b>	<b>8797.7</b>



**15.14. ADDITIONAL DISCLOSURE OF MATERIAL ITEMS AS PER RBI NOTIFICATION REFERENCE****RBI/2022-23/15 DOR.ACC.REC.NO.91/21.04.018/2022-23 DATED DECEMBER 13, 2022**

a) Miscellaneous Income exceeding 1% of total income (Amount in ₹ crore)

PARTICULARS	2022-23	2021-22
Proposal processing charges	61.84	54.45
PSLC fee received	74.54	71.41
Recovery in Technical Write Off a/cs	164.09	221.33

b) Other expenditure exceeding 1% of total expense Nil (PY Nil)

c) Other Liabilities and Provision-Others exceeding 1% of total assets Nil (PY Nil)

d) Other Assets-Others exceeding 1% of total assets Nil (PY Nil)

e) Commission, Exchange and Brokerage exceeding 1% of the total income

PARTICULARS	2022-23	2021-22
Commission –ATM (₹ in crore)	81.6	77.45

**15.15. ISSUE OF FRESH SHARES:**

The Bank has raised Equity Share Capital of Rs.80784 Lakhs through Initial Public Offer (IPO) on 12th September 2022. The Bank has issued and allotted 158.4 Lakhs equity shares of Rs.10 each at a premium of Rs.500 per share. The share premium net of issue expenses, tax impact amounting to Rs.76922 Lakhs has been credited to Share Premium Account. The bank's shares are listed in NSE and BSE stock exchanges.

**15.16. DIVIDEND:****Final Dividend (for the year 2021-22 paid during 2022-23)**

The Final dividend at the rate of Rs.10.00 per equity share (Rs.6 for regular dividend + Rs.4 for centenary commemoration) i.e, 100% for the year ended 2021-22 was recommended by the Board in its Meeting held on 29.04.2022, to the members for approval. The same was approved by the members in the 100th AGM held on 09.06.2022. The payout process was completed by 08.07.2022.

**Interim Dividend (paid during the year 2022-23)**

The Board, in its meeting held on 14.02.2023, had approved/declared Interim dividend for the financial year 2022-23, at the rate of Rs.5/- (Rupees five only) per share, i.e. 50% on the fully paid up equity shares of Rs.10/- each. The record date for the same was fixed as Friday, February 24, 2023. The payout process was completed by 06.03.2023.

**Proposed dividend recommendation if any**

A final dividend for the financial year 2022-23, has been proposed at the rate of Rs.5/- (Rupees five only) per share, i.e, 50% on the fully paid up equity shares of Rs.10/- each subject to the approval of the shareholders in the upcoming Annual General Meeting.

**15.17. CORPORATE SOCIAL RESPONSIBILITY:**

The bank was required to spend Rs.16.72 crore (Previous year Rs.11.86 crore) during the financial year 2022-23 towards Corporate Social Responsibility (CSR) in accordance with companies Act, 2013. The bank has spent an amount of Rs.16.82 crore (Previous year Rs.11.88 crore) in respect of CSR activities across the country. None of the CSR expenditure incurred by the Bank is to entities controlled by related parties identified by the bank as per Accounting Standard 18, Related Party Disclosures. The amount spent as above is for the purpose other than for construction/acquisition of any asset in 2022-23/2021-22.

**16.** Fixed assets (Land and Building) include property held in Chennai, land (UDS 753.117 sqft Rs.10.76 lakh) and building (Rs.11.10 lakh) purchased during January 1993. While the UDS of land was registered in Bank's name, the building was to be handed over to the Bank after construction, by the corporate debtor, who are in corporate insolvency resolution process, which they failed to do so and the bank had preferred a suit in Madras High Court against them for specific performance and damages which is pending.

**17.** In respect of certain branches/offices where additional information was required, the data available at Controlling/Head office was considered.

**18.** 2022-2023's figures have been regrouped wherever necessary to conform to this year's classification.

**19.** Figures have been rounded off to the nearest thousand rupees in the Financial Statements.

**S.Krishnan**

Managing Director &amp; CEO

**P.C.G. Asok Kumar**

Director

**C. Chiranjeeviraj**

Director

**S. Ezhil Jothi**

Director

**B.S. Keshava Murthy**

Director

**K. Nagarajan**

Director

**A. Niranjan Sankar**

Director

**D.N. Nirranjan Kani**

Director

**B. Prabakaran**

Director

**S.B. Suresh Kumar**

Director

**B. Vijayadurai**

Director

**D. Inbamani**

General Manager

**P. Suriaraj**

General Manager

**S. Narayanan**

General Manager

**V. Jayaraman**

General Manager

**D. Ramesh**

General Manager

**P.A. Krishnan**

Chief Financial Officer

**P.C. Panda**

Company Secretary

Vide our report of even date attached

**For Suri & Co**

Chartered Accountants

FRN No. 004283S

Vide our report of even date attached

**For Abarna & Ananthan**

Chartered Accountants

FRN No. 000003S

Mumbai  
24.04.2023**Sd/- M.Sivaram | Partner (M.No.211916)****Sd/- Mohan Rao G | Partner (M.No.203737)**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2023

		₹ In thousands	
		As on 31-03-2023	As on 31-03-2022
	<b>Cash profit generated from operations I</b>		
	Net profit for the year	1029 25 90	821 90 87
	Add/Deduct		
	Loss/(Profit) on sale of assets	(13 05)	(1 60)
	Depreciation on Fixed assets	539154	331852
	Provisions & Contingencies (incl. Deferred tax adjustments)	5435828	7048599
	<b>TOTAL</b>	<b>16266267</b>	<b>15599378</b>
	<b>Cash profit generated from operations I</b>		
	Increase/Decrease in liabilities		
	Deposits	28333715	39626978
	Other liabilities & Provisions	(4577157)	(868912)
	Increase/Decrease in assets		
	Advances	(37981465)	(24219394)
	Investments	(9136683)	(13322553)
	Other assets	(5602682)	(3565374)
	<b>TOTAL</b>	<b>(28964272)</b>	<b>(2349254)</b>
<b>A</b>	<b>Net cash flow from operating activities I + II</b>	<b>(12698005)</b>	<b>13250124</b>
	Cash flow from investing activities		
	Sale/disposal of fixed assets	9821	2159
	Purchase of fixed assets	(895799)	(1070443)
<b>B</b>	<b>Net Cash flow from investing activities</b>	<b>(885978)</b>	<b>(1068284)</b>
	Cash flow from financing activities		
	Interim/Final Dividend	(2216872)	(712557)
	Borrowings	5250000	
	Issue of Shares incl.premium	7850674	
<b>C</b>	<b>Net Cash flow from financing activities</b>	<b>1088 38 02</b>	<b>(712557)</b>
	<b>Total cash flow during the year (A+B+C)</b>	<b>(2700181)</b>	<b>11469283</b>

		₹ In thousands	
		As on 31-03-2023	As on 31-03-2022
	Cash & bank balances with RBI	21131137	16802899
	Balances with banks & money at call & short notice	17388898	10247853
	<b>TOTAL</b>	<b>38520035</b>	<b>27050752</b>
<b>Cash &amp; Cash equivalents as on 31-03-2022</b>			
	Cash & bank balances with RBI	21025716	21131137
	Balances with banks & money at call & short notice	14794138	17388898
	<b>TOTAL</b>	<b>35819854</b>	<b>38520035</b>
	<b>Increase or decrease in cash flow</b>	<b>(2700181)</b>	<b>11469283</b>

**S. Krishnan**

Managing Director &amp; CEO

**S.R. Ashok**

Director

**P.C.G. Asok Kumar**

Director

**C. Chiranjeeviraj**

Director

**S. Ezhil Jothi**

Director

**C.S. Ram Kumar**

Director

**B.S. Keshava Murthy**

Director

**K. Nagarajan**

Director

**A. Niranjana Sankar**

Director

**D.N. Nirranjan Kani**

Director

**B. Prabakaran**

Director

**S.B. Suresh Kumar**

Director

**B. Vijayadurai**

Director

**D. Inbamani**

General Manager

**P. Suriajaj**

General Manager

**S. Narayanan**

General Manager

**V. Jayaraman**

General Manager

**D. Ramesh**

General Manager

**P.A. Krishnan**

Chief Financial Officer

**P.C. Panda**

Company Secretary

Vide our report of even date attached

**For Suri & Co**

Chartered Accountants

FRN No. 004283S

Vide our report of even date attached

**For Abarna & Ananthan**

Chartered Accountants

FRN No. 000003S

Mumbai  
24.04.2023**M. Sivaram**  
Partner (M.No.211916)**Mohan Rao G**  
Partner (M.No.203737)

# BASEL III - PILLAR 3 DISCLOSURES AS ON MARCH 31ST, 2023

## 1. SCOPE OF APPLICATION AND CAPITAL ADEQUACY

**TABLE DF-1- SCOPE OF APPLICATION**

**NAME OF THE HEAD OF THE BANKING GROUP  
TO WHICH THE FRAMEWORK APPLIES:-**

**TAMILNAD MERCANTILE BANK LTD.,**

QUALITATIVE DISCLOSURES	APPLICABILITY TO OUR BANK
a. List of Group entities considered for consolidation.	The Bank does not belong to any group and does not have any associate, subsidiaries, joint venture, etc.
b. List of Group entities not considered for consolidation both under the accounting and regulatory scope of consolidation.	Not Applicable
<b>Quantitative Disclosures</b>	
c. List of group entities considered for consolidation	The Bank does not belong to any group and does not have any associate, subsidiaries, joint venture, etc.
d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted and the name(s) of such subsidiaries.	Not Applicable
e. The aggregate amounts (e.g. Current book value) of the bank's total interests in insurance entities, which are risk-weighted.	Not Applicable
f. Any restriction or impediments on transfer of funds or regulatory capital within the banking group.	Not Applicable



## TABLE DF-2-CAPITAL ADEQUACY

### QUALITATIVE DISCLOSURES

#### A. A SUMMARY DISCUSSION OF THE BANK'S APPROACH TO ASSESSING THE ADEQUACY OF ITS CAPITAL TO SUPPORT CURRENT AND FUTURE ACTIVITIES.

The Bank is following standardized approach, Standardized Duration approach and Basic Indicator approach for measurement of capital charge in respect of credit risk, market risk and operational risk respectively.

The computation of Capital for credit risk under Standardized Approach is done granularly borrower & account wise based on the data captured through Core Banking Solution. Bank is also taking efforts on an ongoing basis for the accuracy of the data. The various aspects of NCAF norms are imparted to field level staff regularly through circulars and letters for continuous purification of data and to ensure accurate computation of Risk Weight and Capital Charge. The Bank has used the credit risk mitigation in computation of capital for credit risk, as prescribed in the RBI guidelines under Standardized Approach.

The capital for credit risk on Loans and Advances, market risk and operational risk as per the prescribed approaches are being computed at the bank's Head Office and aggregated to arrive at the position of bank's CRAR. The bank has followed the RBI guidelines in force, to arrive at the eligible capital funds, for computing CRAR.

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy.

The bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on an annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar – II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is also assessed in the ICAAP document, which is approved by the Board. While the surplus CRAR available at present acts as a buffer to support the future activities, the headroom available for the bank for mobilizing Tier 1 and Tier 2 capital (subject to approval by the competent authorities) is also assessed to meet the required CRAR against future activities.

The Bank is having high quality Common Equity Tier 1 capital, as the entire components of CET1 capital comprises of Paid up Capital, Reserves & Surplus and retained earnings.

#### MINIMUM CAPITAL REQUIREMENTS UNDER BASEL-III:

Under the Basel III Capital Regulations, Banks are required to maintain a minimum Pillar 1 Capital (Tier-I + Tier-II) to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis. Besides this minimum capital requirement, Basel III also provides for creation of capital conservation buffer (CCB). The CCB requirements were implemented from 31<sup>st</sup> March 2016 in phases and final tranche 0.625% was fully implemented from October 1, 2021 to the extent of 2.50% (total CCB) of Risk Weighted Assets.

The total regulatory capital funds under Basel-III norms consist of the sum of the following categories and banks are required to maintain 11.50% of Risk Weighted Assets (9% + 2.50%) from October 2021.

- **Tier 1 Capital comprises of:-**
  - Common Equity Tier 1 capital (with a minimum of 5.50%)
  - Additional Tier 1 capital (1.50%)
  - Total Tier 1 capital of minimum 7%
- **Tier 2 Capital (2%)**
  - Total Tier 1 + Tier 2 should be more than 9%
- **Capital Conservation Buffer (CCB) (with a minimum of 2.50%)**
  - Total capital including CCB should be 11.50%

In line with the RBI guidelines for implementing the New Capital Adequacy Frame Work under Basel III, the bank has successfully migrated to Basel III since April 01, 2013.

#### COMPONENT OF CAPITAL:

(₹ in millions)

PARTICULARS	AMOUNT
Common Equity Tier 1 (CET1) Capital	67828.10
Tier 1 Capital	67828.10
Tier 2 Capital	4547.38
Total Capital	72375.48

## Quantitative Disclosure

(₹ in millions)

S.NO	PARTICULARS	AMOUNT
<b>a.</b>	<b>Capital requirement for Credit Risk: (@9% on risk Weighted Assets)</b>	
	• Portfolios subject to Standardised Approach	19306.57
	• Securitisation exposures	Nil
<b>b.</b>	<b>Capital requirements for Market Risk @ 9 % :</b>	
	• Standardised Duration Approach	1567.28
	• Interest Rate Risk	1476.03
	• Equity Risk	40.62
	• Foreign Exchange Risk	50.63
<b>c.</b>	<b>Capital requirements for Operational Risk @ 9% :</b>	
	• Basic Indicator Approach	3929.11
<b>d.</b>	<b>Capital required under CCB (2.50%)</b>	6889.71
<b>e.</b>	<b>Total Capital required</b>	31692.67
<b>f.</b>	<b>Total Capital funds available</b>	72375.48
<b>g.</b>	<b>Total Risk Weighted Assets</b>	275588.38
	• Common Equity Tier I CRAR	24.61%
	• Tier I CRAR	24.61%
	• Tier II CRAR	1.65%
<b>h.</b>	<b>Total CRAR</b>	26.26%

## 2. RISK EXPOSURE AND ASSESSMENT

Risk is an integral part of banking business in an ever dynamic environment, which is undergoing radical changes both on the technology front and product offerings. The main risks faced by the bank are credit risk, market risk and operational risk. The bank aims to achieve an optimum balance between risk and return to maximize shareholder value. The relevant information on the various categories of risks faced by the bank is given in the ensuing sections. This information is intended to give market participants a better idea on the risk profile and risk management practices of the bank.

The Bank has a comprehensive risk management system in order to address various risks and has set up an Integrated Risk Management Department (RMD), which is independent of operational departments. Bank has a Risk Management Committee of Board functioning at apex level for formulating, implementing and reviewing bank's risk management measures pertaining to credit, market and operational risks. Apart from the Risk Management Committee of the Board

at apex level, the Bank has a strong Bank-wide risk management structure comprising of Risk Management Committee of Executives (RMCE) and Asset Liability Management Committee (ALCO) at senior management level.

The Bank has formulated the required policies such as Loan Policy, Credit Risk Management Policy, Credit Risk Mitigation Techniques & Collateral Management Policy, ALM Policy, Operational Risk Management Policy, Investment Policy, Foreign Exchange Risk Management Policy, Policy guidelines for Hedging Foreign Currency Exposure, Market Risk Management Policy, Concurrent Audit Policy, Inspection Policy, IS Audit Policy, KYC policy, Credit Audit Policy, Stock Audit Policy, Outsourcing Policy, IT Business Continuity and Disaster Recovery Plan (IT BC-DRP), Risk Based Internal Audit Policy, Stress Testing Policy, Disclosure Policy, ICAAP Policy, Model Risk Policy etc., for mitigating the risks in various areas and monitoring the same. The bank continues to focus on refining and improving its risk measurement and management systems.

## TABLE DF-3- CREDIT RISK: GENERAL DISCLOSURES

### QUALITATIVE DISCLOSURES

#### A. CREDIT RISK

Credit risk is the possibility of losses associated with diminution in the credit quality of borrowers or counter-parties. In a Bank's portfolio, Credit Risk arises mostly from lending activities of the Bank, as a borrower is unable to meet his financial obligations to the lender. It emanates from potential changes in the credit quality / worthiness of the borrowers or counter-parties.

#### CREDIT RATING & APPRAISAL PROCESS

The Bank has well-structured internal credit rating framework and well-established standardized credit appraisal / approval processes. Credit Rating is a decision-enabling tool that helps the bank to take a view on acceptability or otherwise of any credit proposal. In order to widen the scope and coverage further and to strengthen the credit risk management practices, the bank has developed risk sensitive in-house rating models.

The parameters in internal rating take into consideration, the quantitative and qualitative issues relating to management risk, business risk, industry risk, financial risk, credit discipline and also risk mitigation, based on the collaterals available.

Credit rating, as a concept, has been well internalized within the Bank. The rating of eligible borrower is reviewed at least once in a year. The Bank uses the credit ratings for deciding the interest rates on borrowal accounts. The advantage of credit rating is that it enables to rank different proposals and to do meaningful comparison.

With the view to migrate to advanced approaches in credit risk, the Bank has implemented the system driven rating using web based rating model solutions (RAM CRRM & CRESS) acquired from M/s. Crisil Risk & Infrastructure solutions Ltd.

The bank follows a well-defined multi layered discretionary power structure for sanction of loans. New Business Group (NBG) has been constituted at HO for considering in-principle approval for taking up fresh credit proposals above a specified cut-off.

**CREDIT RISK MANAGEMENT POLICIES:**

The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Bank's Board. The Policy document defines organization structure, roles & responsibilities and the processes whereby the Credit Risks carried out by the Bank can be identified, quantified & managed within the framework that the Bank considers consistent with its mandate and risk tolerance.

Credit Risk is monitored on a bank-wide basis and compliance with the risk limits approved by Board/Risk Management Committee of Board is ensured.

The Bank has taken earnest steps to put in place best credit risk management practices in the bank. In addition to Credit Risk Management Policy, the bank has also framed Board approved Loan Policy, Investment Policy, etc., which form integral part in monitoring Credit risk in the bank. Besides, the bank has framed a policy on Credit Risk Mitigation Techniques & Collateral Management which lays down the details of securities (both Primary and Collateral) normally accepted by the Bank and administration of such securities to protect the interest of the Bank. These securities act as mitigation against the credit risk to which the bank is exposed.

**CLASSIFICATION OF NON-PERFORMING ASSETS:**

The Bank follows the prudential guidelines issued by the RBI on classification of non-performing assets as under,

- i. interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
- ii. the account remains 'out of order' if the outstanding balance remains continuously in excess of sanctioned limits/DP for more than 90 days in respect of Overdraft/Cash Credit (OD/CC).
- iii. the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- iv. the installment of principal or interest thereon remains overdue for two crop seasons for short duration crop.
- v. the installment of principal or interest thereon remains overdue for one crop season for long duration crops.
- vi. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- vii. an account where the regular/adhoc credit limits have not been reviewed / renewed within 180 days from the due date/date of adhoc sanction will be treated as NPA.

Where the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter, the account is classified as non-performing. A non-performing asset ceases to generate income for the bank.

**B. GROSS CREDIT RISK EXPOSURES AS ON 31ST MARCH 2023**

(₹ in millions)

CATEGORY	GROSS CREDIT EXPOSURE
Fund Based <sup>1</sup>	452893.67
Non Fund Based <sup>2</sup>	20495.69
Total	473389.36

1. Fund based exposure includes advances, un-availed portion (including credit card un-availed) of fund based advances.
2. Non-Fund Based exposure includes outstanding Letter of Credit, Acceptances, Bank Guarantee Exposures and credit equivalent of Forward Contracts.

**C. GEOGRAPHICAL DISTRIBUTION OF GROSS CREDIT EXPOSURES AS ON 31ST MARCH 2023**

(₹ in millions)

EXPOSURE DISTRIBUTION	TREASURY	CORPORATE / WHOLESALE BANKING		RETAIL BANKING		TOTAL CREDIT EXPOSURE	
		FB	NFB	FB	NFB	FB	NFB
Domestic	142967.45	127191.19	12337.44	325702.48	4711.52	452893.67	17048.96
Overseas	0.00	0.00	0.00	0.00	0.00	0.00	0
Total	142967.45	127191.19	12337.44	325702.48	4711.52	452893.67	17048.96



**D. INDUSTRY TYPE DISTRIBUTION OF CREDIT EXPOSURES AS ON 31.03.2023**

(₹ in millions)

INDUSTRY NAME	CORPORATE / WHOLESALE BANKING			
	FB	NFB	INVESTMENT	TOTAL
A. Mining and Quarrying	1 485.52	1.17	0.00	1 486.69
B. Food Processing	8 539.70	3 201.86	0.00	11 741.56
C. Beverages (excluding Tea & Coffee) and Tobacco	653.69	0.00	0.00	653.69
D. Textiles	37 316.58	1 218.23	0.00	38 534.81
E. Leather and Leather products	276.99	0.18	0.00	277.17
F. Wood and Wood Products	3 035.32	298.77	0.00	3 334.09
G. Paper and Paper Products	4 963.10	30.45	0.00	4 993.55
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	369.81	5.85	42.22	417.88
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	6 410.31	51.32	0.00	6 461.63
J. Rubber, Plastic and their Products	3 360.53	210.37	0.00	3 570.90
K. Glass & Glassware	1 595.83	2.92	0.00	1 598.75
L. Cement and Cement Products	1 653.54	28.69	0.00	1 682.23
M. Basic Metal and Metal Products	3 491.39	253.28	5.90	3 750.57
N. All Engineering	4 478.73	122.45	0.00	4 601.18
O. Vehicles, Vehicle Parts and Transport Equipments	324.37	11.30	0.00	335.67
P. Gems and Jewellery	685.39	0.00	0.00	685.39
Q. Construction	701.81	2.81	0.00	704.62
R. Infrastructure	5 660.52	216.84	2 387.65	8 265.01
S. Other Industries, pl. specify	2 871.24	6 303.19	0.00	9 174.43
All Industries (A to S)	87 874.37	11 959.68	2 435.77	1 02 269.82

The details of the industries wherein the bank's exposure in the related industry has exceeded the 5% of total gross credit exposure as on 31.03.2023 is furnished below:

(₹ in millions)

INDUSTRY	FUND BASED	NON FUND BASED	% TO GROSS CREDIT EXPOSURES
<b>Textile</b>	37316.58	1218.23	8.14%

**E. RESIDUAL CONTRACTUAL MATURITY BREAKDOWN OF ASSETS AS ON 31.03.2023**

(₹ in millions)

MATURITY BUCKETS	CASH AND BALANCE WITH RBI	BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE	INVESTMENTS	ADVANCES	FIXED ASSETS	OTHER ASSETS	GRAND TOTAL
Next day	5046.86	315.99	51424.48	7067.43	0.00	8327.76	72182.52
2–7 days	221.15	12388.15	2059.66	5257.54	0.00	136.51	20063.01
8–14 days	581.33	810.00	2686.04	3757.45	0.00	197.92	8032.74
15–30 days	497.49	0.00	2410.54	18116.93	0.00	2110.09	23135.05
31 days & Upto 2 months	502.11	0.00	2233.41	7185.97	0.00	552.38	10473.87
2 months & Upto 3 months	426.77	1215.00	1898.33	10896.10	0.00	648.41	15084.61
3 to 6 months	672.47	55.00	6425.89	24125.74	0.00	864.96	32144.06
6 months to 1 year	4356.15	0.00	21460.92	62946.75	0.00	1068.75	89832.57
1 year to 3 years	7955.14	10.00	41718.22	136373.77	0.00	516.22	186573.35
3 to 5 years	328.25	0.00	3602.64	25740.40	0.00	10523.37	40194.66
Above 5 years	438.00	0.00	5640.25	71428.81	2456.48	1273.68	81237.22
<b>Total</b>	<b>21025.72</b>	<b>14794.14</b>	<b>141560.38*</b>	<b>372896.89*</b>	<b>2456.48*</b>	<b>26220.05</b>	<b>578953.66</b>

\*Net assets after adjustment of provision / depreciation

**F. AMOUNT OF GROSS NON-PERFORMING ADVANCES (NPAs) AS ON 31.03.2023**

(₹ in millions)

AMOUNT OF GROSS NPAS	
Amount of NPAs (Gross)	5214.61
Substandard	1581.32
Doubtful	3542.24
Of which DF1	868.22
DF2	2294.93
DF3	379.09
Loss	91.05
<b>Net NPAs</b>	<b>2298.15</b>
NPA RATIOS	
Gross NPAs to gross advances	1.39%
Net NPAs to net advances	0.62%

**G. MOVEMENT OF NPAS (GROSS):**

(₹ in millions)

MOVEMENT OF NPAS	
Opening Balance as on 01.04.2022	5709.19
Additions	2713.50
Reductions	3208.08
Closing Balance as on 31.03.2023	5214.61

**H. MOVEMENT OF PROVISIONS****A. MOVEMENT OF PROVISIONS FOR NPAS \*:**

(₹ in millions)

MOVEMENT OF NPAS	
Opening Balance as on 01.04.2022	2496.26
Provisions made during the period	1485.90
Write off	987.17
Reductions	0.00
Write back of excess provisions / Transfers	0.00
Any other adjustments, including transfers between provisions	183.20
Closing Balance as on 31.03.2023	2811.79

**B. MOVEMENT OF PROVISIONS OF STANDARD ASSETS:-**

(₹ in millions)

MOVEMENT OF NPAS	
Opening Balance as on 01.04.2022	1921.57
Provisions made during the period	135.91
Write back of excess provisions	221.36
Any other adjustments, including transfer between provisions	0.00
Closing Balance as on 31.03.2023	1836.12

**C. STOCK OF TECHNICAL/PRUDENTIAL WRITE-OFFS AND RECOVERIES MADE THEREON;**

(₹ in millions)

PARTICULARS	AMOUNT
Opening balance for recoveries of Technical/Prudential written- off accounts as on 01.04.2022	20571.39
Add: Technical/Prudential write-offs accounts during the period	987.17
Less: Recoveries from previously technical/ prudential written- off accounts taken to income account during the period.	1517.49
Closing balance as on 31.03.2023	20041.07

**I. NON-PERFORMING INVESTMENTS (NPIS) AS ON 31.03.2023:**

(₹ in millions)

Non-Performing Investments	563.18
Provisions held for non-performing investments	563.18

**J. MOVEMENT OF PROVISIONS FOR DEPRECIATION ON INVESTMENTS:**

(₹ in millions)

Opening Balance as on 01.04.2022	908.63
Provisions made during the period	783.50
Write-off	285.06
Write-back of excess provisions	0.00
Provision adjustment during shifting	0.00
Closing Balance as on 31.03.2023	1407.07

**K. INDUSTRY WISE DISTRIBUTION OF NPAS:**

INDUSTRY NAME	AS ON MARCH 2023			FOR THE QUARTER ENDED MARCH 31, 2023		
	Gross NPA	Provision for NPA	Standard Asset Provision	Write – off	Provision for NPA	Standard Asset Provision
A. Mining and Quarrying	0.04	0.04	5.90	0.00	0.00	(1.04)
B. Food Processing	162.03	81.34	22.91	50.63	(28.87)	(0.54)
C. Beverages (excluding Tea & Coffee) and Tobacco	0.77	0.49	8.34	77.91	(77.91)	(0.12)
D. Textiles	948.92	530.93	128.91	101.72	192.91	(25.31)
E. Leather and Leather products	7.28	2.13	5.82	0.00	(0.02)	(0.22)
F. Wood and Wood Products	51.98	15.61	12.50	0.85	5.51	(2.06)
G. Paper and Paper Products	10.15	5.29	22.89	70.41	(19.19)	1.83
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	205.36	82.14	0.31	29.73	(8.80)	0.01
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	21.92	8.08	19.85	0.00	(29.14)	(0.59)

J. Rubber, Plastic and their Products	94.31	26.64	13.58	0.00	0.29	(0.23)
K. Glass & Glassware	2.52	1.25	4.61	0.00	(0.71)	(0.30)
L. Cement and Cement Products	2.97	0.96	29.50	3.70	(0.01)	7.40
M. Basic Metal and Metal Products	111.62	44.67	15.38	0.00	(2.06)	(0.30)
N. All Engineering	27.89	16.04	33.45	2.50	2.39	(25.61)
O. Vehicles, Vehicle Parts and Transport Equipments	0.84	0.34	0.68	0.00	(0.03)	(0.15)
P. Gems and Jewellery	71.61	18.73	1.90	0.00	15.03	(0.28)
Q. Construction	20.63	7.83	1.77	0.00	(0.86)	(0.05)
R. Infrastructure	450.14	242.68	62.05	0.78	0.00	1.67
S. Other Industries, pl. specify	12.68	7.16	11.40	0.00	0.72	(0.64)
<b>All Industries (A to S)</b>	<b>2203.66</b>	<b>1092.35</b>	<b>401.75</b>	<b>338.23</b>	<b>49.25</b>	<b>(46.53)</b>
All others	3010.95	1719.44	1410.97	9533.47	(494.76)	27.05
<b>Total</b>	<b>5214.61</b>	<b>2811.79</b>	<b>1812.72</b>	<b>9871.70</b>	<b>(445.51)</b>	<b>(19.48)</b>

## M. GEOGRAPHIC DISTRIBUTION OF NPAS AS ON 31.03.2023:

(₹ in millions)

PARTICULARS	DOMESTIC	OVERSEAS	TOTAL
Gross NPA	5214.61	0.00	5214.61
Provisions for NPA	2811.79	0.00	2811.79
Provision for Standard assets	1836.12	0.00	1836.12

**TABLE DF – 4****CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH****QUALITATIVE DISCLOSURES****A. GENERAL PRINCIPLE**

In accordance with RBI guidelines, the Bank has adopted Standardized Approach of the New Capital Adequacy Framework (NCAF) for computation of capital for Credit Risk with effect from 31.03.2009. Bank has assigned risk weights to different assets classified as prescribed by the RBI for computation of capital.

**EXTERNAL CREDIT RATINGS**

Rating of borrowers by External Credit Rating Agencies (ECRA) assume importance in the light of guideline for implementation of the New Capital Adequacy Framework (Basel-II). Exposures on Corporate / PSEs / Primary Dealers are assigned with risk weights based on the external ratings. For this purpose, the Reserve Bank of India has permitted Banks to use the rating of the six domestic ECRA's namely (a) Credit Analysis and Research Ltd., (CARE), (b) CRISIL Ratings Ltd., (c) India Ratings and Research P Ltd., (Formerly Fitch India) (d) ICRA Ltd., (e) ACUTE Ratings and Research Limited (Formerly SMERA Ratings Ltd) and (f) INFOMERICS Valuation and Rating Pvt Ltd., (INFOMERICS). Bank is also using the ratings of international credit rating agencies such as (a) Fitch (b) Moody's and (c) Standard & Poor's for assigning risk weights to claims for capital adequacy purposes where the exposure can be specified as international exposure. In consideration of the above guidelines, the bank accepts the ratings assigned by all these ECRA's.

The bank has well-structured internal credit rating mechanism to evaluate the credit risk associated with a borrower and accordingly the systems are in place for taking credit decisions with regard to acceptability of proposals, and level of exposures and pricing.

In case of bank's investment in particular issues of Corporate / PSEs, the issue specific rating of the approved ECRA's are reckoned and accordingly the risk weights applied after a corresponding mapping to rating scale is provided.

With regard to the coverage of exposures by external ratings as relevant for capital computation under Standardized Approach, the process is being popularized among the borrowers so as to take the benefit of capital relief available for better rating of customers.

The bank follows a well-defined multi layered discretionary power structure for sanction of loans. New Business Group (NBG) has been constituted at HO for considering in-principle approval for taking up fresh credit proposals above a specified cut-off.

- Rating assigned by one rating agency can be used for all the types of claims on the borrowing entity.
- Long term ratings are used for facilities with contractual maturity of one year & above.
- Short term ratings are generally applied for facilities with contractual maturity of less than one year.



**QUANTITATIVE DISCLOSURES:**

For exposure amounts after risk mitigation subject to the standardized approach, amount of a bank's outstanding (rated and unrated) as on 31.03.2023 in the following three major risk buckets as well as those that are deducted as per risk mitigation are given below:-

(₹ in millions)

RISK WEIGHT	RATED	UNRATED	TOTAL *
Below 100%	16429.01	329767.10	346196.11
100%	12556.00	76570.92	89126.92
More than 100%	20251.68	14232.04	34483.72
Total Exposure before mitigation	49236.69	420570.06	469806.75
Deducted (as per Risk Mitigation)	1928.54	121582.81	123511.35
Total outstanding after mitigation	47308.15	298987.25	346295.40

\* This includes total gross credit exposure i.e. (FB+ NFB (including 2% of Forward Contract) + undrawn or partially undrawn fund based facility)

**TABLE DF – 5****CREDIT RISK MITIGATION: DISCLOSURE FOR STANDARDISED APPROACHES****QUALITATIVE DISCLOSURES****POLICY ON CREDIT RISK MITIGATION UNDER STANDARDIZED APPROACH**

As advised by RBI, the Bank has adopted the comprehensive approach relating to credit risk mitigation under Standardized Approach, which allows fuller offset of securities (primary and collateral) against exposures, by effectively reducing the exposure amount by the value ascribed to the securities. Thus the eligible financial collaterals are fully used to reduce the credit exposure in computation of credit risk capital. In doing so, the bank has recognized specific securities namely (a) bank's own deposits (b) Gold/Ornaments (c) Life Insurance Policies (d) Government Securities (e) NSC/KVP etc and (f) Units of Mutual Funds, in line with the RBI guidelines on the subject.

Besides, other approved forms of credit risk mitigation are "On Balance Sheet netting" and availability of "Eligible Guarantees". On balance sheet nettings has been reckoned to the extent of the deposits available against the loans /advances of the borrower (to the extent of exposure) as per the RBI guidelines. Further, in computation of credit risk capital, the types of guarantees recognized for taking mitigation, in line with RBI guidelines are (a) Central Government Guarantee (0%) (b) Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) (0%) (c) CGTMSE (0%) (d) State Government (20%) (e) ECGC (20%) and (f) Bank Guarantee in the form of bills purchased / discounted under Letter of credit (20%). The Bank has ensured compliance of legal certainty as prescribed by the RBI in the matter of credit risk mitigation.

**CONCENTRATION RISK IN CREDIT RISK MITIGATION:**

All types of securities eligible for mitigation are easily realizable financial securities. As such, presently no limit/ceiling has been prescribed to address the concentration risk in credit risk mitigants recognized by the Bank.

**QUALITATIVE DISCLOSURES**

(₹ in millions)

A. FOR EACH SEPARATELY DISCLOSED CREDIT RISK PORTFOLIO, THE TOTAL EXPOSURE (AFTER, WHERE APPLICABLE, ON-OR OFF BALANCE SHEET NETTING) THAT IS COVERED BY ELIGIBLE FINANCIAL COLLATERAL (FCS) AFTER THE APPLICATION OF HAIRCUTS IS GIVEN BELOW:		
PORTFOLIO CATEGORY	FINANCIAL COLLATERAL	QUANTUM OF EXPOSURE COVERED
1. Funded – Credit	Bank's own deposits	20466.93
2. Funded – Credit	Gold jewels	96244.72
3. Funded – Credit	Life Insurance policies	166.41
4. Funded – Credit	NSC/KVP	32.25
5. Non Funded	Bank's own deposits	3775.76
B. FOR EACH SEPARATELY DISCLOSED PORTFOLIO, THE TOTAL EXPOSURE (AFTER, ON BALANCE SHEET NETTING) THAT IS COVERED BY GUARANTEES:		
1. Funded – Credit	ECGC	2000.00*
2. Funded – Credit	CGTMSE	345.58

\* Limit given by ECGC for all pre & post shipment exposure

**TABLE DF – 6****SECURITIZATION: DISCLOSURE FOR STANDARDIZED APPROACH****QUALITATIVE DISCLOSURES**

The bank has not undertaken any securitization activity.

**QUALITATIVE DISCLOSURES**

NIL

## TABLE DF – 7

### MARKET RISK IN TRADING BOOK

#### QUALITATIVE DISCLOSURES

##### A. MARKET RISK:

Market Risk is defined as the possibility of loss to a bank in on-balance sheet and off-balance sheet positions caused by the changes / movements in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. Bank's exposure to market risk arises from domestic investments (interest related instruments and equities) in trading book (both AFS and HFT categories), the Foreign exchange positions (including open position in precious metals) and trading related derivatives. The objective of the market risk management is to minimize the impact of losses on earnings and equity capital arising from market risk.

##### POLICIES FOR MANAGEMENT OF MARKET RISK

The bank has put in place Board approved Asset Liability Management (ALM) policy, Investment Policy and Market Risk Management Policy for effective management of market risk in the bank. The policy sets various risk limits for effective management of market risk and ensuring that the operations are in line with Bank's expectation of return to market risk through proper Asset Liability Management. The policy also deals with the reporting framework for effective monitoring of market risk.

The ALM policy specifically deals with liquidity risk management and interest rate risk management framework. As envisaged in the policy, Liquidity risk is managed through the mismatch analysis, based on residual maturity / behavioral pattern of assets and liabilities, on a daily basis based on best available data coverage, as prescribed by the RBI. The bank has put in place mechanism of short-term dynamic liquidity management and contingent funding plan. Prudential (tolerance) limits are prescribed for different residual maturity time buckets for efficient asset liability management. Liquidity profile of the bank is evaluated through various liquidity ratios. The bank has also drawn various contingent measures to deal with any kind of stress on liquidity position. Bank ensures adequate liquidity managed on a real time basis by Domestic Treasury through systematic and stable funds planning.

Interest Rate Risk is managed through use of GAP analysis of rate sensitive assets and liabilities and monitored through prudential (tolerance) limits prescribed. The bank has also put in place Duration Gap Analysis framework for management of interest rate risk. The bank estimates Earnings at Risk (EaR) and Modified Duration Gap (DGAP) periodically against adverse movement in interest rate (as prescribed in the Policy) for assessing the impact on Net Interest Income (NII) and Economic Value of Equity (EVE) with a view to optimize shareholder value.

The Asset-Liability Management Committee (ALCO) /Risk Management Committee of Board (RMCB) monitors adherence of prudential limits fixed by the bank and determines the strategy in the light of the market condition (current and expected) as articulated in the ALM policy.

**QUANTITATIVE DISCLOSURES:**

- b) In line with the RBI's guidelines, the bank has computed capital for market risk as per Standardized Duration Approach (SDA) framework for maintaining capital.

The Capital requirements for market risk in trading Book as on 31.03.2023.

(₹ in millions)

Interest Rate Risk	1476.03
Equity Position Risk	40.62
Foreign Exchange Risk	50.63
<b>Total</b>	<b>1567.28</b>

**TABLE DF – 8**  
**OPERATIONAL RISK**

**QUALITATIVE DISCLOSURES****A. OPERATIONAL RISK:**

Operational Risk is 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 reputation risks.

**POLICIES ON MANAGEMENT OF OPERATIONAL RISK**

The Bank has framed Operational Risk Management Policy duly approved by the Bank's Board. Other policies adopted by the Board which deal with management of Operational risk are (a) Information Systems Security Policy (b) Foreign Exchange Risk Management Policy (c) Policy document on Know Your Customers (KYC) and Anti Money Laundering (AML) Procedures (d) Fraud Risk Management Policy (e) IT Business Continuity and Disaster Recovery Plan (IT BC-DRP).

The Operational Risk Management Policy adopted by the Bank outlines organization structure and detail processes for management of operational risk. The basic objective of the policy is to closely integrate operational risk management system into the day-to-day risk management processes of the bank by clearly assigning roles for effectively identifying, assessing, monitoring and controlling / mitigating operational risk and by timely reporting of operational risk exposures, including material operational losses. Operational risks in the Bank are managed through comprehensive and well-articulated internal control frameworks.

**QUANTITATIVE DISCLOSURES:**

- b) In line with the final guidelines issued by RBI, the Bank has adopted the Basic Indicator Approach for computing capital for Operational Risk. As per the guidelines, the capital charge for Operational Risk is equal to the 15% of the previous three years (2020-21, 2021-22 & 2022-23) average positive annual Gross income as defined by RBI. As per such estimate, the capital requirement for operational risk as on 31.03.2023 is ₹3929.11 mn.

## TABLE DF – 9

### INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

#### QUALITATIVE DISCLOSURES

##### A. INTEREST RATE RISK IN THE BANKING BOOK

Interest Rate Risk is the risk where changes in the market interest rates might affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as also the net worth of the Bank (economic value perspective). The risk from earnings perspective can be measured as impact in the Net Interest Income (NII) or Net Interest Margin (NIM). Similarly, the risk from economic value perspective can be measured as drop in the Economic value of Equity (EVE).

The Bank identifies the risks associated with the changing interest rates on its on-balance sheet and off-balance sheet exposures in the banking book from a short term (Earning perspective) and long term (Economic value perspective).

The impact on income (Earning perspective) is measured by using Earnings at Risk (EaR) with the assumption that the re-pricing dates of assets and liabilities are evenly spread across the respective time buckets and the change in interest rate is uniform across the maturity spectrum. The prudential limit on EaR will be 10% of the previous year Net Interest Income (NII). For the calculation of impact on earnings, the Traditional Gap is taken from the Rate Sensitivity Statement and based on the remaining period from the mid point of a particular bucket the impact for change in interest rates upto 100 bps is arrived at. The same is reported to ALCO/Risk Management Committee of Board (RMCB) periodically along with the Rate Sensitivity statement on monthly basis.

The Bank has adopted Traditional Gap Analysis combined with Duration Gap Analysis for assessing the impact (as a percentage) on the Economic value of Equity (Economic Value Perspective) by applying a notional interest rate shock of 200bps. As per the Guidelines on Banks' Asset Liability Management Framework-Interest Rate Risk issued by the RBI (DBOD.No.BP.BC.59/21.04.098/2010-11 dated 04.11.2010), the Bank calculates Modified Duration Gap (DGAP) & the impact on the Economic Value of equity (EVE). Assets and Liabilities are grouped as per Interest Rate Sensitivity Statement & bucket wise Modified Duration is computed for these groups of Assets and Liabilities using account level coupon and yield as per yield curves suggested by RBI, actual Re-price date of the individual account is considered for bucketing, Weighted average Modified duration is calculated at account level by using "Market value", the yield is taken as per the internal rating and external rating mapping at account level, Modified duration is calculated individually for each forward and swap contracts. For investment portfolio, the Modified Duration of individual items are computed and taken. The DGAP is calculated by the Bank once in a month and is reported to ALCO/ Risk Management Committee of Board (RMCB).

The Asset-Liability Management Committee (ALCO) / Risk Management Committee of Board (RMCB) monitors adherence of prudential limits fixed by the bank and determines the strategy in the light of market conditions (current and expected).

**QUANTITATIVE DISCLOSURES:**

The increase or decrease in earnings and economic value for upward and downward rate shocks based on the assets and liabilities outstanding as on 31.03.2023 are as follows.

1. The impact of change in Interest Rate i.e Earnings at Risk for increasing 100 Basis points interest rate shock is ₹872.40 mn (4.81 % of previous year Net Interest Income).
2. Change in Market Value of Equity for 200 basis points interest rate shock is ₹5875.24 mn (8.48% of Net worth)

**TABLE DF – 10**  
**GENERAL DISCLOSURES FOR EXPOSURES RELATED TO**  
**COUNTERPARTY CREDIT RISK**

Counterparty Credit Risk (CCR) is the risk that a counter party to a transaction could default before the final settlement of the transaction cash flows. Unlike a firm's exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss to either party.

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 contracts.

**COUNTERPARTY CREDIT EXPOSURE AS ON MARCH 31, 2023**

(₹ in millions)

NATURE	NOTIONAL AMOUNT	CURRENT CREDIT EXPOSURE (POSITIVE MARK TO MARKET VALUE)	POTENTIAL FUTURE CREDIT EXPOSURE	TOTAL CREDIT EXPOSURE UNDER CURRENT EXPOSURE METHOD (CEM)
Forward contracts	45353.31	151.05	935.78	1086.82



## COMPOSITION OF CAPITAL DISCLOSURE TEMPLATES

## TABLE DF – II: COMPOSITION OF CAPITAL

## PART I: TEMPLATE TO BE USED ONLY FROM MARCH 31, 2017

BASE III COMMON DISCLOSURE TEMPLATE TO BE USED FROM MARCH 31, 2017			
COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES			REF NO.
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	9275.79	
2	Retained earnings	0.00	
3	Accumulated other comprehensive income (and other reserves)	58552.31	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	67828.10	
COMMON EQUITY TIER 1 CAPITAL : REGULATORY ADJUSTMENTS			
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	0.00	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	0.00	
10	Deferred tax assets	0.00	
11	Cash-flow hedge reserve	0.00	
12	Shortfall of provisions to expected losses	0.00	
13	Securitization gain on sale	0.00	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0.00	
15	Defined-benefit pension fund net assets	0.00	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	0.00	
17	Reciprocal cross-holdings in common equity	0.00	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0.00	

20	Mortgage servicing rights (amount above 10% threshold)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00	
22	Amount exceeding the 15% threshold	0.00	
23	of which : significant investments in the common stock of financial entities	0.00	
24	of which : mortgage servicing rights	0.00	
25	of which : deferred tax assets arising from temporary differences	0.00	
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00	
26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries	0.00	
26b	of which : Investments in the equity capital of unconsolidated non- financial subsidiaries	0.00	
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00	
26d	of which : Unamortised pension funds expenditures	0.00	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00	
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	0.00	
29	<b>Common Equity Tier 1 capital (CET1)</b>	<b>67828.10</b>	
<b>ADDITIONAL TIER 1 CAPITAL : INSTRUMENTS</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	0.00	
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative preference Shares)	0.00	
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	0.00	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0.00	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0.00	
35	of which : instruments issued by subsidiaries subject to phase out	0.00	
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	0.00	
<b>ADDITIONAL TIER 1 CAPITAL: REGULATORY ADJUSTMENTS</b>			
37	Investments in own Additional Tier 1 instruments	0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.00	

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)	0.00	
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)	0.00	
41	National specific regulatory adjustments (41a+41b)	0.00	
41a	Of which : Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0.00	
41b	Of which:- Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank.	0.00	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.00	
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	0.00	
44	<b>Additional Tier 1 capital (AT1)</b>	0.00	
45	<b>Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44)</b>	<b>67828.10</b>	
<b>TIER 2 CAPITAL : INSTRUMENTS AND PROVISIONS</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0.00	
47	Directly issued capital instruments subject to phase out from Tier 2	0.00	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0.00	
49	of which : instruments issued by subsidiaries subject to phase out	67828.10	
50	<b>Provisions include the following</b> a. Investment Reserve ₹ 253.35 mn b. Provision for Standard Asset ₹ 1139.62 mn c. Provision for COVID Relief Advances ₹ 3000.00 mn (Total a+b+c = subject to maximum of 1.25% total credit risk weighted assets ₹ 2681.47 mn) d. Investment fluctuation reserve ₹ 1202.00 mn e. Prov. For Restructured Std Asset ₹ 663.91 mn (adj diminution in the fair value of assets)	4547.38	
51	<b>Tier 2 capital before regulatory adjustments (46+ 47 + 48 + 50)</b>	<b>4547.38</b>	
<b>TIER 2 CAPITAL: REGULATORY ADJUSTMENTS</b>			
52	Investments in own Tier 2 instruments	0.00	
53	Reciprocal cross-holdings in Tier 2 instruments	0.00	

54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0.00	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
56	National specific regulatory adjustments (56a+56b)	0.00	
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	0.00	
56b	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	0.00	
58	<b>Tier 2 capital (T2)</b>	4547.38	
59	<b>Total capital (TC = T1 + T2) (45 + 58)</b>	72375.48	
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	275588.38	
60a	of which : total credit risk weighted assets	214517.43	
60b	of which : total market risk weighted assets	17414.19	
60c	of which : total operational risk weighted assets	43656.76	
<b>CAPITAL RATIOS AND BUFFERS</b>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	24.61%	
62	Tier 1 (as a percentage of risk weighted assets)	24.61%	
63	Total capital (as a percentage of risk weighted assets)	26.26%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	8.00%	
65	of which : capital conservation buffer requirement	2.50%	
66	of which : bank specific countercyclical buffer requirement	0%	
67	of which : G-SIB buffer requirement	0%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	24.61%	

NATIONAL MINIMA (IF DIFFERENT FROM BASEL III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	11.50%	
AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK WEIGHTING)			
72	Non-significant investments in the capital of other financial entities	0.00	
73	Significant investments in the common stock of financial entities	0.00	
74	Mortgage servicing rights (net of related tax liability)	0.00	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0.00	
APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	0.00	
77	Cap on inclusion of provisions in Tier 2 under standardized approach	0.00	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0.00	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0.00	
CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN MARCH 31, 2017 AND MARCH 31, 2023)			
80	Current cap on CET1 instruments subject to phase out arrangements	0.00	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0.00	
82	Current cap on AT1 instruments subject to phase out arrangements	0.00	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0.00	
84	Current cap on T2 instruments subject to phase out arrangements	0.00	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0.00	

NOTES TO THE TEMPLATE		
ROW NO. OF THE TEMPLATE	PARTICULARS	(₹ IN MILLIONS)
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	0.00
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	0.00
	of which : Increase in Common Equity Tier 1 capital	0.00
	of which : Increase in Additional Tier 1 capital	0.00
	of which : Increase in Tier 2 capital	0.00
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then :	0.00
	I. Increase in Common Equity Tier 1 capital	0.00
	II. Increase in risk weighted assets	0.00
50	Eligible Provisions included in Tier 2 capital	4547.38
	Eligible Revaluation Reserves included in Tier 2 capital	0.00
	Total of row 50	4547.38



## TABLE DF – 12

### COMPOSITION OF CAPITAL – RECONCILIATION REQUIREMENTS

**STEP 1:**

(₹ in millions)

		BALANCE SHEET AS IN FINANCIAL STATEMENTS	BALANCE SHEET UNDER REGULATORY SCOPE OF CONSOLIDATION
		AS ON REPORTING DATE	AS ON REPORTING DATE
<b>A</b>	<b>CAPITAL &amp; LIABILITIES</b>		
i.	Paid-up Capital	1583.51	N.A
	Reserves & Surplus	67699.95	N.A
	Minority Interest	0.00	N.A
	Total Capital	<b>69283.46</b>	N.A
ii.	Deposits	<b>477664.86</b>	N.A
	of which : Deposits from banks	0.55	N.A
	of which : Customer deposits	477664.31	N.A
	of which : Other deposits (pl. specify)	0.00	N.A
iii.	Borrowings	<b>5250.00</b>	N.A
	of which : From RBI	0.00	N.A
	of which : From banks	0.00	N.A
	of which : From other institutions & agencies	0.00	N.A
	of which : Others (pl. specify) Outside India	0.00	N.A
	of which : Capital instruments	0.00	N.A
iv.	Other liabilities & provisions	<b>26755.34</b>	N.A
<b>TOTAL</b>		<b>578953.66</b>	N.A

(₹ in millions)

		BALANCE SHEET AS IN FINANCIAL STATEMENTS	BALANCE SHEET UNDER REGULATORY SCOPE OF CONSOLIDATION
		AS ON REPORTING DATE	AS ON REPORTING DATE
<b>B</b>	<b>ASSETS</b>		
i.	Cash and balances with Reserve Bank of India	<b>21025.72</b>	N.A
	Balance with banks and money at call and short notice	<b>14794.14</b>	N.A
ii.	Investments :	<b>141560.38</b>	N.A
	of which : Government securities	123170.99	N.A
	of which : Other approved securities	0.00	N.A
	of which : Shares	74.33	N.A
	of which : Debentures & Bonds	12526.51	N.A
	of which : Subsidiaries / Joint Ventures / Associates	0.00	N.A
	of which : Others (Certificate of Deposits, Commercial Papers, Mutual Funds etc.)	5788.55	N.A
iii.	Loans and advances	<b>372896.89</b>	N.A
	of which : Loans and advances to banks	0.00	N.A
	of which : Loans and advances to customers	372896.89	N.A
iv.	Fixed assets	<b>2456.48</b>	N.A
v.	Other assets	<b>26220.05</b>	N.A
	of which : Goodwill and intangible assets	0.00	N.A
	of which : Deferred tax assets	358.74	N.A
vi.	Goodwill on consolidation	0.00	N.A
vii.	Debit balance in Profit & Loss account	0.00	N.A
<b>TOTAL ASSETS</b>		<b>578953.66</b>	N.A

**STEP 2**

1. As the Bank is not having any subsidiary, no disclosure relating any legal entity for regulatory consolidation is made.
2. The entire paid up capital of the Bank amounting to ₹1583.51mn is included in CET I. (refer Item I of DF-11)
3. The break up for Reserves & Surplus ₹67699.95 mn as shown in the Bank's financial statements is given hereunder for the purpose of reconciliation for calculation of Regulatory Capital in DF-11.

AS PER BALANCE SHEET	AMOUNT	AS SHOWN IN DF-11 CAPITAL
a. Statutory Reserves	20997.79	Included in Regulatory CET I capital DF-11 (item-3)
b. Capital Reserves	989.23	Included in Regulatory CET I capital DF-11 (item-3)
c. Revenue and Other Reserves	39665.69	Included in Regulatory CET I capital DF-11 (item-3)
d. Investment reserve	253.35	Included in Regulatory Tier II capital DF-11 (item-50)
e. Investment Fluctuation Reserve	1202.00	Included in Regulatory Tier II capital DF-11 (item-50)
f. Special Reserve u/s 36(1) (Viii) of IT Act 1961	3359.00	Included in Regulatory CET I capital DF11 (item-3)
g. Balance in P&L	1232.88	Included in CET I capital DF-11 (item-3)
	<b>67699.94</b>	

#### 4) A. OTHER LIABILITIES:-

- i. Provision for Standard assets including restructured standard assets ₹ 1836.12 mn (Item-50 – DF-11)
- ii. Provision for COVID Relief Advances ₹3000.00 mn (Item – 50 – DF – 11)

However they are shown under Tier II capital for computation of Regulatory Capital (DF-11) as noted in brackets as per extant RBI guidelines.

## STEP 3

Extract of Basel III common disclosure template (with added column) – Table DF-11 (Part I / Part II whichever, applicable)			
COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES			
		Component of regulatory capital reported by bank	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	1583.51	
2	Retained earnings	0.00	
3	Accumulated other comprehensive income (and other reserves)	66244.59	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock	0.00	
5	Common share capital issued by subsidiaries and held by third parties	0.00	
6	Common Equity Tier 1 capital before regulatory adjustments	67828.10	
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	0.00	

**TABLE DF – 13**  
**MAIN FEATURES OF REGULATORY CAPITAL**

S.NO	DESCRIPTION	EQUITY SHARES
1	Issuer	<b>Tamilnad Mercantile Bank Ltd</b>
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN: INE668A01016
3	Governing law(s) of the instrument	Indian Laws
<b>REGULATORY TREATMENT</b>		
4	Transitional Basel III rules	Common equity Tier 1
5	Post-transitional Basel III rules	Common equity Tier 1
6	Eligible at solo / group / group & solo	Solo
7	Instrument type	Common Shares
8	Amount recognized in regulatory capital (Rs. in million, as of most recent reporting date)	₹1583.51 million
9	Par value of instrument	₹10 per share
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
<b>COUPONS / DIVIDENDS</b>		
17	Fixed or floating dividend / coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or	Fully Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger(s)	NA

25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to all other claims
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

## TABLE DF – 14

### FULL TERMS AND CONDITIONS OF REGULATOR CAPITAL INSTRUMENTS

#### THE DETAILS OF THE TIER II CAPITAL [BONDS] RAISED BY THE BANK

TABLE DF-14 : FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS	
Instruments	Full Terms and Conditions
	Not Applicable



**TABLE DF – 15**  
**DISCLOSURE REQUIREMENTS FOR REMUNERATION**

Qualitative disclosures	(a)	Information relating to the composition and mandate of the Remuneration Committee.	<p>The Nomination &amp; Remuneration Committee comprised of five members constituted to oversee the framing, review and implementation of Compensation Policy of the Bank, on behalf of the Board.</p> <p>As on March 31, 2023, the Nomination &amp; Remuneration Committee of the Board comprises of the following Directors</p> <p>Shri K. Nagarajan, Independent Director (Chairman)</p> <p>Shri A. Niranjana Sankar, Director</p> <p>Shri B. Vijayadurai, Independent Director</p> <p>Shri C. Chiranjeeviraj, Independent Director</p> <p>Smt S. Ezhil Jothi, Independent Director</p>
	(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p>The Bank has formulated and adopted a comprehensive compensation policy &amp; HR policy covering all the employees. The policy is reviewed on an annual basis. The policy covers all aspects of the compensation structure such as fixed pay, variable compensation, perquisites, performance bonus, pension, gratuity, etc., taking into account the guidelines issued by Reserve Bank of India from time to time.</p> <p>Key Features:</p> <p>i) Board oversees the design of the compensation package and operations.</p> <p>ii) Compensation commensurate with the responsibility and accountability.</p> <p>Objectives:</p> <ol style="list-style-type: none"> <li>1. Ensure compliance with applicable laws, rules and regulations as well as 'Fit and Proper criteria' of directors before their appointment</li> <li>2. Formulate criteria for determining qualifications, positive attributes and independence of directors</li> <li>3. Develop and regularly review succession plan for the Board</li> <li>4. Develop and recommend to the Board a set of corporate governance principles, that takes a leadership role in shaping the corporate governance of the Bank</li> <li>5. Identify, assess and recommend to the Board on nominees for appointment as directors.</li> </ol>

	(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p>6. Make recommendations to the Board as to the size, composition, structure of the Board and also evaluation criteria of the directors, conduct annual review of the performance of the Chief Executive Officer and also oversee the Bank's Chief Executive Officer's succession planning process</p> <p>7. Retain, motivate and promote talent and to ensure long term sustainability of talented KMP and senior management.</p> <p>8. Establish standards on compensation/ remuneration including fixed and variable, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industry</p>
	(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Regional Heads, Branch Heads, IT department, MIS, Information security officials and Dealers in Treasury & IBD are paid special allowance based on risk taken by them.
	(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	<p>A performance based incentive scheme was approved by our Board of Directors and it is paid every year.</p> <p>The employee who have joined on or after 01.06.2021 is covered under new salary structure and for them variable pay depends on the following factors</p> <ol style="list-style-type: none"> <li>1. Outstanding achievement beyond regular KRA.</li> <li>2. TMB My Bank</li> </ol>
	(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.	There is deferred remuneration payment to Shri. K.V. Rama Moorthy, Former MD & CEO (erstwhile) which is payment of variable pay spread over 3 years. i.e 2023-2025.
	(f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	<p>The remuneration is in the form of cash only.</p> <p>There is no remuneration in the form of Shares, ESOP and other forms.</p>

Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer / Other Risk Takers)	(g)	*Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	14 meetings (Nomination and Remuneration Committee) were held during the financial Year and the total remuneration & commission paid to the members during the year is														
			<table><tr><th>Committee Member</th><th>Sitting fees paid</th></tr><tr><td>Shri K. Nagarajan</td><td>₹3,50,000/-</td></tr><tr><td>Shri A. Niranjan Sankar</td><td>₹3,50,000/-</td></tr><tr><td>Shri B.Vijayadurai</td><td>₹3,50,000/-</td></tr><tr><td>Shri C. Chiranjeeviraj</td><td>₹1,00,000/-</td></tr><tr><td>Smt S. Ezhil Jothi</td><td>₹1,00,000/-</td></tr><tr><td>Total</td><td>₹12,50,000/-</td></tr></table>	Committee Member	Sitting fees paid	Shri K. Nagarajan	₹3,50,000/-	Shri A. Niranjan Sankar	₹3,50,000/-	Shri B.Vijayadurai	₹3,50,000/-	Shri C. Chiranjeeviraj	₹1,00,000/-	Smt S. Ezhil Jothi	₹1,00,000/-	Total	₹12,50,000/-
			Committee Member	Sitting fees paid													
			Shri K. Nagarajan	₹3,50,000/-													
			Shri A. Niranjan Sankar	₹3,50,000/-													
			Shri B.Vijayadurai	₹3,50,000/-													
			Shri C. Chiranjeeviraj	₹1,00,000/-													
			Smt S. Ezhil Jothi	₹1,00,000/-													
Total	₹12,50,000/-																
	(h)	*Number of employees having received a variable remuneration award during the financial year.	Shri K.V. Rama Moorthy, Former MD & CEO + 203 (Other employees who are given variable Pay) Total – 204														
		*Number and total amount of sign-on awards made during the financial year.	Nil														
		*Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Joining Bonus – ₹6,47,220/-														
		*Details of severance pay, in addition to accrued benefits, if any.	Number of staff : 1														
	(i)	*Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Shri. K.V. Rama Moorthy, Former MD & CEO) – ₹23,50,000/- (cash)														
		Total amount of deferred remuneration paid out in the financial year.	Nil														
	(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Shri. S. Krishnan, MD & CEO Variable Pay – ₹70,87,811/-														

	(k)	*Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil
		*Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil
		*Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil

### TABLE DF – 16

#### EQUITIES-DISCLOSURE FOR BANKING BOOK POSITIONS

The bank has no exposures in equities under Banking Book.

### TABLE DF – 17

The Leverage ratio act as a credible supplementary measure to the bank based capital requirement. The Bank is required to maintain a minimum leverage ratio of 3.5%. The Bank's leverage ratio, calculated in accordance with the RBI guidelines is as follows;

#### COMPARISON OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURE

S.NO	PARTICULARS	AMOUNT AS OF JUN'22	AMOUNT AS OF SEP'22	AMOUNT AS OF DEC'22	AMOUNT AS OF MAR'23
1	Total consolidated assets as per published financial statements include SFTs	524627.51	535247.07	539748.88	578953.66
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0.00	0.00	0.00	0.00
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0.00	0.00	0.00	0.00

4	Adjustments for derivative financial instruments	941.50	1319.01	862.21	936.45
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0.00	0.00	0.00	0.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	21846.43	21605.52	21780.27	21157.71
7	Other adjustments	0.00	0.00	0.00	0.00
8	<b>Leverage ratio exposure</b>	<b>547415.44</b>	<b>558171.60</b>	<b>562391.36</b>	<b>601047.82</b>

**TABLE DF – 18**  
**LEVERAGE RATIO COMMON DISCLOSURE**

S.NO	PARTICULARS	AMOUNT AS OF JUN'22	AMOUNT AS OF SEP'22	AMOUNT AS OF DEC'22	AMOUNT AS OF MAR'23
<b>ON-BALANCE SHEET EXPOSURES</b>					
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	524627.51	535247.07	539748.88	578953.66
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	0.00	0.00	0.00	0.00
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	524627.51	535247.07	539748.88	578953.66
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	0.00	0.00	0.00	0.00
5	Add-on amounts for PFE associated with all derivatives transactions	941.50	1319.01	862.21	936.45
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00	0.00	0.00	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00	0.00	0.00	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00	0.00	0.00	0.00

9	Adjusted effective notional amount of written credit derivatives	0.00	0.00	0.00	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00	0.00	0.00	0.00
11	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>941.50</b>	<b>1319.01</b>	<b>862.21</b>	<b>936.45</b>
<b>SECURITIES FINANCING TRANSACTION EXPOSURES</b>					
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0.00	0.00	0.00	0.00
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00	0.00	0.00	0.00
14	CCR exposure for SFT assets	0.00	0.00	0.00	0.00
15	Agent transaction exposures	0.00	0.00	0.00	0.00
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER OFF-BALANCE SHEET EXPOSURES</b>					
17	Off-balance sheet exposure at gross notional amount	84965.83	84015.09	87288.70	84649.87
18	(Adjustments for conversion to credit equivalent amounts)	(63119.40)	(62409.57)	(65508.43)	(63492.16)
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>21846.43</b>	<b>21605.52</b>	<b>21780.27</b>	<b>21157.71</b>
<b>CAPITAL AND TOTAL EXPOSURES</b>					
20	<b>Tier 1 capital</b>	<b>50892.59</b>	<b>58607.53</b>	<b>58607.53</b>	<b>67828.10</b>
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>547415.44</b>	<b>558171.60</b>	<b>562391.36</b>	<b>601047.82</b>
<b>LEVERAGE RATIO</b>					
22	<b>Basel III leverage ratio</b>	<b>9.30%</b>	<b>10.50%</b>	<b>10.42%</b>	<b>11.28%</b>



## NOTES

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