SOUTH INDIAN Bank

DEPT: SECRETARIAL
REF.No.SEC/ST.EX.STT/12/2015-16

18th June, 2015

To,

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
MUMBAI – 400 051

Dear Sir,

87th Annual Report – 2014-15

Pursuant to Clause 31 of the Listing Agreement, we are enclosing herewith Form 'A' and six copies of 87th Annual Report containing Audited Annual Accounts, Director's Report, Auditors' Certificate on Corporate Governance and Notice of the 87th Annual General Meeting.

The 87th Annual General Meeting of the Bank is scheduled to be held on Wednesday, the 15th July, 2015, at 10.00 a.m. at Casino Cultural Auditorium Ltd., T B Road, Thrissur.

Thanking you,

Yours faithfully,

Jimmy Mathew
Company Secretary

Encl: a/a

SOUTH INDIAN Bank

The South Indian Bank Ltd., Head Office: SIB House, T.B. Road, Thrissur - 680 001, Kerala, Tel: 0487-2420020, 2442021 (Fax), e-mail: sibcorporate@sib.co.in, Toll Free 1800-843-1800, 1800-425-1809.(BSNL)

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	The South Indian Bank Limited
2.	Annual financial statements for the year ended	March 31, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable

V. G. Mathew
MD & CEO

K Thomas Jacob
Audit Committee Chairman

Subramanian Suresh
Auditor of the Bank

C. P. Gireesh
CFO

Date :May 5, 2015
Place: Kochi

Date :May 5, 2015
Place: Kochi

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

6th & 7th Floor- "A" Block
Tidel Park, (Module 601, 701 & 702)
No. 4, Rajiv Gandhi Salai, Taramani
Chennai-600 113, India
Tel : +91 44 6654 8100
Fax : +91 44 2254 0120

AUDITORS' CERTIFICATE

To
The Members of The South Indian Bank Limited

We have examined the compliance of conditions of corporate governance by The South Indian Bank Limited, for the year ended on March 31, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Subramanian Suresh
Partner
Membership No.:083673

S.R. Batliboi & Associates LLP Chennai Chartered Accountants

Place : Kochi
Date: May 5, 2015

Certified True Copy
For THE SOUTH INDIAN BANK LTD.
(JIMMY MATHEW)
COMPANY SECRETARY

87th ANNUAL REPORT

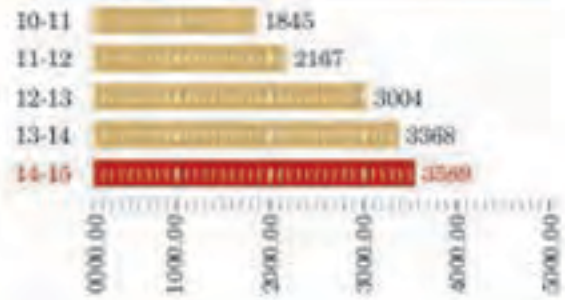
2014 2015

SOUTH INDIAN Bank

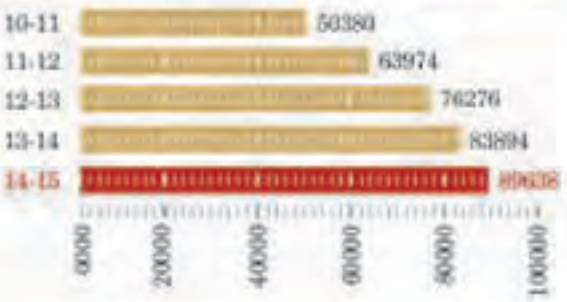
Experience Next Generation Banking

GROWTH INDICATORS

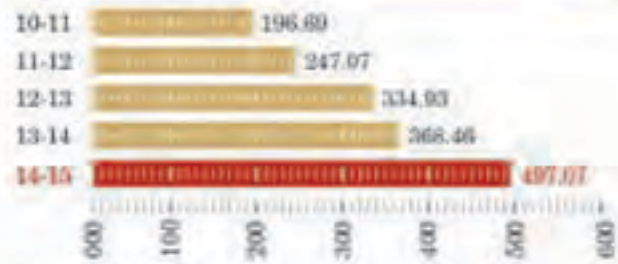
Capital and Reserve (₹ in Cr)



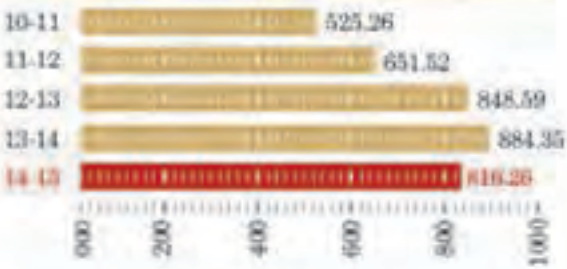
Gross Business (₹ in Cr)



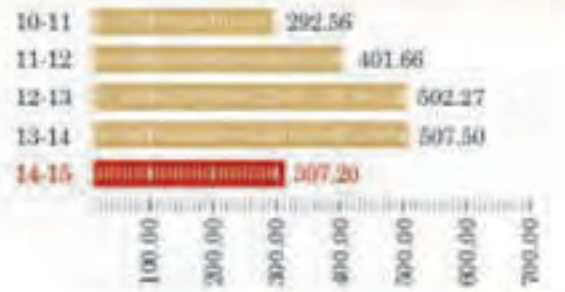
Other Income (₹ in Cr)



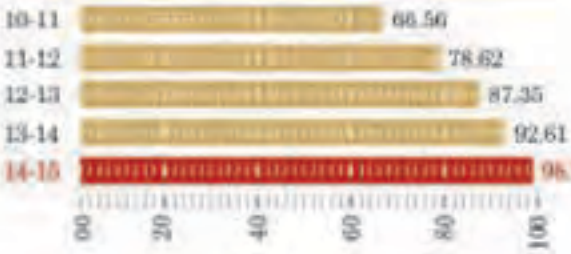
Operating Profit (₹ in Cr)



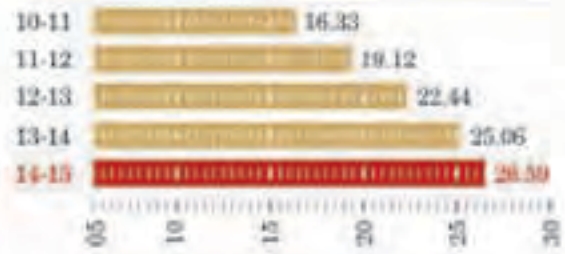
Net Profit (₹ in Cr)



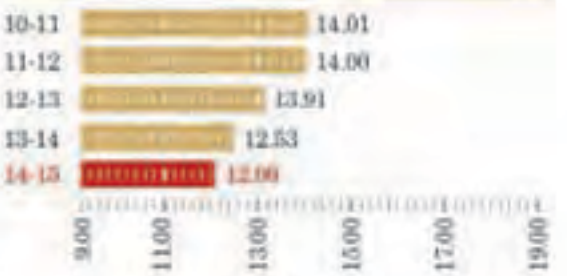
Branch Productivity(₹ in Cr)



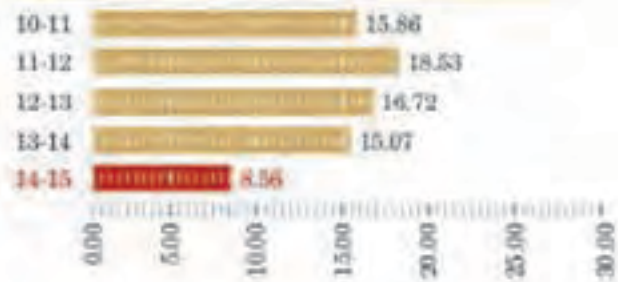
Book Value Per Share (in ₹)



Capital Adequacy (%)



Return on Equity (%)



Our Bank's Vision and Mission

Vision

To be the most preferred bank in the areas of customer service, stakeholder value and corporate governance.

Mission

To provide a secure, agile, dynamic and conducive banking environment to customers with commitment to values and unshaken confidence, deploying the best technology, standards, processes and procedures where customer convenience is of significant importance and to increase the stakeholders' value.

The Board of Directors

1. Smt. Ranjana S. Salgaocar
Independent Director

2. Mr. Salim Gangadharan
Independent Director

3. Dr. John Joseph Alapatt
Independent Director

4. Mr. Mohan E. Alapatt
Independent Director

5. Mr. Amitabha Guha
Chairman

6. Mr. V. G. Mathew
Managing Director & CEO

7. Mr. K. Thomas Jacob
Independent Director

8. Mr. Francis Alapatt
Independent Director

9. Mr. Cheryan Varkey
Non-Executive Director

10. Mr. Parayil George John Tharakan
Independent Director

Mr. Joseph George Kavalam
Senior Vice President

Mr. A. G. Varughese
Senior Vice President

GENERAL MANAGERS*

Mr. Thomas Joseph K.
Chief General Manager

Mr. John Thomas

Mr. N. A. Murali

Mr. T. J. Raphael

Mr. Abraham K. George

Mr. Benoy Varghese

Mr. Paul V.L.

Mr. Anto George T.

Mr. Bobby James

DEPUTY GENERAL MANAGERS*

Mr. REDDY N.J.
Mr. GIREESH C.P.
Mr. JACOB E.A.
Mr. JOSE P.VARGHESE
Mr. BALAKRISHNAN K.N.
Mr. NANDAKUMAR G.
Mr. MOHANAN K.

Mr. GEORGE PAUL
Mr. SHIBU K.THOMAS
Mr. SHELLY JOSEPH
Mr. SIVARAMAN K.
Mr. AJIT CHACKO JACOB
Mr. SATHEESH KUMAR K.S.

Mr. RAJEEVU M.A.
Mr. JOY STANSLUS MATHEW
Mr. SONY A.
Mr. RAMESH K.
Mr. PAUL THALIATH
Mr. JOSE MANUEL

Mr. SARAVANAN M.
Mr. JOSE PAUL P.
Ms. CHITHRA H.
Mr. SREEKUMAR CHENGATH
Mr. MOHAN T.M.
Ms. USHA L.
Mr. KRISHNA DAS P.B.

STATUTORY AUDITORS
M/s. S.R. Batliboi & Associates LLP
Chartered Accountants, 6th & 7th Floor "A" Block, Tidel Park,
(Module 601, 701 & 702) No. 4, Rajiv Gandhi Salai,
Taramani, Chennai 600 113

REGISTERED OFFICE
The South Indian Bank Ltd, SIB House, T. B. Road, Mission Quarters
Thrissur - 680 001, Kerala, India. CIN: L65191KL1929PLC001017
Tel: +91 487 2420020, Fax: +91 487 2442021
www.southindianbank.com; Email: head@sib.co.in

REGISTRAR & SHARE TRANSFER AGENT
M/s BTS Consultancy Services Pvt. Ltd.
MS Complex, 1st Floor, No. 8, Sastri Nagar,
Near 200 Feet Road, RTO Kolathur, Kolathur,
Chennai-600 099. Tel: 044 - 25363123, Fax: 044-25363131
Email: ramesh@btsindia.co.in ; helpdesk@btsindia.co.in

CHIEF FINANCIAL OFFICER
Mr. Gireesh C.P. FCA

COMPANY SECRETARY
Mr. Jimmy Mathew, A.C.S., A.C.M.A.

*As on 31.01.2015

SOUTH INDIAN Bank
Experience Next Generation Banking

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DIRECTORS' REPORT TO THE SHAREHOLDERS

To the Members,

The Board of Directors is pleased to place before you, the 87th Annual Report of the Bank along with the Audited Balance Sheet as at March 31, 2015 and the Profit and Loss Account for the year ended March 31, 2015.

PERFORMANCE OF THE BANK

The performance highlights of the Bank for the financial year ended March 31, 2015 are as follows:

Key Parameters	₹ in crore	
	2014-15	2013-14
Deposits	51912.49	47491.09
Gross Advances	37725.65	36403.10
Total Gross Business	89638.14	83894.19
Operating Profit	816.26	884.35
Net Profit	307.20	507.50
Capital & Reserves	3589.40	3368.05
Capital Adequacy (%) - Basel-II	12.06	12.53
Basel-III	12.01	12.42
Earnings Per Share (EPS) :		
(a) Basic EPS (in ₹) [face value ₹ 1/-]	2.28	3.78
(b) Diluted EPS (in ₹) [face value ₹ 1/-]	2.27	3.77
Book Value per Share (in ₹) [face value ₹ 1/-]	26.59	25.06
Gross NPA as % of Gross Advances	1.71	1.19
Net NPA as % of Net Advances	0.96	0.78
Return on Average Assets (%)	0.56	1.00

FINANCIAL PERFORMANCE

Profit

The Net Operating Income of the Bank increased by ₹96.07 crore (5.44%) from ₹1767.24 crore to ₹1863.30 crore. The growth in Non-Interest Income was ₹128.61 crore (34.90%) during the year. The Bank achieved an Operating Profit of ₹816.26 crore as against ₹884.35 crore during the previous year and has achieved a net profit of ₹307.20 crore during the year against the net profit of ₹507.50 crore posted during the previous year. The moderation in profit is primarily attributable to increased provisioning requirements emanating from loan loss, Funded Interest Term Loan (FITL), restructured assets, employee benefits based on the recently concluded industry wide wage settlement and actuarial liability on superannuation benefits due to softening of market yield.

The Operating Profit for the year under review was ₹880.89 crore before depreciation, taxes and provisions as against ₹928.95 crore for the year 2013-14. Net profit was ₹307.20 crore and the profit available for appropriation was ₹347.06 crore as per details given below:

		(₹ in crores)
Profit before depreciation, taxes and provisions		880.89
Less: Depreciation on Fixed Assets@	(1.11)	
Provisions for Non-Performing Assets	223.58	
Provision for FITL	86.82	
Provision for depreciation on investments	13.72	
Provision for Income/Wealth Tax	160.75	
Provision for standard Assets	31.37	
Provision for restructured Assets	32.56	
Provision for other Impaired Assets	10.88	
Provision for Un-hedged Forex exposure	15.12	573.69
Net profit		307.20
Brought forward from previous year		39.86
Profit available for appropriation		347.06

@ In view of the change in accounting policy, the write back amounting to ₹65.74 crore off set with current year depreciation ₹64.63 crore.

Appropriations

	(₹ in crores)
Transfer to Statutory Reserves	76.81
Transfer to Capital Reserves	3.86
Transfer to General Reserves	50.00
Transfer from Investment Reserve	(6.79)
Transfer to Special Reserve	30.00
Proposed Dividend	81.01
Dividend Tax on Proposed Dividend	16.95
Balance carried over to Balance Sheet	95.22
Total Appropriation	**347.06**

Dividend

The Board of Directors recommended a dividend of 60% (tax-free in the hands of shareholders), i.e., @ ₹0.60 per Equity Share of face value of ₹1/- per share.

EXPANSION PROGRAMME

The Bank had been successful in widening its network pan India with 822 branches and 1200 ATMs. The Bank has opened 53 new offices (28 branches and 25 extension counters) and 200 ATMs across the country during the financial year 2014-15. The branch network now covers 30 states/union territories.

The Bank further plans to open a maximum of 50 new offices (with a mix of Branches & Extension Counters) and 150 ATMs during the financial year 2015-16.

CAPITAL & RESERVES

The Bank's issued and paid-up capital stood at ₹135.02 crore as on March 31, 2015. During the year, 62,04,475 stock options granted under Employee Stock Option Scheme had been exercised by eligible employees.

The capital plus reserves of the Bank has moved up from ₹3368.05 crore to ₹3589.40 crore on account of the above and the plough back of profits during the year.

DIRECTORS' REPORT

THE CAPITAL TO RISK WEIGHTED ASSETS RATIO (CRAR)- Basel III & Basel II

The Capital to Risk Weighted Assets Ratio (CRAR) of the Bank as on March 31, 2015 according to Basel III guidelines is 12.01%, as against the statutory requirement of 9%. Tier I CRAR constitutes 10.43% while Tier II CRAR works out to 1.58%.

The Capital to Risk Weighted Assets Ratio (CRAR) of the Bank as on March 31, 2015 according to Basel II guideline is 12.06%, as against the statutory requirement of 9%. Tier I CRAR constitutes 10.46% while Tier II CRAR works out to 1.60%.

The Bank follows 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.

LISTING AGREEMENT WITH STOCK EXCHANGES

The Bank's shares continue to be listed on BSE Ltd. and The National Stock Exchange of India Ltd. The Bank confirms that it has paid the listing fees to both the Stock Exchanges for the year 2015-16.

The Cochin Stock Exchange Limited, where the shares of the Bank were listed, had been exited from the Equity Trading Business w.e.f. 23rd December, 2014 vide SEBI order No.WTM/ RKA/ MRD/163/2014 dtd. 23rd December, 2014.

BUSINESS ACHIEVEMENTS

The Bank has achieved a total Gross Business of ₹89,638.14 crore, consisting of Total Deposit of ₹51,912.49 crore and Gross Advances of ₹37,725.65 crore as on March 31, 2015.

Deposits

The total deposits of the Bank increased from ₹47,491.09 crore as on March 31, 2014 to ₹51,912.49 crore registering a growth of 9.31%.

The break-up of the deposit as on March 31, 2015 is as under:

	Amount (₹ in crore)	% to total Deposits
Current Deposits	1817.85	3.50
Savings Deposits	8868.45	17.08
Term Deposits	41226.19	79.42
Total	**51912.49**	**100.00**

The Bank during the year concentrated more on Core Deposit, the segment witnessed a growth of 20.61%. Savings Bank Deposits grew by 11.74% on a year to year basis. During the financial year 2014-15, the Bank had been opened 5.77 lakh new Savings Bank Accounts and 13,245 Current Accounts. The Bank, as a part of effective cost management of liabilities, took steps to shed off Bulk Deposits of ₹2,837.22 crore. NRI Deposits has grown by 29.17% to ₹11,393.15 crore.

The Bank has accorded priority to meaningful financial inclusion exercise during the period under reporting while opening new deposit relationship.

Advances

During the year, the gross advances of the Bank registered a subdued growth of 3.63%, to touch ₹37,725.65 crore. Low growth indicated earlier reflects, inter-alia, slow off-take of credit and also a pragmatic approach towards due diligence to ensure quality of assets. Total Priority Sector advances as at the end of the financial year stood at ₹15,597.02 crore, constituting 41.02% of the Adjusted Net Bank Credit (ANBC). Exposure to agriculture sector amounted to ₹6,281.80 crore forming16.52%* of ANBC as at the end of the financial year. Break-up of exposure under Priority Sector is furnished below:

	Amount (₹ in crore)
Agriculture & Allied activities (including investments in RIDF)	6,281.80
Small Enterprises	7,287.45
Other Priority Sector	2,027.77
Total Priority Sector	**15,597.02**

* As per RBI guidelines, indirect lending in excess of 4.5% of ANBC is not reckoned for computing achievement under the sub-target of 18% for the agriculture sector due to which the achievement under the subsector is 11.81%. However, the same is reckoned for computing achievement under the overall priority sector of 40% of ANBC.

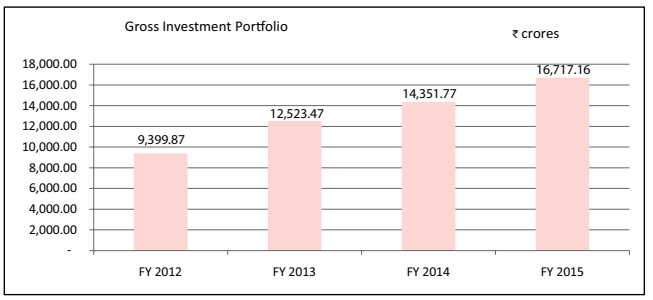
INVESTMENTS

Although global economy is improving slowly, Euro Zone Economies are yet to fully recover from the after effects of the global financial crisis. Economic growth in USA is firming up on the backdrop of improving labour and housing market. Even though Quantitative Easing by US Fed came to an end, global liquidity still remains high on the backdrop of quantitative easing by European Union and Japan. Crude oil prices plunged on the backdrop of weak demand outlook and concern over US shale gas supply.

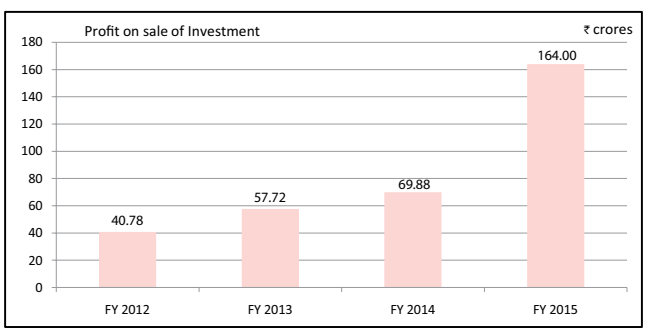
India remains beneficiary of fall in crude oil prices with moderation in inflation, containing fiscal deficit and current account deficit. Considering the easing of inflationary pressures, RBI has cut the policy rate by 50 bps during the year. Industrial activity witnessed marginal recovery with cumulative growth in IIP improving to 2.8% in FY 2015 from contraction of 0.1% during FY 2014. Global rating agency S & P upgraded its outlook on India's sovereign rating to stable from negative. Overall, debt and equity markets remained buoyant during FY 2015.

Bank's gross investment portfolio stood at ₹16,717.16 crore as on March 31, 2015 compared to ₹14,351.77 crore as on March 31, 2014, registering a growth of 16.48%. Investment Deposit ratio moved from 30.22% as on March 31, 2014 to 32.20% as on March 31, 2015.

DIRECTORS' REPORT



Profit on sale of investment registered healthy growth from ₹69.88 crore in FY 2014 to ₹164 crore in FY 2015. Total interest income from investments for the FY 2015 was ₹1,053.73 crore as against ₹954.48 crore for the FY 2014, registering a growth of 10.40%.



NON-PERFORMING ASSETS (NPA) MANAGEMENT

During the year 2014-15, as a result of the focused and sustained efforts like early recovery of NPAs, through prompt and effective measures under the SARFAESI Act, follow up of recovery cases pending before DRTs and civil courts, one time compromise settlements of accounts, etc., Bank could recover NPAs to the extent of ₹278.80 crore, (recovery including up-gradation ₹85.40 crore) as against the target of ₹250.00 crore. Special thrust was given on selection and underwriting of credit, adequate due diligence and improvement in credit administration to ensure improvement in the quality of assets.

During the year, the Gross NPA of the Bank has increased from ₹432.62 crore as on March 31, 2014 to ₹643.45 crore as on March 31, 2015 and Net NPA increased from ₹281.67 crore as on March 31, 2014 to ₹357.05 crore as on March 31, 2015. Despite improvement in recovery of NPAs, fresh slippage to the tune of ₹306.66 crore during the year led to increase in the level of gross NPA to ₹643.45 crore. In terms of percentages, the GNPA increased from 1.19% as on March 31, 2014 to 1.71% as on March 31, 2015 and Net NPA increased from 0.78% as on March 31, 2014 to 0.96% as on March 31, 2015.

INFORMATION TECHNOLOGY (IT) AND IT ENABLED SERVICES

Ever growing dependence on technology and digitalization has changed the contour of delivery channels of financial services in the Industry. The major players – both domestic and international- have been adopting progressively updated and state of art technology. This has created greater awareness in customers about products and delivery systems.

Indian Banking industry, today is in the midst of IT second phase of revolution. A combination of regulatory and competitive factors has led to increasing dependence on comprehensive automation in the Indian Banking Industry.

Information technology has basically been used under different avenues in Banking like Communication and Connectivity, Business Process Reengineering, new product rollout etc. Information technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets.

Information Technology and its huge potential to offer innovative solutions have paramount importance for growth and sustenance of the Banks. The turnaround time for rolling out a technology product in banks has been visibly diminishing, which essentially calls for a robust, adaptable system in place to execute projects right from initiation to consumption.

The Bank, an early adopter of technology with a view to providing safe and convenient banking facilities to its customers, has introduced host of services and facilities for enhancing customer satisfaction. The Bank has been successfully functional with Finacle Core Banking Solution (CBS) from Infosys for several years. CBS has been the key component in introducing the following latest technology services by the Bank for the benefit of its customers.

- Real time on-line ATMs having affinity with NFS (National Financial Switch), Master, VISA and RuPay payment and settlement agencies.
- Debit Card operations with VISA, MAESTRO and RuPay.
- Mobile Banking and M-commerce (with support for other bank money transfer through IMPS, P2A, P2M (issuer), Unstructured Supplementary Service Data (USSD code *99#), Missed call services for retrieving balance through SMS etc).
- ASBA (Application Supported by Blocked Amount).
- Foreign inward Instantaneous remittance with own payment Hub system.
- De-mat and On-line Trading Facility.
- Point of Sale (POS).
- Portfolio Investment Scheme for NRI Community.
- Central Plan Scheme Monitoring System (CPSMS).
- Kiosk based Financial Inclusion Solution.
- Cash Deposit Machines.
- Advanced version of Internet Banking Application with augmented security controls and enhanced customer friendly features.
- Captive Security Operation Centre (CSOC) in line with GKC (Gopalakrishna Committee recommendations of RBI for monitoring and management of IT Systems).
- Fraud Risk Management Solution (FRM) for ATM/POS/CNP channel.

- Business Process Management solution leading to a paperless environment and reduced turnaround time.
- Mobile Pass Book for customers.
- Automated Clearing House (ACH) Payment Service.
- MSME loan application through website.
- NRI account opening through website.
- Direct Benefits Transfer for transferring Govt. subsidies.
- SIB Mirror mobile application (developed in house).

IT initiatives/Solutions embarked during the year

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

- Version migration of CBS with enriched features leading to increased internal efficiency of operations, augmented control over various functions through stream lined processes.
- ISO 27001 implementation for DC/DR and IT operations.
- Technology solution for Basel II advanced approach.
- Integrated CRM solution to help business users for better understanding of our customers.
- Foreign Inward Remittance through Mobile Banking.
- Premium variant of ATM Cards (Master Card Platinum, RuPay Platinum MasterCard World EMV Chip Card).
- Prime Minister Social Security Schemes like Atal Pension Yojana (APY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY).
- Centralized Processing Centre (CPC).

Information Security and Risk Management

As banks adopt progressively sophisticated technology as part of their ongoing strategic tool to face challenges in the emerging realities of banking, they are increasingly exposed to technology risks. It is therefore imperative for each bank to work out appropriate IT risk management strategies to secure its most vital information asset and ensure that related risk management systems and processes are strengthened on continual basis to secure both present and future banking activities. SIB's Information Security Policy and other IT Policies – IT Operation Policy, IT Governance Policy, IT outsourcing Policy and Information Security systems have already taken these aspects into consideration. Further, the Information Security of banking IT functions is getting strengthened through implementation of a captive SOC (Security Operation Centre).

The Bank has been providing awareness on e-threats to its customers and staff on a continued basis so that both proactive and reactive measures can be initiated, as deemed appropriate, to mitigate potential risks associated with e-threats.

The Bank has been implementing the stipulations and guidelines articulated and issued by RBI based on the working group recommendations on Electronic Banking Technology Risk, Information Security and Cyber Frauds as a part of the IT governance programme (Gopalakrishna Committee Report).

IT Training

During the year, many training programmes had been attended by the Bank's officers in premier institutions such as IDRBT, NIBM to keep themselves abreast with the advancements in IT, Information Security, CRM etc.

Gopalakrishna Committee Recommendations Management Philosophy & Measures

Gopalakrishna Committee Recommendations on Information Security, Electronic Banking, Technology Risk and Cyber Frauds as applicable to the bank have been taken up for enforcement and implementation. Effective measures have been taken to address the identified gaps in each area such as IT Governance, Information Security, IT Service outsourcing, IS Audit, IT Operations, Cyber Frauds, Business Continuity Plan (BCP), Customer Education and Legal issues. The IT Organization setup has been redrawn to suit the functions/roles specified in the recommendations with segregation of duties. Technology, Development, IT Operations and IT Assurance functions have been clearly divided and now independently headed.

IT Strategy Committee of the Board, IT Steering Committee, Information Security Committee and Chief Information Officer (CIO) are in place, and Chief Information Security Officer (CISO) reports independently to the Head of Risk Management.

Revamped Information Security policy incorporating the various guidelines and stipulations mentioned in the report has been approved by Board and is in place. Presently the policy is under the process of review to make it in alignment with ISO 27001 guidelines. In addition, other IT Policies such as IT Operation Policy, IT Governance Policy and IT Outsourcing Policy are also enforced.

The progress of implementation of GKC recommendations are reviewed by IT Strategy Committee of Board and Board of Directors on quarterly basis. The major items which are under process to achieve compliance to GKC recommendations are as follows:

1. Comprehensive Fraud Risk Management.
2. ISO 27001 Implementation
3. Near line DR Center Solution

The full compliance with the GKC recommendation will be realized in a time bound manner with creation of various infrastructural support required for the same.

Awards and Accolades:

The Bank has received the following awards/rewards during the financial year

- ✓ Banking Technology Excellence Award-(tenth edition-2014) for 'Best IT TEAM'-(Small Bank category) from IDRBT, the technical arm of Reserve Bank of India.
- ✓ Special Recognition among private sector banks "Banking Frontiers - Inspiring Work Places Award" during the year 2014-15.
- ✓ Best Bank (Private Sector) in the BFSI (Banking, Financial Services and Insurance) Awards 2015 instituted by ABP News.

RISK MANAGEMENT

Risk is an integral part of the banking business. Management

of risk is aiming at achieving best trade-off between risk and return becomes a national corollary. Sound risk management is critical to a bank's success. Business and revenue growth have therefore to be weighed in the context of the risks embedded in the bank's business strategy. Of the various types of risks the Bank is exposed to, the most important are credit risk, market risk and operational risk. The identification, measurement, monitoring and mitigation of risk continued to be key focus area for the Bank. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level through quantitative examinations of embedded risks. The risk management strategy of the Bank is based on a clear understanding of various risks, disciplined risk assessment, risk measurement procedures and continuous monitoring for mitigation. The policies and procedures established for this purpose are continuously monitored and benchmarked against the best practices followed in the industry.

Risk Management Policy Framework

The Bank has a comprehensive policy framework which contains separate policies for identification, measurement and management of all material risks including but not limited to credit, market, operational, liquidity and other Pillar-II risks. The bank has put in place an integrated risk management policy which ensures the independence of the risk governance structure. The details of Risk Management practices are provided in Management Discussion and Analysis Report annexed to the Director's Report.

Compliance with Basel III and Basel II framework

In compliance with regulatory guidelines on Pillar I of Basel III norms, Bank has computed capital charge for credit risk as per the Standardized Approach, for market risk as per the Standardized Duration Method and for operational risk as per the Basic Indicator Approach. To address the issues of Pillar II, the Bank has implemented ICAAP (Internal Capital Adequacy Assessment Process), integrating capital planning with budgetary planning and to capture residual risks which are not addressed in Pillar I, like credit concentration risk, interest rate risk in the banking book, liquidity risk, earnings risk, strategic risk, reputation risk etc. the Bank has adopted a common framework for additional disclosures under Pillar III for adhering to market discipline of Basel II and Basel III guidelines. This requires the Bank to disclose its risk exposures, risk assessment processes and its capital adequacy to the market in a more consistent and comprehensive manner.

The Bank has initiated steps for moving over to Advanced Approach under the Basel II framework for CRAR computation in line with the relevant guidelines issued by Reserve Bank of India. To expedite the process, consultants and system implementation partners have since been engaged.

INTERNATIONAL BANKING

The total forex business turnover for the year ended March 31, 2015 was ₹1,92,534.64 crore (comprising Merchant Turnover of ₹10,714.35 crore and Interbank Turnover ₹1,81,820.29 crore) recording an increase of 15.08% as compared to the previous financial year. The Bank earned an exchange profit of ₹31.59 crore. The Bank has also earned a profit of ₹1.74 crore from bullion business and has sold 41.56 kg of gold during the FY 2014-15.

At present the Bank is having rupee inward remittance arrangement with 5 Banks and 32 Exchange Houses and turnover for the year ended March 2015 was ₹7,180.67 crore registering an increase of 23.14% as compared to the previous financial year. During the FY 2014-15, Bank has concluded 2 new Rupee Drawing arrangements under speed remittance from UAE with GCC Exchange and Joyalukkas Exchange. The Bank continued providing managerial support to M/s Hadi Express Exchange, UAE. We have presently deputed 17 officers of the Bank to manage the operations of Hadi Express Exchange. Considering the scope in improving our remittance business through arrangements with EH's, the Bank has deputed 4 officers to UAE with UAE Exchange Centre, Al Ansari Exchange and Al Ahalia Money Exchange.

NRI PORTFOLIO

The NRI Division of the Bank aims at personalized and dedicated services to NRI customers. It also extends support to branches / customers, takes initiatives and closely monitors the growth of NRI Business. In order to improve the NRI business and to ensure better service to NRIs at branch level, NRI relationship officers were selected at all branches having NRI business of ₹5 crore and above and also set up an NRI desk in all branches having NRI business of ₹10 crore and above. NRI deposit of the Bank constitutes 28% of the total bank's core deposits and NRE/NRO savings bank deposits amounts 21.99% of the total CASA of the Bank. Total NRI deposit registered a growth of 29.17% during 2014-15.

NRI Division has been successfully implementing Welcome Kits to NRE privilege accounts enabling instant activation. Such accounts are now available at all branches of Hadi Express Exchange, at selected branches of SIB in Kerala and to marketing officers in UAE. The initiative is widely accepted in the market and added momentum in opening of NRE SB accounts, thereby improving the share of low cost deposits of the Bank. The next generation service to the NRI customers "ONLINE NRE/NRO account opening" facilitates NRIs to open NRE/NRO accounts at the comfort of their home/office. A new channel of communication has been introduced in NRI Division through skype (skype id "talk2nricell") to facilitate video/audio calling for NRIs. To accelerate NRI business growth and to retain valued customer in our fold, NRI meets were arranged at all regions in Kerala. The Bank had opened and managed a stall in the Indian Pavilion during the Dubai Shopping Festival, at UAE to promote NRI services. All these efforts resulted in achieving a growth in the total NRI deposit business of the Bank, during 2014-15.

TRAINING

The Bank accords utmost importance to the process of skill enhancement. Training Programmes are conducted at SIB Staff Training College (SIBSTC), Thrissur and at 6 Regional Training Centers (RTCs) at ROs for enhancement of professional skills

of the staff. The training programmes are designed to develop competency of operating personnel while imbibing the SIB spirit and culture through an effective learning process. The success of these programmes reflects on the enhanced organizational productivity. SIBSTC and the RTCs identify gaps in skills of the personnel and provide learning to them for qualitative improvement. During the year 2014-15, the Bank has imparted training to 2,416 officers, 1,476 clerks and 147 sub-staff in various aspects of banking operations. Thus, the Bank has provided training to a total of 4,039 of its personnel, which is about 52% of total staff strength of 7,825 as on March 31, 2015. This is in consonance with the Bank's vision towards continuous up-gradation of skills to ensure that the staff members meet the rising expectations of customers and discharge services professionally covering the entire gamut of banking operations.

MARKETING

The Marketing Department of the Bank plays a critical role in generating new business for the Bank through customer acquisition. The department also takes initiatives in product development and promotion by creating awareness on products and by driving customer-centric campaigns.

The products and services under the domain of Marketing Department can be broadly classified as Technology, Third Party Products and Value added services.

Technology Products of the Bank

The Bank has effectively leveraged technology and introduced several variants of traditional products and new e-based services, tailor made to the diversified needs of customers. Technology services like ATM /Debit cards, internet banking, mobile banking etc. have transformed the customers' banking experience from branch banking to anytime, anywhere banking.

- **Any Branch Banking System:** All the branches of the Bank are inter-connected and are capable of providing online, real-time transactions to its customers. As information is centralized and updates are available simultaneously at all places, single-window service has become possible, leading to effective service-delivery to customers. Customers can Deposit/Withdraw freely without any tariff/charge from any branch.
- **SIB ATM cum Debit Cards:** The Bank is offering Visa, Master and RuPay debit cards to its customers. Using SIB debit cards, Bank's customers can withdraw cash through ATMs of any Bank in India and international usage is allowed through EMV chip cards. The Bank has also enabled its debit cards for POS/Online transactions.

  Co-branded Foreign Currency Travel Card launched in association with Axis Bank is specifically designed for customers who travel abroad and is available in 8 foreign currencies - USD, GBP, AUD, EUR, CHF, CAD, SGD and JPY.

  The Bank launched international EMV Chip and PIN based cards in Visa platform for facilitating highly secure international card transactions. Domestic only RuPay cards are also available to customers for use at domestic ATMs and POS terminals. Bank will be launching its high end variant cards in RuPay and Master card platform in near future.
- **Internet Banking:** The internet banking service under the brand name "SIBerNet" has helped to position the Bank as a technology-driven Bank offering superior banking services to both retail and corporate customers. Fund Transfer (RTGS/NEFT), online bill payments, Online deposit opening, donations to temples etc. are a few of the services offered through SIBerNet. In addition to these, the Bank has also introduced Direct and Indirect Tax Payment facility for its retail and corporate customers.
- **Mobile Banking:** Mobile banking services help customers maintain a virtual connection with the Bank at all times. SMS, SIB M-Pay, SIB M-Passbook and SIB missed Call service are the mobile banking based services currently offered by the Bank. SIB Mobile Service (SMS) enables customers to receive instant intimation on their account activities via SMS alerts and also to enquire important information over SMS.

  The enhanced mobile banking service of the Bank-"SIB M-Pay", offers 24x7 inter/intra Bank fund transfers, with immediate credit of the beneficiary account. The fund transfer facility is facilitated through the IMPS (Immediate Payment Service) platform of NPCI. In addition to the fund transfer service, SIB M-Pay customers are offered value-added services like mobile recharge, DTH recharge etc. also.

  The Bank was a pioneer in introducing SIB M-Passbook application that allows customers to access account transaction details on their smart phones. The app is available in all platforms- iOS (iPhones), Android, Windows and Blackberry.

  SIB Missed Call service was launched during November 2014, helping the customers to know the balance with just a missed call.
- **Point of Sale (POS):** The Bank, in association with M/s Atos Worldline India Pvt. Ltd. is offering two types of POS terminals - PSTN (wired terminal) & GPRS (wireless). Atos is the market leader in India in this segment and the primary service provider for POS acquiring services to a number of leading public sector and private sector Banks in the country.

Third Party Products

To cater to the needs of a diverse customer base, the Bank has made arrangements with several companies to distribute products like insurance, pension and mutual funds to customers.

Insurance (Life/General): The Bank acts as a corporate agent for the distribution of insurance products of both M/s Life Insurance Corporation of India and M/s Bajaj Allianz General Insurance Company for life insurance and general insurance respectively.

Mutual Funds: Mutual Fund is a popular form of investment since it provides the advantages of professional portfolio management and dividend reinvestment. The Bank has tie up

with 13 leading Mutual Fund companies thereby offering a variety of mutual fund products to customers.

Bonds: The Bank has enrolled as a Channel Partner for the distribution of bonds issued by different companies, through Bank's tie-up with IFIN - a subsidiary of IFCI (Industrial Financial Corporation of India) Financial Services Limited. Through this tie up the Bank has been enrolled as a channel partner of IFCI for the distribution of capital gain bonds and tax free bonds.

Depository Services: The Bank offers Depository services for the benefit of its customers. Through this facility, customers can hold their securities in electronic form in demat account with M/s Central Depository Services (India) Ltd. (CDSL). For e-trading, the Bank offers SIBerTrade – the online trading facility to buy /sell stocks for its domestic customers from stock exchanges in India through tie-up with M/s Geojit BNP Paribas Financial Services Ltd. & M/s Religare Securities Ltd. SEBI has also registered the Bank as Self Certified Syndicate Bank (SCSB) for accepting application under Application Supported by Blocked Amount (ASBA) through all the branches of the Bank. ASBA enables the Bank's customers to apply for IPO/FPO, rights issues etc. by marking a lien on the account instead of actual debit at the time of applying, which is more beneficial for the customers. Bank is also offering Portfolio Investment Scheme (PIS) – an extensive share trading facility for its NRI customers through tie-up with M/s Geojit. Under PIS, NRI customers can directly invest in the Indian securities market through recognized stock exchanges under repatriable/non-repatriable basis.

New Pension System: The Bank acts as a Point of Presence to provide services to subscribers of New Pension System introduced by Pension Fund Regulatory and Development Authority (PFRDA). All branches of the Bank are designated for collecting NPS applications and contributions.

Pan Application Servicing: The Bank has made arrangement with M/s UTI Technology Services Ltd. (UTITSL) for servicing applications for PAN card. On an average the Bank processes 15,000 applications per year.

SIB E-Pay: In association with BSNL, the Bank is facilitating the payment of BSNL Landline bill of its customers through their accounts maintained with the branches. A customer can avail this facility by submitting a mandate form at the branch where the account is being maintained. Once registered, the BSNL landline bill of the customer will be automatically debited from the customer's account every month. The key feature of this facility is that it is totally hassle free and is offered free of cost to the customers.

Cash Management Service (Premium Collection): The Bank is offering Cash Management Service (Premium Collection) to customers in association with Tata AIG, Exide Life Insurance Co. Ltd. (formerly known as ING Vysya) and ICICI Prudential Life Insurance Co. Ltd. Under this arrangement, Bank's customers as well as walk-in customers can remit life insurance premium through branch counters. This facility is offered free of cost to customers.

Centralized Direct Debit Service: The Bank has entered into tie-up with leading aggregator M/s Billdesk Services for Centralized Direct Debit arrangement. Through this tie-up Bank's customers will be able to make regular payments like monthly/ quarterly/half yearly payments of Mutual Fund SIP investments/ Loan EMIs (Vehicle/Equipment Loans)/Insurance premium etc. by directly debiting their account and thereby making the payments to various billers/institutions. This facility is available to all customers irrespective of their branches being located in ECS/non-ECS locations. The Bank has similar arrangements with 3 companies - TVS Credit Services, Sundaram Finance Ltd. and Shriram City Union Finance.

TOLL FREE: The Bank has subscribed to toll free numbers from Idea Cellular Ltd. (Toll Free number- 1800 843 1800) and BSNL (Toll Free Number-1800 425 1809) to enable customers to contact the Bank without incurring any cost. In addition, a land-line connection dedicated for international customers is also available. Functioning hours of Toll Free Centre is from 8:30 a.m. to 8:30 p.m. during week days and from 8:30 a.m. to 4:30 p.m. on Saturdays.

Marketing and promotional activities of the Bank are vital in identifying customer needs and designing differentiated products to cater to those needs. While the department is keen to introduce new and varied products, facilitating customer adoption and providing customer assistance assumes equal significance during its operation. The Bank strives to comply with regulatory requirements while taking every endeavour to avoid pitfalls in mis-selling Bank's products.

Visibility Enhancement Initiatives

The Bank has undertaken many brand promotion initiatives in various media like Newspaper, Television, Radio, outdoor and online media. Outdoor brandings were concentrated in major metros like Bangalore, Delhi, Chennai, Hyderabad, Coimbatore and Erode through bus shelters and hoardings. All major inaugural events and financial results were covered through print and electronic media. TV Commercials were released on Pan India basis in channels like CNBC, ET Now and in Manorama News, Asianet, Surya, Mazhavil Manorama, Indiavision, Reporter, Kairali, Amrita TV, Jai Hind TV, Jeevan TV in Kerala. Manorama Indian Open Badminton Championship was sponsored by the Bank. Along with the sponsorship of Manorama India Open Badminton Championship, stall space was provided for in the All Kerala Exhibition called 'Parpidom', which was conducted in all the districts of Kerala. We also ventured into government initiated programmes such as 'Clean Campus Safe Campus' & 'Bhoomigeetham 2014'. Both these programs focused upon various welfare issues in Kerala. South Indian Bank was the title sponsor for National Premier Chess Championship which was organized by CMS College and Kottayam Chess Academy. Also, for the 34th Annual National Management Convention conducted by Kerala Management Association (KMA), South Indian Bank was the title sponsor. Asianet Satellite Communications Ltd. has introduced a fresh and unique branding activity called logo on navigation bar, for which we have associated with Asianet Satellite Communication for the initial launch.

The Bank has its own official fan pages in Facebook, Twitter, YouTube etc. The Bank's official Facebook page contains various

information about the Bank. The page also gives an opportunity to the customers to provide their valuable suggestions/ feedbacks and also to seek clarifications regarding the products & services by making queries. Also, details of new branches and ATMs opened across the country are updated on a daily basis. Bank's official Facebook page also provides general banking information with regard to various products and services. The Bank's official Twitter page is integrated with Facebook and the contents shared in the Facebook page are posted as "tweets".

HUMAN RESOURCE

Human Resource is the single most important catalyst for effective and efficient operation of any organization. Competition has rendered this dimension still more critical. The Bank has a team of committed, self-motivated and empathetic workforce, who strive to meet the customers' requirements. To augment the existing manpower in line with the Bank's healthy & sustained growth and expansion of network, the Bank has continued its initiatives of major talent acquisition and retention policies in the FY 2014-15.

Manpower

As on March 31, 2015, the Bank had 7,826 personnel on its rolls. Cadre wise break-up is as under:

Cadre	Men	Women	Total
Officers	2594	1293	3887
Clerk	1531	1591	3122
Peon	483	30	513
Part-time employees	74	229	303
Total	**4682**	**3143**	**7825**

Infusion of young personnel has brought down the average age of employees of the Bank to 34 years as on March 31, 2015.

Number of Staff Members having professional Qualification as on March 31, 2015 is as under:

Educational Stream	Number of Staff
Management	1290
Post Graduation	1095
CA	75
CS	5
Engineering	828
PHD	1
Legal	82
ICWA/CMA	44

Maintenance of Personnel data

Maintenance of staff records was streamlined under "HRMSS" (Human Resources Management Software Solution) System. The personnel data can be accessed by all controlling offices and various reports based on the data can be generated for the quick disposal of staff related matters. To make HRMSS more comprehensive, we have introduced new modules such as Expense Maintenance, Pension Maintenance, Marketing Excellence, in addition to the existing modules like Transfers, Promotion Maintenance, HRA, Leave and LFC, Training, Online Annual Performance Appraisal of Officers upto Scale IV, Service Record etc.

Motivational Initiatives

Some of the initiatives undertaken by the Bank in order to boost the morale of the Bank employees are as under:

a) Promotions: The Bank has been offering healthy career progressive opportunities. During the financial year, 440 clerical staffs had been promoted to Scale I, 193 officers to Scale II and 189 Officers to various senior cadres.

b) Staff Welfare Scheme (SWS) 2014 was implemented in the FY 2014-15, offering job opportunities to the children of voluntarily retired staff members in officers/clerical/ subordinate cadres. 1 Probationary Officer, 23 Probationary Clerks and 8 Probationary Peons were selected under this scheme based on suitability and through due diligence process.

c) The Bank had introduced SIB Ashwas Plus – an insurance scheme in tie-up with 'The New India Assurance Co. Ltd.' for staff members who have retired from the service of the Bank either on superannuation or under VRS/SWS. Under SIB Ashwas Plus, 70% of the premium shall be borne by the Bank, reassuring the Bank's concern and support to its staff members even after their retirement.

Industrial Relations

Industrial relations in the Bank have been cordial and harmonious. The representatives of Workmen Union, Officers Association and Management have been working collectively with a sense of ownership for the shared objective of all-round growth and prosperity of the Bank. On account of the cordial industrial relations with both the associations, Bank has achieved considerable growth over the years.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the financial year 2008-09, the Bank had instituted an Employee Stock Option Scheme to enable its employees to be a partner in the future growth and financial success of the Bank. The Banks' shareholders approved the plan on August 18, 2008 for the issuance of stock options to the employees. Compensation and Remuneration Committee of the Board on 27th March, 2015 has recommended to the Board to grand options at a discount of 10% on the closing price of shares quoted on NSE on 26th March, 2015.

Till March 2015, 3,12,55,600 stock options were vested, out of which 2,00,87,136 stock options were exercised by eligible employees. The money realized due to exercise of the said options was ₹26,01,75,108.20/- and consequently 2,00,87,136 shares of ₹1/- each has been allotted to the concerned employees/legal heirs.

The total options granted under seven phases of SIB ESOS 2008 consist 4.21% of the paid up share capital of the Bank as at March 31, 2015. The scheme has generated intended motivation amongst the staff.

DIRECTORS' REPORT

Statutory disclosures regarding details of the stock options granted, vested, exercised and forfeited and expired during the year under review is annexed to this report.

SIB-Executive Brief

"SIB Executive Brief" - a daily news update on Banking, Finance, Economy, Industry, Market Rates etc. is being provided by SIB Staff Training College. It is E-mailed on a daily basis to Board members, to the executives and it is also made available at SIB-Insight for access to all the staff members.

E-Learning Tests

The Bank has completed 12 online tests through E-learning Application during the year 2014-15. There were various topics covered during these tests such as Banking procedures, Bank's Operations Manual-Advance version etc. Prizes were awarded for the toppers in these tests. It is encouraging to know that the learning process is taken up with great enthusiasm and competitive spirit, the fruit of which is visible in the increasing number of branches/offices emerging as toppers. The E-learning platform will be utilized increasingly for improving the knowledge level of the staff members.

E-Circular

The Bank has since migrated to issuance of e-circulars in place of manual circulars. All the circulars of the Bank are uploaded using the 'e-circular software'. In e-circular, Bank's policies, Guidelines and Forms are also uploaded so as to empower the branches with readily accessible pool of information/guidelines.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Bank has undertaken various initiatives for energy conservation at its premises. Further, the Bank has used information technology extensively in its operation and consistently pursuing its goal of technological up-gradation in a cost efficient manner for delivering quality customer service.

The Company, being a banking company and an authorized dealer in Foreign Exchange, has taken all possible steps to encourage export credit.

Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

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

Number of complaints filed during the financial year - Nil

Number of complaints pending as on the end of the financial year - Nil

Particulars of Employees

Information as required by the provisions of Section 134 of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975, as amended **vide GSR 289 (E) dated March 31, 2011 [Companies (Particulars of Employees) Amendments Rules, 2011]**, is given under:

Name, Qualification and Age (in years)	Designation	Remuneration		Experience (in years)	Date of commencement of Employment	Last Employment
		Gross (₹)	Net (₹)*			
V. A. Joseph#, M.Com., LLB, CAIIB, Ph.D. (HRD), MPM 63 Years.	MD & CEO	52,16,400	36,91,720	42	December, 2003	General Manager of Syndicate Bank at Mumbai
V. G. Mathew##, M.Sc. CAIIB 61 years	MD & CEO	30,00,000	20,10,000	37	02-01-2014	Chief General Manager, SBI

*Net of Taxes paid

#Ceased to be the Managing Director & CEO of the Bank w.e.f. September 30, 2014.

Appointed as Managing Director & CEO of the Bank w.e.f. 1st October, 2014. The above gross remuneration does not includes ₹15,75,348/- paid to Mr. V. G. Mathew in the capacity of Executive Vice President during the period 01.04.2014 to 30.09.2014.

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

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

A brief outline of the Bank's CSR Policy, including overview of projects or programs undertaken / to be undertaken.

South Indian Bank's CSR Policy:

The South Indian Bank is grateful to the society for the support and encouragement in the bank's growth and development. The Bank believes that no organization can make sustainable development without the patronage from the society. The Bank is committed in the integration of social and environmental concerns in its business operations and also in the interactions with its stakeholders. The Bank shall continue to have among its objectives, the promotion and growth of the national economy and shall continue to be mindful of its social and moral responsibilities to customers, shareholders, employees and society. Bank is committed to financing the economic and developmental activities of the nation with concern for human rights and environment.

Overview of Activities:

In line with the CSR policy and in accordance with Schedule VII of the Companies Act, 2013, South Indian Bank undertook various activities during the FY 2014-15 which had significant impact on the society. These activities include:

- Livelihood enhancement projects.
- Training to promote sports.
- Setting up old age homes, day care centres and such other facilities for Senior citizens.
- Contribution to technology incubators located within academic institutions which are approved by Central Govt.
- Ensuring environmental sustainability.
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled.
- Promoting Preventive healthcare and sanitation.

Web-Link to the CSR Policy:

http://southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=215&LinkIdLvl3=778&linkId=778

Composition of CSR Committee:

The Bank understands its responsibility towards the society and environment in which it operates. The bank has constituted Corporate Social Responsibility Committee at the board level to monitor the CSR activities.

Members of the Committee are:

1. Mr. Francis Alapatt (Chairman of the Committee)
2. Mr. V. G. Mathew (MD & CEO)
3. Mr. Mohan E. Alapatt (Member)
4. Ms. Ranjana S. Salgaocar (Member)

The composition is as per Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

Average net profit before tax of the Company for the last three financial years: ₹599.17 crore

Prescribed CSR Expenditure (two per cent of the amount as above): ₹11.98 crore.

Details of CSR spent during the Financial Year:

a. Total amount to be spent for the Financial Year 2014-15: ₹11,98,00,000/-.
b. Amount unspent, if any: ₹10,52,45,154.50.
c. Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs subheads: (1) Direct Expenditure on projects or programs (2) overheads:	Cumulative Expenditure upto the Reporting Period	Amount spent: Direct or through implementing agency
				(in 000')	(in 000')	(in 000')	
1	Livelihood enhancement project	Livelihood Enhancement projects and Promoting Education	– Other, Raipur District, Chhattisgarh	200.00	200.00	200.00	Direct
2	Training and enhancement of sports skill development	Training to promote sports	– Other, Kottayam District, Kerala	1000.00	650.00	650.00	Direct
3	Setting up of facilities for Senior Citizens	Setting up old age homes, day care centers and such other facilities for Senior citizens.	– Other, Ernakulam District, Kerala	1500.00	1350.00	1350.00	Direct
4	Capital creation for research and development	Contributions or funds provided to Technology Incubators located within academic institutions which are approved by central government.	– Local area, Thrissur District, Kerala	1000.00	1000.00	1000.00	Direct
5	Capital creation for ensuring enviornmental sustainability	Ensuring Environmental Sustainability	– Other, Ernakulam District, Kerala & Local area, Thrissur District, Kerala	1450.00	1413.00	1413.00	Direct
6	Promoting basic amenities at schools/ colleges, conducting awareness programs including financial literacy camps/activities	Promoting Education	- Other, Thiruvananthapuram District, Kerala - Local area, Thrissur District, Kerala - Other, Udupi District, Karnataka & Local area, Thrissur District, Kerala - Pan India	4431.17	2909.17	2909.17	Direct

7	Conducting medical camps, construction of toilet blocks, investment in preventive health care programs	Promoting Preventive Heath care and Sanitation	- Local area, Thrissur District, Kerala - Other, Ernakulam District, Kerala - Local area, Thrissur District, Kerala - Other, Kottayam District, Kerala & Other, Kozhikode District, Kerala & Local area, Thrissur District, Kerala - Local area, Thrissur District, Kerala & Other, Ernakulam District, Kerala - Other, Kottayam District, Kerala & Other, Vellore District, Tamil Nadu - Other, Ernakulam District, Kerala & Other, Kolkata District, West Bengal - Other, Thiruvananthapuram District, Kerala - Local area, Thrissur District, Kerala - Other, Thiruvananthapuram District, Kerala	7036.16	7032.67	7032.67	Direct
			Total	**16617.33**	**14554.85**	**14554.85**	

Bank's CSR mission is to contribute to the social and economic development of the community. Through a series of interventions, the Bank seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment.

In the FY 2014-15, the Bank revamped its CSR activities to fall in line with the new rules and regulations in accordance with the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. The Bank spent a sum of ₹1,45,54,845.50 under CSR for the FY 2014-15. Through these CSR spent, the Bank were able to touch the lives of many. During the FY 2014-15; additional activities like Swachh Bharat, Clean Ganga and Financial Inclusion were also included in the ambit of CSR. In the FY 2015-16, the Bank is committed to increase its CSR spent so as to increase its continued focus towards sustainable development of social sector.

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

Financial Inclusion

Financial inclusion aims to ensure the availability of formal and basic banking services to all Indian households, including those in the un-banked and under-banked areas. South Indian Bank has adopted several financial inclusion initiatives, including Kiosk banking.

Kiosk Banking Model – Bank Mitra / Business Correspondent (BC)

The Kiosk banking complies with the open standards recommended by the Indian Banks' Association (IBA) and the Institute for Development and Research in Banking Technology (IDRBT) and is capable of incorporating the Unique Identity Solution being implemented by the Unique Identity Authority of India (UIDAI). Under Kiosk Banking Model, the Bank is able to provide basic banking services in un-banked/under-banked areas through outlets such as common service centres, Individual Business Correspondents [BC], small retail shops etc. with a laptop based solution.

Kiosk centres offers basic banking services such as customer enrollment, deposits, withdrawal, fund transfers, balance enquiry, FD, RD remittance etc. to potential customers. Customers can open new basic savings account in Kiosk centres by providing KYC documents and biometrics. The Bank has implemented Kiosk Banking Model in the state of Kerala through 53 Akshaya centers, who are acting as common service centres in the state and 64 Individual BC's in Tamil Nadu. As on March 31, 2015, 28,822 customers have opened accounts under our Kiosk Banking Model.

Financial Literacy Centres

Financial Literacy is the ability to understand how money works in our day today life and how someone manages it, how he/she invests it and how a person offers it to others. More specifically, it refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with their financial resources. 12 FLCs have been allotted to the Bank by SLBC in the state of Kerala to disseminate financial literacy to the people and it is functioned through retired bank employees, school teachers and retired government employees.

Pullu – Model Village of South Indian Bank

The Bank has been servicing Pullu Village in Chazhoor Panchayat of Thrissur Dist. in Kerala under Bank's Financial Inclusion

initiative since 2010. In order to ensure meaningful Financial Inclusion and to facilitate BC based operations in the village, Bank has opened Ultra Small Branch at Pullu on November 1, 2013. The village was since adopted by the Bank and various welfare measures were initiated in Pullu. Propagation of Bio farming, conducting financial literacy sessions, providing agricultural credit, organizing medical camps are few of such initiatives the Bank has undertaken in the village.

Government of India Scheme - PMJDY

Pradhan Mantri Jan Dhan Yojana (PMJDY), is conceived as a national mission on financial inclusion initiated by Honorable Prime Minister on 15.08.2014. The scheme envisages universal access to banking facilities, with at least one basic banking account for every household. In line with the directives given by Ministry of Finance and SLBC, PMJDY scheme is implemented in our Bank since 18.08.2014.

A survey on 2,68,690 Households was conducted by the Bank under PMJDY to identify Households not having bank accounts. The Bank has opened 1, 02,217 BSBDA accounts as on 31.01.2015 under PMJDY and balance outstanding in those accounts exceeds ₹10 crore at present. Rupay Debit Cards has been issued in PMJDY accounts providing customers with the benefit of accidental insurance coverage of ₹1.00 lac.

Green Initiatives in Corporate Governance

As a responsible corporate citizen, the Bank supports and pursues the 'Green Initiative' of the Ministry of Corporate Affairs ("MCA"). In conformance with such initiatives, the Bank will effect electronic delivery of documents including the notice and explanatory statement of Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc., for the year ended March 31, 2015, to the e-mail address which the Shareholders have previously registered with their Depository Participant (DP) as their valid e-mail address. Investors desirous of refreshing / updating their e-mail addresses are requested to do so immediately in their respective DP accounts. The e-mail addresses indicated in respective DP accounts which will be periodically downloaded from NSDL/ CDSL will be deemed to be their registered e-mail address for serving notices / documents including those covered under Section 136 of the Companies Act, 2013.

Shareholders holding shares in physical form and desirous of availing electronic form of delivery of documents are requested to update their e-mail addresses with Bank's Registrar and Transfer Agents by a written request. A request format for registering e-mail ids with the Registrar is enclosed. Shareholders holding shares in demat segment are requested to inform their e-mail ids to their respective DPs.

SIB STUDENTS' ECONOMIC FORUM (SIBSEF)

Students' Economic Forum is a monthly publication from the SIB Staff Training College and it provides an analysis of contemporary themes relating to developments in Economy, Banking and Finance. So far, 280 themes have been published since the first publication which was launched in December 1991. In response to the requests from readers, the first 201 themes of this publication were compiled in 4 volumes and published. The objective of this venture is to kindle interest in economic affairs among the younger generation and also to provide a learning platform to the student community. The hard copies of the publication numbering 3,500 are being sent to all the branches/ offices, reputed schools / colleges / academic institutions, RBI offices, other Banks, government organizations and corporate offices. It has wide acceptance among students, bankers and academic community. The Subjects discussed during the Financial Year 2014-15 include Corporate Social Responsibility (CSR), Shadow Banking System (SBS), Forex facilities for residents, Take over code, Economic survey: Highlights, Union Budget 2014-15 Part I, Union Budget 2014-15 Part II, Microfinance sector, Charter of Customer Rights; Capacity building in banks, Over-the-counter (OTC) derivatives market reforms, Whistle Blowers' Protection bill etc. These themes are made available in the Bank's Website.

ANTI - MONEY LAUNDERING (AML)

Transactions processed through the Core Banking Solution are monitored for detecting suspicious transactions, using TCS Bancs Compliance, an AML application to comply with the provisions under Prevention of Money Laundering Act (PMLA).

The Offsite Monitoring Teams set up for post facto verification of KYC compliance while establishing new customer relationships by the branches has stabilized fully now.

The Bank has initiated steps for starting a Centralized Processing Centre (CPC) for liability side customer creation with the objective of full KYC compliance and to use KYC as a fraud prevention tool. The Bank aims to bring all branches under the CPC model during the Financial Year 2015-16.

The Board has nominated Mr. V. G. Mathew, MD & CEO as the "designated director", as per PMLA Act.

The Bank has attached great importance for compliance of KYC/AML/CFT norms by the customers as per the Reserve Bank of India directive.

COMPLIANCE DEPARTMENT

The Bank has institutionalized a strong compliance culture and mechanism across the organization, pursuant to its strategic goals of transparency and trust, among all its stakeholders. The Bank has a dedicated Independent Compliance Department headed by a Dy. General Manager for ensuring regulatory 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, impart training to employees on compliance aspects, among others.

DIRECTORS' REPORT

DIRECTORS

During the year, pursuant to the applicable provision of the Companies Act, 2013, Banking Regulation Act, 1949, the provisions of the Articles of Association of the Bank and approval of Reserve Bank of India vide its letter DBOD.Appt. No. 3926/08.51.001/2014-15 dtd. 11.09.2014 Mr. V. G. Mathew (DIN-05332797) has been appointed as Managing Director and Chief Executive Officer and he shall also be a Whole-time Key Managerial Person of the Bank for a period of three years from 1st October, 2014 till 30th September, 2017.

Mr. Mathew L. Chakola (DIN-00633502) and Mr. Paul Chalissery (DIN-00836980) have been appointed as an Independent Director of the Bank for the purpose of Section 149(2) of the Companies Act, 2013 with effect from April 1, 2014 for a period of 6 months and they demitted the office of directorship w.e.f. September 30, 2014, upon completion of 8 year term as stipulated under the Banking Regulation Act,1949. The Board places on record its appreciation for the invaluable services rendered by them during their tenure as Directors.

Pursuant to Sections 149, 152 of the Companies Act, 2013 and Section 10A (2A) of the Banking Regulation Act, 1949 and with the approval of the shareholders Dr. John Joseph Alapatt (DIN-00021735) was appointed for a period of five years, Sri Mohan E. Alapatt (DIN-00025594) was reappointed for the period upto February 28, 2018 and Sri K. Thomas Jacob (DIN-00812892) was reappointed for the period upto August 30, 2018, as Independent Directors not liable to retire by rotation w.e.f. April 1, 2014.

Mr. Francis Alapatt (DIN 01419486) and Mr. Salim Gangadharan (DIN-06796232) have been appointed as an Independent Director of the Bank for the purpose of Section 149(2) of the Companies Act, 2013 with effect from April 1, 2014 for a period of five years, and further that they shall not be liable to retire by rotation. Mr. Cheryan Varkey (DIN-06884551) was appointed as Director of the Bank in the 86th Annual General Meeting and his period of office is liable for determination by retirement of directors by rotation.

Smt. Ranjana S. Salgaocar (DIN-00120120) and Mr. Parayil George John Tharakan, (DIN-07018289) have been appointed as additional Directors of the Bank w.e.f. 1st October, 2014 and November 25, 2014 respectively pursuant to Clause 49 of Listing Agreement and Section 149(1) & 161 of the Companies Act, 2013.

The Board represents various domain skill and also addresses the issue of diversity.

AUDITORS

a) **Statutory Auditors:**

The shareholders at its 86th Annual General Meeting held on 16th day of July, 2014, appointed M/s S. R. Batliboi & Associates LLP (formerly known as M/s S. R. Batliboi & Associates), Chartered Accountants, Chennai, as the Central Auditors for the audit of Bank's accounts for the year 2014-15. M/s S. R. Batliboi & Associates LLP, Chartered Accountants, Chennai, will vacate the office at the end of the ensuing Annual General Meeting. Having completed a term of four years of continuous audit, the said firm is not eligible for re-appointment. Therefore, the shareholders will have to appoint a new firm as Statutory Central Auditors for the audit of the Bank's accounts for the financial year 2015-16. Based on the application submitted by the Bank the Reserve Bank of India conveyed their approval vide letter No. DBS.ARS. No. 14271/08.21.005/2014-15 dated May 14, 2015 for appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, Chennai as Statutory Central Auditors of the Bank. A resolution will be placed before you at the ensuing Annual General Meeting, seeking approval for appointing M/s Deloitte Haskins & Sells as the Statutory Auditors of the Bank. The Board recommends the appointment of the said firm as the Auditors of the Bank for the financial year 2015-16.

b) **Secretarial Auditors and Secretarial Audit Report**

Pursuant to Section 204 of the Companies Act, 2013, the Bank had appointed M/s KSR & Co., Company Secretaries LLP, Practicing Company Secretaries, Coimbatore as its Secretarial Auditors to conduct the secretarial audit of the Bank for the FY 2014-15. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2014-15 is annexed to this report.

Audit and Inspection

Regular Inspection of the Bank's branches is conducted at periodical intervals on the basis of Risk Based Internal Audit approach. Concurrent audit at branches by qualified Chartered Accountants/retired officers covering 67% of business of the Bank. Concurrent audit of International Banking Division and Treasury Department are also conducted. In addition to the above, the Bank conducts Stock Audit, Credit/Legal Audit, KYC/AML Audit, Information System Audit, Revenue Audit to check income leakages, Surprise Inspection of gold & cash, Forensic Audit by external agencies in cases where it is found necessary, exclusive Gold Loan asset verification etc. at branches. This year, Bank has brought almost all isolated remote branches under the ambit of concurrent audit, irrespective of the business volume of such branches. Also, the frequency of Gold Loan Inspection has been increased. Information System Audit of CBS and major applications for the current financial year 2014-15 was done by an external approved auditing firm. Besides, all the branches are subjected to statutory audit on yearly basis. RBI conducts Risk Based Supervision of the Bank. An Offsite Monitoring Team is functioning in all Regional Offices mainly to oversee compliance of KYC/AML guidelines in the newly opened operative accounts by branches. Bank is sending alerts (of large value) generated from a software to branches & ROs to facilitate verification of the branch operations, in which some deviations from the laid down procedures / rules are detected by the system. ROs are provided with a terminal of this software for scrutiny of all alerts wherever needed. Above all, all alerts, generated by this system, are analyzed by a central

team for the correctness of the branch operations connected to such alerts. The branch operations are analyzed for *KYC*/ AML/CFT guidelines compliance also centrally with the help of another software and the alerts generated from this are followed up. Statutory reporting of the violations is also done centrally.

EXPLANATION FOR AUDITORS' COMMENTS IN THE REPORT

The Auditors report for the year 2014-15 does not contain any qualification.

CORPORATE GOVERNANCE

A separate report profiling Corporate Governance as required under Clause 49 of the Listing Agreement with Stock Exchanges, and a certificate from M/s S. R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the Bank, are annexed to this Report.

Extracts of Annual Return

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

Subsidiary Companies

The Bank did not have any subsidiary Company during the previous financial year. The Board of Directors has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing Agreement. The same is displayed on the website of the Bank (https://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=215&LinkIdLvl3=781&linkId=781).

Related Party Transactions

The Board of Directors has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Listing Agreement. The same is displayed on the website of the Bank (https://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=215&LinkIdLvl3=782&linkId=782).

Strictures and Penalties

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This has been dealt with in a separate section in the Annual Report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to the Director's Responsibility Statement, it is hereby confirmed that:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year 2014-15 and of the profit of the Bank for that period;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts for the financial year ended on March 31, 2015, on a going concern basis;

(e) the directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Board of Directors places on record its gratitude to the Reserve Bank of India, Securities and Exchange Board of India, Government of India, Government of Kerala and all other state Governments where the Bank operates, other Government and Regulatory Authorities, including stock exchanges, where the Bank's shares are listed and correspondent Banks for their strong support and guidance, during the year. The Board also places on record its gratitude to the Bank's shareholders and customers for their continued support, patronage and goodwill. The Board further places on record its appreciation for the valuable services rendered by M/s S. R. Batliboi & Associates LLP, Statutory Auditors, during their tenure. The single most important pillar of any Institution is its personnel, more so in the case of a service entity like a Bank. The Bank gladly acknowledges this fact and thanks all of them for their diligence and loyalty towards the Bank. The Board expresses its sincere appreciation for the dedicated services rendered by officers and employees of the Bank at all levels.

By Order of the Board

(AMITABHA GUHA)	**(V. G. MATHEW)**
CHAIRMAN	MANAGING DIRECTOR & CEO
DIN : 02836707	DIN : 05332797

Place : Nedumbassery, Kochi
Date : June 2, 2015

DIRECTORS' REPORT

Annexure to Directors Report for the year ended March 31, 2015

STATUTORY DISCLOSURES REGARDING ESOS

Details of the stock options granted, vested, exercised and forfeited & expired during the year under review are as under :

Particulars	Tranche 1		Tranche 2		Tranche 3		Tranche 4		Tranche 5		Tranche 6		Tranche 7	
	Options	Exercise price (₹)	Options	Exercise price (₹)	Options	Exercise price (₹)	Options	Exercise price (₹)	Options	Exercise price (₹)	Options	Exercise price (₹)	Options	Exercise price (₹)
Options outstanding at the beginning of the year	10050990	12.93	302750	24.98	845500	24.12	20000	12.93	962500	21.65	21243300	18.72	-	21.65
Options granted during the year	-	12.93	-	24.98	-	24.12	-	12.93	-	21.65	-	18.72	2226500	21.65
Options exercised during the year	6171340	12.93	13960	24.98	15575	24.12	600	12.93	-	21.65	3000	18.72	-	21.65
Options vested during the year	-	12.93	167800	24.98	243900	24.12	6000	12.93	275350	21.65	21000	18.72	-	21.65
Forfeited/lapsed during the year	3865050	12.93	129900	24.98	260825	24.12	0	12.93	47700	21.65	376600	18.72	-	21.65
Options outstanding at the end of the year	14600	12.93	158890	24.98	569100	24.12	19400	12.93	914800	21.65	20863700	18.72	2226500	21.65
Total Number of Options in force as on March 31, 2015	24766990													

Other details are as under:

Money realised by exercise of options	₹26,01,75,108.20/-
Pricing Formula: a) for Tranche 1, Tranche 2, Tranche 3, Tranche 5 , Tranche 6 & Tranche 7 b) Tranche 4	a) At a discount of 10% on closing market price on Stock Exchange with the highest trading volume on the immediately preceding trading day of the dates of grant. b) At a discount of 45% on closing market price on Stock Exchange with the highest trading volume on the immediately preceding trading day of the date of grant.
Details of options granted to KMPs & Senior managerial personnel	Name — Options Granted Mr. Cheryan Varkey — 97000 * Mr. Mathew V. G. — 100000 # Mr. Joseph George Kavalam — 88500 Mr. Varughese A. G. — 88500 Mr. Thomas Joseph K. — 78500 Mr. John Thomas — 78500 Mr. Murali N. A. — 65000 Mr. Raphael T. J. — 72500 Mr. Abraham K. George — 72500 Mr. Benoy Varghese — 72500 Mr. Paul V. L. — 56500 Mr. Anto George T. — 41500 Mr. Bobby James — 62500 Mr. Gireesh C. P. — 44500 Ms. Chithra H. — 30000 Mr. Jimmy Mathew — 13500 *Granted while he was an employee of the Bank # Subject to the approval of Reserve Bank of India
Other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None

Identified employees who were granted option during the year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None
Variation of terms of Options	Nil
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) - 20 'Earnings Per Share'	2.27
Weighted-average exercise prices of Options whose: • exercise price either equals market price • exercise price greater than market price • exercise price less than the market price	 Nil Nil The price of the stock options granted are: Tranche 1 – 12.93, Tranche 2 – 24.98, Tranche 3 – 24.12, Tranche 4 – 12.93 Tranche 5 – 21.65 , Tranche 6 – 18.72 and Tranche 7 – 21.65
Weighted-average fair value of Options whose: • exercise price either equals market price • exercise price greater than market price • exercise price less than the market price	 Nil Nil The price of the fair value options granted are: Tranche 1 – 8.57, Tranche 2 – 17.03, Tranche 3 – 22.57, Tranche 4 – 23.10 Tranche 5 – 24.26, Tranche 6 - 23.49 and Tranche 7 – 27.56

Impact of fair value method on net profit and on EPS:

Had compensation cost for the ESOS outstanding being determined based on the fair value approach instead of intrinsic value method, the Bank's net profit and earnings per share would have been as indicated below:

Particulars	31.03.2015
Net Profit as reported (₹ in crore)	307.20
Proforma Net profit based on fair value approach (₹ in crore)	305.82
Basic EPS as reported (₹)	2.28
Basic EPS (Proforma) (₹)	2.27
Diluted EPS as reported (₹)	2.27
Diluted EPS (Proforma) (₹)	2.26

In computing the above information, certain estimates and assumptions have been made by the management which has been relied upon by the auditors.

Description of the method and significant assumptions used to estimate fair value:

The Securities Exchange Board of India (SEBI) has prescribed two methods to account for stock grants; (i) the intrinsic value method; (ii) the fair value method. The Bank adopts the intrinsic value method to account for the stock options it grants to the employees. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option: The fair value of the options is estimated on the date of grant using Black Scholes options pricing model with following inputs/assumptions :

Tranches	Year ended March 31, 2015							Year ended March 31, 2014					
	1	2	3	4	5	6	7	1	2	3	4	5	6
Exercise Price per share (₹)	12.93	24.98	24.12	12.93	21.65	18.72	21.65	12.93	24.98	24.12	12.93	21.65	18.72
Weighted Average Share Price per share (₹)	8.57	17.03	22.57	23.10	24.26	23.49	27.56	8.57	17.03	22.57	23.10	24.26	23.49
Expected Volatility (%)	28.26	28.26	28.26	28.26	28.26	29.95	34.59	28.26	28.26	28.26	28.26	28.26	29.95
Historical Volatility (%)	43.50	31.33	29.23	31.32	28.94	32.19	34.83	43.50	31.33	29.23	31.32	28.94	32.19
Life of the options granted (Vesting and Exercise period in years)	4.20	3.28 to 4.28	2.20 to 4.21	2.09 to 4.09	2.15 to 4.16	2.16 to 4.16	3.10 to 5.10	4.20	3.28 to 4.28	2.20 to 4.21	2.09 to 4.09	2.15 to 4.16	2.16 to 4.16
Average Risk Free Interest rate (%)	7.98	7.88 to 7.98	7.89 to 7.94	7.88 to 7.95	7.89 to 8.09	8.61 to 8.88	8.15 to 8.19	7.98	7.88 to 7.98	7.89 to 7.94	7.88 to 7.95	7.89 to 8.09	8.61 to 8.88
Expected Dividend Yield (%)	8.17	4.11	3.10	3.03	2.89	3.41	2.90	8.17	4.11	3.10	3.03	2.89	3.41
The Price of underlying share in market at the time of grant of option (₹)	14.37	27.75	26.80	23.30	24.05	20.80	24.05	14.37	27.75	26.80	23.30	24.05	20.80

DIRECTORS' REPORT

Annexure to Directors Report for the year ended March 31, 2015

PARTICULARS PURSUANT TO SECTION 192(12) OF THE COMPANIES ACT, 2013

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

Sl. No.	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration[1] of the employees for the financial year	**Chairman** Mr. Amitabha Guha 1.36:1 **MD & CEO** Dr. V. A. Joseph 4.89:1 (from 01.04.2014 to 30.09.2014) Mr. V. G. Mathew 2.81:1 (from 01.10.2014 to 31.03.2015) For this purpose, sitting fees paid to the Directors have not been considered as remuneration.
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	**Chairman** Mr. Amitabha Guha 14.12% **MD & CEO** Dr. V. A. Joseph 9.09% (from 01.04.2014 to 30.09.2014) Mr. V. G. Mathew N.A. Mr. C. P. Gireesh **(CFO)** 0.29% Mr. Jimmy Mathew **(Company Secretary)** 12.71%
III	The percentage increase in the median remuneration of employees in the financial year	NIL
IV	The number of permanent employees on the rolls of the Bank	There were 7,825 employees as on March 31, 2015
V	The explanation on the relationship between average increase in remuneration and Bank performance	Factors considered while recommending increase in the compensation: (a) Financial performance of the Bank (b) Comparison with peer Banks (c) Industry Benchmarking and consideration towards cost of living adjustment/inflation (d) Regulatory guidelines as applicable (e) All forms of compensation (fixed, variable, ESOS) to be consistent with risk alignment As mentioned above the Bank follows holistic performance review mechanism to ensure that the increase is commensurate with the effort and it is aligned with the performance of the Bank.
VI	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Bank	For the FY 2014-15, KMPs were paid approx 0.36% of the net profit for the year.

VII	Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer	The Market capitalization of the Bank has increased from ₹2990.28 crores as of March 31, 2014 to ₹3402.38 crores as of March 31, 2015. Over the same period, the price to earnings ratio moved from 5.89 to 11.05. The stock price as at March 31, 2015 has increased by 281.82% to 25.20 (477.27% to ₹31.50 after considering Bonus issue made at 2008 of 1 for 4) over the last public offering, i.e. FPO in 2006 at the price of ₹6.60 per share.
VIII	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Not Applicable
IX	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Bank	The comparison of remuneration of each of the Key Managerial personnel against the performance of the Bank is as under : **Particulars** — **% of Net Profit for FY 2014-15** **MD & CEO** Dr. V. A. Joseph — 0.17 Mr. V. G. Mathew — 0.10 CFO — 0.05 CS — 0.04
X	The key parameters for any variable component of remuneration availed by the directors[2]	Except Mr. Amitabha Guha, Part-time Chairman, Dr. V. A. Joseph & Mr. V. G Mathew, MD & CEO, no other directors have been paid any remuneration as only Sitting fees are paid to them. No variable remuneration has been paid to Mr. Amitabha Guha & Mr. V. G. Mathew during the year. However, with respect to Dr. V. A. Joseph, MD & CEO, variable component has been paid in the form of Variable pay, as per the Compensation policy of the Bank which is based on Reserve Bank of India guidelines. Any payment in this nature is made only with the prior approval of Reserve Bank of India and Board of Directors.
XI	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	No Top Management Executives who are not directors receive remuneration in excess of the highest paid director during the year:
XII	Affirmation that the remuneration is as per the remuneration policy of the Bank	**Yes, it is confirmed**

Notes:

1. The median salary of the staff members is arrived by taking 12 months' comparable gross salary.
2. Remuneration of Chairman and MD & CEO is regulated by RBI guidelines.

DIRECTORS' REPORT

Annexure to Directors Report for the year ended March 31, 2015

KSR/CBE/T35/269/2015-2016

The Members
The South Indian Bank Limited
"SIB House", Mission Quarters, T.B. Road, P B No. 28
Thrissur – 680 001

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

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

Date : 23rd May, 2015
Place : Coimbatore

For **KSR & Co Company Secretaries LLP**
C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4480)

SECRETARIAL AUDIT REPORT

(Pursuant to Section 204(1) of the Companies Act, 2013 read with
Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
For the Financial Year ended 31st March, 2015

To

The Members,
The South Indian Bank Limited,
"SIB House", Mission Quarters, T.B. Road, P B No. 28,
Thrissur – 680 001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The South Indian Bank Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2015 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2015 according to the provisions of:

i. The Companies Act, 1956 and the Rules made there under to the extent applicable.
ii. The Companies Act, 2013 and the Rules made there under.
iii. The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
iv. The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
v. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

DIRECTORS' REPORT

vi. The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
   f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
   h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.

vii. The following laws, regulations, directions, orders applicable specifically to the Company:
   a. The Reserve Bank of India Act, 1934.
   b. The Banking Regulation Act, 1949.
   c. The Banking Companies Regulation (Companies Rules), 1949.
   d. The Banking Companies (Period of Preservation of Records) Rules, 1985.
   e. Reserve Bank of India "Know your Customer" (KYC) Guidelines – Anti-Money Laundering Standards.

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

i. Listing Agreement entered into with Stock Exchanges.
ii. The compliance of Secretarial Standards does not arise as the same has not been notified under Section 118 of the Companies Act, 2013 for being applicable during the period covered under the Audit.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of applicable the provisions of Act / Regulations / Directions as mentioned above in respect of:

i. Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment.
ii. Issue of capital or share based securities except for issue of shares arising out of exercise of options under Employees Stock Option Scheme.
iii. Issue and / or listing of debt securities.
iv. Delisting of equity shares.
v. Buy-back of securities.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period covered under the Audit were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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. In the absence of any statutory requirement to send agenda or detailed notes on agenda seven days in advance, reporting on compliance of the same does not arise.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting views for being captured in the minutes.

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

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above :

i. Members have enabled Borrowing Powers of the Company up to a limit of ₹5000 crores over and above the aggregate of the paid-up share capital and free reserves pursuant to Section 180(1)(c) of the Companies Act, 2013 at the 86th Annual General Meeting held on 16th July, 2014.
ii. Members have increased the Authorised Share Capital of the Company from ₹160,00,00,000/- to ₹250,00,00,000/- pursuant to Section 61 of the Companies Act, 2013 at the 86th Annual General Meeting held on 16th July, 2014.
iii. Members have appointed Mr. V. G. Mathew as the Managing Director and Chief Executive Officer of the Company for a period of three years from 01st October, 2014 at the 86th Annual General Meeting held on 16th July, 2014 pursuant to the provisions of the Banking Regulation Act, 1949.

For KSR & Co Company Secretaries LLP

Date : 23rd May, 2015
Place : Coimbatore

C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4480)

DIRECTORS' REPORT

Annexure to Directors Report for the year ended March 31, 2015

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31 March, 2015

[Pursuant to Section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN	:	L65191KL1929PLC001017
(ii)	Registration Date	:	25.01.1929
(iii)	Name of the Company	:	The South Indian Bank Limited
(iv)	Category/Sub Category of the Company	:	Public Company
(v)	Address of the Registered office and contact details	:	The South Indian Bank Ltd. SIB House, T.B. Road Mission Quarters Thrissur 680 001 Kerala, India
(vi)	Whether Listed Company	:	Yes
(vii)	Name, Address and Contact Details of Registrar and Transfer Agent, If any	:	M/s BTS Consultancy Services Pvt. Ltd. MS Complex, 1st Floor, No. 8, Sastri Nagar, Near 200 Feet Road/RTO Kolathur, Kolathur, Chennai 600 099. Tel: 044-25565121, Fax :044-25565131 Email:ramesh@btsindia.co.in/helpdesk@btsindia.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Banking Services	64191	100%
2			
3			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	NIL				
2					

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.		0							0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0

DIRECTORS' REPORT

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	0	0	0	0	0	0	0	0	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals		0							0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI		0							0
e) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Public Shareholding									0
1. Institutions									0
a) Mutual Funds	4414431	0	4414431	0.33	72692338	0	72692338	5.38	5.06
b) Banks / FI	94267045	0	94267045	7.01	45818339	0	45818339	3.39	-3.62
c) Central Govt.		0		0	0	0	0	0.00	0
d) State Govt(s)		0		0	0	0	0	0.00	0
e) Venture Capital Funds		0		0	0	0	0	0.00	0
f) Insurance Companies	62856084	0	62856084	4.68	62849084	0	62849084	4.65	-0.02
g) FIIs	560272821	0	560272821	41.69	376780435	0	376780435	27.91	-13.78
h) Foreign Venture Capital Funds		0		0	0	0	0	0.00	0
i) Others (specify)		0		0	0	0	0	0.00	0
Sub-total (B)(1):-	721810381	-	721810381	53.71	558140196	-	558140196	41.34	-12.37
2. Non- Institutions						0		0.00	0
a) Bodies Corp.						0		0.00	0
i) Indian	110214085	3449760	113663845	8.46	72330222	3421010	75751232	5.61	-2.85
ii) Overseas	0	0	0	0	0	0	0	0.00	0
b) Individuals						0		0.00	0
i) Individual shareholders holding nominal share capital upto ₹1 lakh	251705434	76431184	328136618	24.42	284142743	73573722	357716465	26.49	2.08
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	82066628	5912850	87979478	6.55	92978973	5912850	98891823	7.32	0.78
c) Others (specify)									
Qualified Foreign Investor	505547	0	505547	0.04	869453	0	869453	0.06	0.03
Trust	916401	0	916401	0.07	925701	0	925701	0.07	0
Clearing member	3351899	0	3351899	0.25	1236464	0	1236464	0.09	-0.16
HUF	7933831	0	7933831	0.59	9906592	0	9906592	0.73	0.14

DIRECTORS' REPORT

Directors & their relatives	3363495	738440	4101935	0.31	1510909	744690	2255599	0.17	-0.14
Escrow Account	163270	0	163270	0.01	159420	0	159420	0.01	0.00
Non-Resident Indians	56183954	13790730	69974684	5.21	67215253	13035470	80250723	5.94	0.74
ESOS	5409172	0	5409172	0.40	6201475	0	6201475	0.46	0.06
Foreign Nationals	500	0	500	0.00	0	0	0	0.00	0
Foreign Portfolio Investor (corporate)	0	0	0	0.00	157846893	0	157846893	11.69	11.69
Sub-total (B)(2):	521814216	100322964	622137180	46.29	695324098	96687742	792011840	58.66	12.37
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**1243624597**	**100322964**	**1343947561**	**100.00**	**1253464294**	**96687742**	**1350152036**	**100.00**	0
C. Shares held by Custodian for GDRs & ADRs	**0**	0	0	0	0	0		0.00	0
Grand Total (A+B+C)	**1243624597**	**100322964**	**1343947561**	**100.00**	**1253464294**	**96687742**	**1350152036**	**100.00**	0

(ii) Shareholding of Promoters/Promoters Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	NIL							
	Total							

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year (as on April 1, 2014 i.e. on the basis of SHP of March 31, 2014)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	- 0	-	-	-
	At the End of the year	0	0	0	0

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

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year (as on April 1, 2014 i.e. on the basis of SHP of March 31, 2014)		Change in Share holding (No. of Shares)		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	Increase	Decrease	No. of Shares	% of total shares of the company
1	FIRST CARLYLE VENTURES MAURITIUS	66544763	4.95	0	0	66,544,763.00	4.93
2	LIFE INSURANCE CORPORATION OF INDIA	59739424	4.45	0	0	59,739,424.00	4.42
3	YUSUFFALI MUSALIAM VEETTIL ABDUL KADER.	40000000	2.98	9999998	0	49,999,998.00	3.70
4	CX SECURITIES LIMITED	44868583	3.34	0	0	44,868,583.00	3.32
5	GKFF VENTURES	56721921	4.22	0	13399592	43,322,329.00	3.21

6	DEUTSCHE SECURITIES MAURITIUS LIMITED	35549866	2.65	0	563677	34,986,189.00	2.59
7	IVA INTERNATIONAL FUND	25356070	1.89	4363021	0	29,719,091.00	2.20
8	KOTAK MAHINDRA (INTERNATIONAL) LIMITED	4858254	0.36	23641746	0	28,500,000.00	2.11
9	THE PABRAI INVESTMENT FUND IV, LP	0	0.00	27606634	0	27,606,634.00	2.04
10	ACACIA PARTNERS, LP	27325520	2.03	0	2340000	24,985,520.00	1.85

Note: *Top Ten shareholders of the Bank as on March 31, 2015 has been considered for the above disclosure.*

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of Director and KMP	Shareholding at the beginning of the year		Change in Shareholding (No. of Shareholding)		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Bank	Increase	Decrease	No. of Shares	% of total Shares of the Bank
	Directors						
1	Amitabha Guha	11969	0.00	3031	0	15000	0.00
2	V. G. Mathew *	0	-	0	0	0	-
3	Mohan E. Alapatt	74500	0.01	500	0	75000	0.01
4	K. Thomas Jacob	64000	0.00	0	12699	51301	0.00
5	Dr. John Joseph Alapatt	219720	0.02	0	0	219720	0.02
6	Francis Alapatt	165000	0.01	0	0	165000	0.01
7	Salim Gangadharan	3000	0.00	7000	0	10000	0.00
8	Cheryan Varkey **	42960	0.00	10170	0	53130	0.00
9	Ranjana S. Salgaocar #	51000	0.00	5000	0	56000	0.00
10	Parayil George John Tharakan ##	0	-	0	0	0	-
	KMPs other than MD & CEO						
1	C. P. Gireesh (Chief Financial Officer)	9250	0.00	6000	0	15250	0.00
2	Jimmy Mathew (Company Secretary)	0	-	0	0	0	-

* Appointed w.e.f. October 1, 2014
** Appointed w.e.f. May 28, 2014
\# Appointed w.e.f. October 1, 2014
Appointed w.e.f. November 25, 2014

V. INDEBTEDNESS

Indebtedness of the Bank including interest outstanding/accrued but not due for payment (₹ in crores)

Particulars	Secured Loan excluding deposit	Unsecured loans	Deposit	Total Indebtedness
Indebtedness at the begning of the financial Year				
i) Principal Amount	85	2,646		2,731
ii) Interest due but not paid	-	7		7
iii) Interest accrued but not due	0	16		16
TOTAL (i+ii+iii)	85	2,669		2,754
Change in Indebtedness during the financial year				
Addition	109,016	16,837		125,853
Reduction	109,101	17,256		126,357
Net Change	(85)	(419)		(504)
Indebtedness at the end of the financial year				
i) Principal Amount	-	2,232		2,232
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	18		18
Total (i+ii+iii)	-	2,250		2,250

DIRECTORS' REPORT

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				
		Dr. V. A. Joseph (MD & CEO)*	V. G. Mathew (MD & CEO)**	WTD	Manager	Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	5216400	3000000	0	0	3000000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	84640	123000	0	0	207640
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	0	0	0	0	0
2	Stock Option	0	0	0	0	0
	Granted during the year	0	100000***	-	-	-
	Exercised during the year	0	0	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify…	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A) (Total Remuneration does not include the number of Stock Options)	5301040	3123000	0	0	8424040
	Ceiling as per the Act #					'Refer Note'

\# **Note:** In terms of the provisions of the Companies Act, 2013, the remuneration payable to MD & CEO shall not exceed 5% of the net profit of the Bank. The remuneration paid to MD & CEO is well within the limit.

* Demitted the office of MD & CEO w.e.f. 30th September, 2014

** Took charge as the MD & CEO w.e.f. 1st October, 2014

*** Subject to the approval of RBI.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors										Total Amount
1	Independent Directors	Sri Paul Chalissery	Sri Mathew L. Chakola	Dr. N. J. Kurian	Sri Mohan E. Alappat	Sri K. Thomas Jacob	Dr. John Joseph Alapatt	Sri Francis Alapatt	Sri Salim Gangadharan	Smt. Ranjana S. Salgaocar	Sri Parayil George John Tharakan	
	- Fee for attending board / committee meetings	5,28,000 *	1,38,000	18,000	8,16,000	13,36,000	11,66,000	7,43,000	11,50,000	3,93,000	3,50,000	
	- Commission	0	0	0	0	0	0	0	0	0	0	
	- Others, please specify	0	0	0	0	0	0	0	0	0	0	
	Total (1)	5,28,000	1,38,000	18,000	8,16,000	13,36,000	11,66,000	7,43,000	11,50,000	3,93,000	3,50,000	66,38,000
2	Other Non-Executive Directors	Sri Amitabha Guha	Sri Cheryan Varkey									
	- Fee for attending board / committee meetings	-	9,38,000									
	- Commission	-	-									

	- Others, please specify	14,54,500	-									
	Total (2)	14,54,500	9,38,000	-	-	-	-	-	-	-	-	23,92,500
	Total (B)=(1+2)											90,30,500
	Total Managerial Remuneration											
	Overall Ceiling as per the Act #											'Refer Note'

Note: In terms of the provisions of the Companies Act, 2013, the remuneration payable to directors other than executive directors shall not exceed 1% of the net profit of the Bank. The remuneration payable to the Directors is well within the said limit.

* Includes ₹15,000/- as sitting fees for attending Committee Meeting as Invitee.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1526247	1245734	2771981
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	0	0	0
2	Stock Option			
	Granted during the year	-	-	
	Exercised during the year	6000	-	
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify…	-	-	-
5	Others, please specify	-	-	-
	Total (A) (Total Remuneration does not include the number of Stock Options)	1526247	1245734	2771981

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company			None		
Penalty					
Punishment					
Compounding					
B. Directors			None		
Penalty					
Punishment					
Compounding					
C. Other Officers in default			None		
Penalty					
Punishment					
Compounding					

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Scenario

Global growth remains moderate, with uneven prospects across the main countries and regions. *Global growth in 2015–16 is projected at 3.5 to 3.7 percent as per* IMF estimates (World Economic Outlook, January 2015). Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries.

Two important financial market developments that stood out during the year 2014 was the appreciation of the US dollar and the sharp fall in global commodity prices. On a real trade weighted basis, the US dollar gained by 7.1% in 2014, stronger than expected economic growth and expectations regarding the normalization of monetary policy by the US Federal Reserve supported the currency vis-a-vis its major trading partners.

Global commodity prices saw a sharp correction with the benchmark CRB Commodity Index falling by 17.9% in 2014. The decline in commodity prices was led by crude oil, which fell by a significant 49.7% (Brent) during 2014. Decline in oil price is partly due to unexpected demand weakness in some major economies, especially China and the appreciation of the US dollar. A larger role was however played by oil supply factors, including the decision of the Organization of the Petroleum Exporting Countries to maintain status-quo in its production levels despite the steady rise in production from non-OPEC producers, especially the US.

Higher unemployment rates and unstable public finances are the major challenges that most economies of the world are facing currently, and it is expected that 2015 will not prove any different.

India witnessed a slow economic recovery process, helped by a sharp slide in inflation to multiyear lows and improving export momentum in line with rising demand from the US, a major trading partner. Subsequent to General Elections in May 2014 the Indian economy started FY 2014-15 on a positive note with improvement in market and business sentiments. Thereafter, economic output was moderately increased due to supportive global commodity price environment along with gradual improvement in governance. Barring agriculture, mining and trade, transport and communication services and all other sectors are expected to show improvement in their sectoral performance as per CSO's (Central Statistical Organization) advance estimate.

Updated estimates of structural models and information yielded by surveys and market-based gauges indicate that CPI (Consumer Price Index) inflation will remain below the target of around 6 per cent set for January 2016, hovering around 5 per cent in the first half of 2015-16, and a little above 5.5 per cent in the second half. The CPI substantially declined during FY 2014-15. Food inflation moderated considerably, aided by a limited increase in minimum support prices for food grains, muted rural wage growth and the government's offloading of food stocks. Sharp drop in crude oil prices helped moderate fuel inflation, though hikes in excise duty limited the pass-through of global oil prices to domestic retail prices. The central bank's strong anti-inflationary stance and the declining trend in the fiscal deficit bode well for core inflation, which has remained below 5 per cent since November 2014.

In the second bi-monthly monetary policy review for fiscal 2015-16, the Reserve Bank of India (RBI) has decided to reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.5 per cent to 7.25 per cent with immediate effect and to keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4 per cent of net demand and time liabilities (NDTL). The RBI also decided to continue to provide liquidity under overnight repos at 0.25 per cent of bank-wise NDTL at the LAF repo rate and liquidity under 14-day term repos as well as longer term repos of up to 0.75 per cent of NDTL of the banking system through auctions; and continue with overnight/term variable rate repos and reverse repos to smooth liquidity. Consequently, the reverse repo rate under the LAF stands adjusted to 6.25 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 8.25 per cent.

Domestic economic activity remains moderate in Q1 of 2015-16. Agricultural activity was adversely affected by unseasonal rains and hailstorms in North India during March 2015, impinging on an estimated 94 lakh hectares of area sown under the rabi crop. Reflecting this, the third advance estimates of the Ministry of Agriculture indicate a contraction in foodgrains production by more than 5 per cent in relation to the preceding year's level. Leading indicators of service sector activity are emitting mixed signals. A pick-up in service tax collections, sales of trucks, railway freight, domestic air passenger and air freight traffic could augur well for transport and communication and trade. On the other hand, the slowdown in tourist arrivals, railway traffic and international air passenger and freight traffic could affect hotels, restaurants and some constituents of transportation services adversely. The services PMI declined in April 2015 mainly on account of slowdown in new business orders. Community and personal services are likely to be held back by the ongoing fiscal consolidation. Assuming reasonable food management, inflation is expected to be pulled down by base effects till August but to start rising thereafter to about 6.0 per cent by January 2016 – slightly higher than the projections in April. Putting more weight on the IMD's monsoon projections than the more optimistic projections of private forecasters as well as accounting for the possible inflationary effects of the increase in the service tax rate to 14 per cent, the risks to the central trajectory are tilted to the upside. However upside pressures on inflation may still arise.

Indian equity markets had a landmark year ended 2014 with highest gains over last five years. The rally which began on the anticipation of a stable government was boosted by a decisive victory in central elections, resulting in a stable government with focus on economic growth and development. Further, favourable developments on the macroeconomic front such as substantial fall in both CPI and WPI inflation levels and significant fall in current account deficit, coupled with a steep fall in global crude oil prices and large foreign inflows supported the overall market momentum. The Government has proposed International settlement of Indian debt securities and has completely revamped the Indian Depository Receipt (IDR) scheme and liberalizing the ADR (American Depository Receipt)/GDR (Global Depository Receipt) regime to allow issuance of depository receipts on all permissible securities to energize the capital market. The net investment by Foreign Institutional Investors (FIIs) stood at $32,943 million in the April-December period of the current fiscal compared to an outflow of $539 million in the year-ago period. FIIs were rechristened as Foreign Portfolio Investors or FPIs in June last year under a new regulatory regime that promises to make it easier for them to invest in India.

The spectacular run experienced by equity markets in 2014 was mainly driven by 'hopes' of meaningful reforms coupled with some sporadic sparks of recovery as highlighted by improvement in a few macroeconomic indicators. While execution of the measures introduced by government may take time to have an effect on the real economy, given a stable political environment the risk of derailment from the economic growth appear to be limited.

Banking Scenario

According to the Reserve Bank of India (RBI), the banking sector in India is sound and well-regulated. Indian financial and economic conditions are much better than in many other countries of the world. Credit, market and liquidity risk studies show that Indian banks are generally resilient and have withstood the global downturn well.

The growth of the Indian banking sector moderated further during 2014-15. Profitability declined on account of higher provisioning on banks' delinquent loans and lacklustre credit growth. The financial health of urban and rural co-operatives indicated divergent trends in terms of key indicators. While urban co-operative banks exhibited improved performance, the performance of primary agriculture credit societies and long term rural credit co-operatives remained a matter of concern with a further increase in their losses coupled with a deterioration in asset quality. While the asset size of the non-banking financial companies (non-deposit taking-systemically important) showed an expansion, asset quality deteriorated further during the period of review. The banking stability indicator suggests that overall risk to the banking sector remained unchanged during the first half of 2014-15. In individual dimensions, though the liquidity position improved in the system, concerns remain on account of deterioration in asset quality along with weakened soundness.

Indian banking industry, with total asset size of ₹81 trillion (USD 1.34 trillion), is expanding continuously but on a cautious note. The fact that the industry is plagued by bad loans, the lenders have chosen to go slow in terms of credit offtake. Fiscal 2014 saw a combination of various external and internal events that kept markets turbulent, interest rates high and investor confidence low, resulting in shrinking investment and GDP growth. At the end of February, 13.7 crore accounts had been opened under Pradhan Mantri Jan Dhan Yojna (PMJDY) and 12.2 crore RuPay debit cards were issued. These new accounts have mobilised deposits of ₹12,694 crore (US$ 2.01 billion).

There have been a lot of developments initiated by the Government/RBI in the Indian banking sector:-

- The Government has announced a capital infusion of ₹6,990 crore (US$ 1.1 billion) in nine state run banks, including State Bank of India (SBI) and Punjab National Bank (PNB).
- The Union cabinet has approved the establishment of the US$ 100 billion New Development Bank (NDB) envisaged by the five-member BRICS group as well as the BRICS "contingent reserve arrangement" (CRA).
- The RBI has decided to allow nominated banks to import gold, including coins, on a consignment basis, extending its clarification issued in November 2014, which had eased certain categories of gold imports.
- To help Micro Small and Medium Enterprises (MSME), RBI has permitted setting up of an exchange-based trading platform to facilitate financing of bills raised by such small entities to corporate and other buyers, including government departments and PSUs.

Economic and Banking Outlook

Economic expansion picked up in 2014, inflation markedly declined, and the external position was comfortable, helped by positive policies and lower global oil prices. The outlook is for economic strengthening through higher infrastructure spending, increased fiscal devolution to states, and continued reform to financial and monetary policy. The government underscored its intention to move steadily to tackle politically difficult structural issues that have stalled investment and limited economic performance in recent years. With the potential to become the fifth largest banking industry in the world by 2020 and third largest by 2025 according to KPMG-CII report, India's banking and financial sector is expanding rapidly. The Indian Banking industry is currently worth ₹81 trillion (US $ 1.31 trillion) and banks are now utilizing the latest technologies like internet and mobile devices to carry out transactions and communicate with the masses.

The government set a fiscal deficit equal to 3.9% of GDP for FY 2015, pushing back the medium-term fiscal deficit target of 3.0% by a year to FY 2017. The adjustment allows additional spending that will fund larger infrastructure investment. At the same time, the limited decline in the revenue deficit from 2.9% in FY 2014 to 2.8% in FY 2015 continues to be a matter of concern. Tax revenue is projected to grow at 15.8%, helped by hikes in rates for customs and excise duties and service taxes. However, a larger outgo to the states will mean only marginal growth in tax revenue for the center. The disinvestment target of 0.5% of GDP could be on the ambitious side, given the failure of the government to meet the FY 2014 target despite a buoyant stock market.

On balance, GDP growth is expected to grow on improved performance in both industry and services as policy addresses structural bottlenecks and external demand improves. Growth is expected to edge up further to 8.2% in FY 2016, helped by a supportive monetary policy in 2015 as inflation continues to trend lower and by a pickup in capital expenditure. Consumer inflation is expected to decline further to 5.0% in FY 2015 as inflation is restrained by muted hikes in rural wages and minimum support prices and by the government's offloading of excess stocks. With control on gas and diesel prices lifted, domestic fuel inflation will be largely determined by global oil price movements. The expectation that the price will be about $65 per barrel in 2015 bodes well for fuel inflation. After rising by double-digits for nearly 5 years, inflation expectations of households dropped to around 9% in December 2014. This would help moderate core inflation. Inflation is likely to pick up marginally to 5.5% in FY 2016 as global oil prices firm and improved economic prospects lift demand.

The Indian economy is now on the threshold of a major transformation, with expectations of policy initiatives being implemented. Positive business sentiments, improved consumer confidence and more controlled inflation should help boost the economic growth. Higher spending on infrastructure, speedy implementation of projects and continuation of reforms will provide further impetus to growth. All this translates into a strong growth for the banking sector too, as rapidly growing business turn to banks for their credit needs, thus helping them grow.

Also, with the advancements in technology, mobile and internet banking services have come to the fore. Banks in India are focusing more and more to provide better services to their clients and have also started upgrading their technology infrastructure, which can help improve customer experience as well as give banks a competitive edge.

The profitability dimension of the indicator showed an improvement but it remained sluggish. The stress tests suggest that the asset quality of banks may improve in the near future under expected positive developments in the macroeconomic conditions and banks may also be able to meet expected losses with their existing levels of provisions. However, the asset quality of scheduled commercial banks may worsen from the current level if the macroeconomic conditions deteriorate drastically, and banks are likely to fall short in terms of having sufficient provisions to meet expected losses under adverse macroeconomic risk scenarios. Analysis of the interconnectedness indicates that the size of the interbank market in relation to total banking sector assets has been on a steady decline. However, contagion analysis with top five most connected banks reveals that the banking system could potentially lose significant portion of its total Tier-I capital under the joint solvency-liquidity condition in the event of a particular bank triggering a contagion.

Opportunities and Threats

With a sense of optimism slowly building up, the banking industry expects that 2015 will offer better growth prospects. This optimism stems from factors such as the Government working hard to revitalize the industrial growth in the country and the RBI initiating a number of measures that would go a long way in helping the banks to restructure. The recent announcements of RBI, it is felt, are a clear pointer to the future of the restructured domestic banking industry. Improved performance of the banking industry in India has helped the economy to bounce back to a positive growth level.

While the medium term prospects point towards an improving growth scenario, given the improved macroeconomic fundamentals it is highly likely that there will only be a modest economic recovery in the coming financial year.

A moderate recovery is likely to be seen in this financial year and the real GDP is expected to grow by 5.3%-5.5%, however, the CPI inflation is expected to remain an important challenge for India. The worst seems to be over for the Indian banking industry, as there will be increased clarity on macroeconomic and political fronts during this financial year. On the positive side, liquidity remains steady, inflation is expected to move downwards for the major part of this financial year and the RBI is in full control to manage any volatility. Macroeconomic improvements and potential for post-election reforms should see a gradual reduction in stressed loans on lower slippages and higher recoveries. Recovery in macroeconomic environment and expected revival in economic growth will help to mitigate risks and resolve problems of asset quality.

The World Bank's projections for India's growth for FY16 was not only quite lower than the Budget assumption, but also the Reserve Bank of India's (RBI) expectation of 7.8 per cent. The acceleration in real GDP growth would be driven largely by higher gross fixed capital formation, which is expected to grow at an average 11 per cent annually during FY16-FY18. Deputy Governor of RBI opined that Retail banking will be immensely benefited from the Indian demographic dividend. It is important to note that the middle class population is expected to touch

200 million by 2020 and 475 million by 2027. This would imply mortgages would grow fast and likely to cross ₹40 trillion by 2020.

Amidst a deluge of regulatory and market forces, achieving balance sheet efficiencies in 2015-16 will be both critical and challenging for banks. To retain deposits, banks may want to consider increasing cross-selling efforts and investing in product lines that attract stable deposits.

Although strategic options will vary considerably by size and balance sheet position of each bank, the M & A market will continue to improve in 2015-16. Banks should consider viewing M & A targets with a focus on factors like efficiencies, growth prospects, funding profile, technology and compliance and engaging with regulators.

This year will be an evolutionary year as growth in contactless payments contributes to banks' role in the payments network while cutting further into interchange revenue and brand recognition. Banks may want to seek innovative ways to leverage customer spending data for specialized promotions and services and look for new ways to be top of wallet and differentiate the customer experience.

Meeting regulatory expectations will require management to extend its focus from improving specific processes to fully integrating risk management, compliance, and ethics into banks' culture. To do so banks may want to encourage boards to challenge senior management's activities, empower chief risk officers to pursue collaboration with business lines and incorporate risk management and compliance responsibilities into performance management programs and employee training.

To improve cyber security in 2015-16, banks will be forced to devote greater resources for enhancing the security, vigilance and resilience of their cyber security model and should consider adopting new methods, such as war gaming, attracting specialized talent, and increasing collaboration with other members of the ecosystem, beefing up their intelligence apparatus to detect new threats in a timely manner and expanding the role of the CISO to include clear and prompt communications with the board.

The issue of Asset Quality is a big challenge for the Indian bank for the coming years. Though at large, the banking system has remained resilient, asset quality has seen undue stress due to continued economic slowdown. The levels of gross non-performing advances (GNPAs) and net NPAs (NNPAs) for the system have been elevated. As per preliminary data received at RBI for March 2015, while the GNPAs have increased to 4.45% for the system as a whole, the NNPAs have also climbed up to 2.36%. When seen in isolation, the NPA ratios do not appear to be a serious concern when viewed against the prospects of economic recovery. However, if we add the portfolio of restructured assets to the GNPA numbers, this rises alarmingly. Stressed Assets Ratio (Gross NPA + Restructured Standard Advances to Gross Advances) for the system as a whole stood at 10.9% as at the end of March 2015. The level of distress is not uniform across the bank groups and is more pronounced in respect of public sector banks. The Gross NPAs for PSBs as on March 2015 stood at 5.17% while the stressed assets ratio stood at 13.2%, which is nearly 230 bps more than that for the system. It is pertinent to note that the observations made in the Global Financial Stability Report released by IMF recently. Referring to the high levels of corporate leverage, the report highlights that 36.9 per cent of India's total debt is at risk, which is among the highest in the emerging economies while India's banks have only 7.9 per cent loss absorbing buffer, which is among the lowest. While these numbers might need an independent validation, regardless of that, it underscores the relative riskiness of the asset portfolio of the Indian banks.

Next is the Capital Adequacy of Banks. Though at present, the banking system is adequately capitalized, challenges are on the horizon for some of the banks. For the system as a whole, the CRAR has been steadily declining and as at the end of March 2015, it stood at 12.70% as against 13.01% as at the end of March 2014. Concerns are larger in respect of the PSBs where the CRAR has declined further to 11.24% from 11.40% over the last year.

The undervalued bank stocks, especially of the PSBs, are not helping matters either, as raising equity has become difficult. When even the best performing PSBs have been hesitant to tap the markets for augmenting their capital levels, it would be difficult for the weaker PSBs to raise resources from the market.

The other major issue is the Liquidity Coverage Ratio (LCR) framework. The Liquidity Coverage Ratio (LCR) regime has kicked in for the banks from January 1, 2015 with a minimum requirement of 60% to be gradually increased to 100% by January 1, 2019 in a phased manner. The LCR is a ratio of High Quality Liquid Assets (HQLA) to the Total Net Cash Outflows prescribed to address the short term liquidity risk of banks and the banks would be required to maintain a stock of HQLAs on an ongoing basis equal to the Total Net Cash Outflows. Going forward, as the LCR requirements gradually increase, it may be desirable to reduce the SLR progressively. Presently, there is a special dispensation wherein RBI has permitted banks to reckon up to 7% of the SLR towards LCR.

Unhedged Forex Exposures is also a major issue in the present scenario. The banks have been advised to factor in this risk into their policies/pricing decision and also devise means for sharing of information on such exposures amongst themselves. Banking regulations are getting increasingly globalized, subject of course to certain national discretions. As members of the standard setting bodies like BCBS and FSB, we are committed to implement these regulations in our jurisdictions. There is a process for peer review of regulatory guidelines issued by various jurisdictions to ascertain compliance with the global standards,

failure to adhere to which would render the jurisdiction non-compliant to the standards.

Traditional businesses are slowly moving on-line and e-commerce is the preferred choice of the gen-next customer. The challenge before the Bank is to upscale their capabilities, train their employees on the new technologies to benefit from the possibilities that adoption of technology can open up.

Another very important issue is compliance with the KYC/ AML norms. A majority of the enforcement action by the banking sector regulator in the recent past has been on account of these violations. Risk is inevitable in the banking business and hence, a sound risk management framework is the touchstone of an efficient bank. The risk management effectively aims at balancing the Risk-Return Trade-off which is "maximizing return for a given risk" and "minimizing risk for a given return". The responsibility of setting a risk appetite for the bank as a whole is that of the Board and the Top Management.

Financial Performance Vs Operational Performance

The total gross business of the Bank grew from ₹83,894.19 crore to ₹89,638.14 crore. While the deposits grew from ₹47,491.09 crore to ₹51,912.49 crore, gross advances grew from ₹36,403.10 crore to ₹37,725.65 crore. Food credit declined to ₹579.07 crore from ₹614.38 crore and non-food credit stood at ₹37,146.58 crore vis-à-vis ₹35,788.72 crore in the last year, posting an increase of ₹1,357.86 crore. Operating profit of the bank had shown a decrease by ₹68.09 crore during the year, i.e decreased from ₹884.35 crore to ₹816.26 crore. The Net Profit reduced to ₹307.20 crore as against ₹507.50 crore reported last year. The Board has recommended a dividend of 60% i. e. @ ₹0.60 per equity share of ₹1/- each, which is subject to approval of the shareholders.

The percentage of Gross NPA to Gross Advances stood at 1.71% and the Net NPA to Net Advances at 0.96% as on March 31, 2015. The Capital Adequacy Ratio of the Bank was 12.06% under Basel II and 12.01% under Basel III norms as on March 31, 2015 as against the RBI mandated level of 9%. Book value per share rose from ₹25.06 to ₹26.59 during the year 2014-15.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Controls

The Bank is having a full-fledged Inspection and Vigilance Department, which ensures adherence to the set rules and regulations by the Branches/Regional Offices/Departments at the Administrative Office. Internal inspectors conduct inspection at regular intervals and such reports are placed to Audit Committee of Executives (ACE)/Audit Committee of Board (ACB) as the case may be. ACE/ACB reviews the reports and ensures that corrective steps are taken to rectify the lapses/ irregularities pointed out.

RISK MANAGEMENT PRACTICES:

It is imperative to have a robust and effective risk management practices not only to manage risks inherent in the banking business but also the risks emanating from financial markets as a whole. The bank has in place a robust risk management structure which proactively identifies the risk faced by the bank and helps in mitigating the same, while maintaining proper trade-off between risk and return thereby maximizing the shareholder value. The bank has fine-tuned the system of comprehensive risk profiling of the bank in line with regulatory guidelines that will facilitate integrated risk management through effective assessment of the level and direction of key risks.

The bank has put in place risk management architecture and practices that is overseen by Risk Management Committee of the Board (RMCB). Appropriate policies to manage various types of risks are approved by Risk Management Committee of the Board (RMCB), which provides strategic guidance while reviewing portfolio behaviour. The senior level executive committees like Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC), Operational Risk Management Committee (ORMC) and Asset Liability Management Committee (ALCO) develop the risk management policies and vet the risk limits as a hurdle point to ensure better control.

a) Credit Risk Management:

The bank has a comprehensive credit risk management policy, which deals with identification, assessment, measurement and mitigation of credit risk. Bank`s credit risk management policy defines credit risk as the possibility of losses associated with the diminution in the credit worthiness of the borrower or the counterparty or the failure on the part of the borrower to meet its obligations in accordance with the agreed terms. To address and manage such credit risk, the bank has established the Credit Risk Management Committee, which is entrusted with the task of overseeing various risk management measures envisaged under the credit risk management policy. The Credit Risk Management Committee also deals with credit risk management procedures, in addition to reviewing, analyzing, managing and controlling the various credit risks that the bank face. Of the strategic measures employed in managing credit risk, credit risk rating occupies a position of prominence, as it involves the rating of borrowers from a risk perspective for the purpose of pricing and supervision. The bank is using internally developed credit risk rating models, developed for each borrower segment. These internal rating models are subjected to periodic review. Appropriate credit approval processes, risk mitigation, post-disbursement monitoring and timely remedial actions are part of credit risk management. Segment-wise and borrower category-wise exposure limits are fixed and monitored by the bank to address the risk of concentration. Rating migration studies and default rate analysis based on the

credit risk rating of the borrowers are undertaken on a periodic basis to provide input for policy and strategic decisions.

b) Market Risk Management:

The bank has laid down comprehensive policies, framework and procedures to manage market risk in a holistic manner. The Investment Management Policy lays down preliminary checks in proactively managing market risk. The Board supported by the executive level committee frames the market risk management policy, which details the methods to identify measure, monitor and control market risks. The bank has a dedicated independent mid office at Treasury Department reporting directly to the head of the Risk Management Department. The mid-office monitors market risk inherent in treasury dealings closely.

The market risk on an overall level is measured by applying techniques such as VaR and Modified Duration. The stop loss levels for individual securities and Limit framework for different categories of investments play a pivotal role in controlling market risks associated with different securities at micro level.

Asset Liability Management Committee (ALCO) of the Bank comprises of senior executives who oversee asset liability management (ALM) functions within the framework prescribed under our ALM Policy and other relevant policies and guidelines. The core objective of the ALM policy adopted by ALCO is to ensure planned and profitable growth in business through appropriate management of the liquidity risk and interest rate risk. The ALCO is responsible for (i) recommending pricing of deposits and advances, (ii) preparing forecasts showing the effects of various possible changes in market conditions, (iii) recommending appropriate actions in anticipation of such forecasts, (iv) deciding on the desired maturity profile and mix of assets and liabilities, and (v) conducting funding, capital planning, profit planning and growth projection.

c) Operational Risk Management:

The bank has developed an operational risk management framework that is fully integrated into the bank's overall risk management processes. Operational Risk Management Cell of the bank has put in place processes, systems and procedures to actively mitigate operational risks and optimize resources not only to protect the bank but also to provide a return commensurate with the risk profile adopted. Risk identification and assessment together with control assessment are keys to the risk management process and for this purpose, the bank has also introduced risk management processes like Risk and Control Self Assessment (RCSA) framework. It has revamped the Operational Risk Management (ORM) framework by introducing Key Risk Indicators (KRI) and Loss data collection and modelling methodologies.

d) Business Continuity Plan:

The bank is having a comprehensive Business Continuity Plan(BCP) to ensure continuity of critical business operations of the bank during disasters. In line with the Business Continuity Plan, bank has constituted a BCP Committee incorporating the heads of all major departments to exercise, maintain and to invoke business continuity plan, as needed. A core team called Emergency Operation Team is also in place to act immediately upon a crisis and for supervision of recovery under alternative operations arrangements at the disaster and the team ensures that the business functions are back to normalcy with minimum delay. Disaster Recovery drill for the core banking system of the bank has been conducted at regular intervals to ensure the competence of the same during emergency situations.

Human Resource Development / Industrial Relations

Human Resources policies and practices of the Bank focus on attracting, motivating and retaining qualified and skilled manpower. Concurrent with these objectives, steps are taken to improve manpower efficiency. Given the market challenges, there has been considerable focus on optimizing the existing resources - through internal job postings, transfers and skill development initiatives. Training and development have assumed significant importance. The Bank's Staff Training College identifies the gaps in resource capability of the personnel and trains them for qualitative improvement. During the financial year, Bank has provided training to 2416 of its Officers, 1476 clerks and 145 sub-staffs in different facets of Bank's operations.

The development of employees is essential to the future strength of our business. We have implemented a systematic approach for identifying, developing and deploying talented employees to ensure an appropriate supply of high caliber individuals.

To motivate the employees further and to inculcate in them a sense of ownership, Employees' Stock Option Scheme (ESOS) was approved by the shareholders at the Annual General Meeting held on August 18, 2008. The Bank introduced Tranche 1 of the scheme in 2009-10, Tranche 2 of the scheme in 2010-11, Tranche 3 of the scheme in 2011-12, Tranche 4 and Tranche 5 during 2012-13, Tranche 6 during 2013-14 and Tranche 7 during the current financial years subject to the regulatory guidelines in this regard. An aggregate of 62,04,475 options were exercised by the employees during the current financial year and equal number of shares have been allotted against those exercises.

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

By Order of the Board

(AMITABHA GUHA)	**(V. G. MATHEW)**
CHAIRMAN	MANAGING DIRECTOR & CEO
DIN : 02836707	DIN : 05332797

Place : Nedumbassery, Kochi
Date : June 2, 2015

ANNEXURE TO THE DIRECTORS' REPORT

Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forming part of the report of the Board of Directors.

Corporate Governance ensures high standards of transparency, accountability, ethical operating practices, professional management thereby enhancing shareholders' value and protecting the interest of the stakeholders such as depositors, creditors, customers, suppliers and employees. The Bank is committed to highest standards of Corporate Governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvement of internal controls and sound investor relations.

Bank's Corporate Governance framework ensures that it make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Bank.

The required details on Corporate Governance are given hereunder:

1. BOARD OF DIRECTORS

Your Bank has a broad-based Board of Directors, constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013, Listing Agreement entered with the stock exchange(s) and in accordance with best practices in Corporate Governance. The Board functions either as a full Board or through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board. The Committees have oversight of operational issues assigned to them by the Board.

Composition of Board

The composition and category of the Directors along with their attendance at Board Meetings and shareholdings in the Bank as on March 31, 2015 are given below:

Sl. No.	Name of Director	Category of Director	No. of Board Meetings		Attendance of last AGM on 16.07.2014	No. of shares held	% of holding
			Held during the tenure	Attended			
1.	Sri Amitabha Guha, Chairman	NE	12	12	Present	15000	0.0011
2.	Dr. V. A. Joseph, MD & CEO*	Whole Time Director	6	6	Present	NA	NA
3.	Sri V. G. Mathew, MD & CEO#	Whole Time Director	6	6	NA	-	-
4.	Sri Paul Chalissery, Director**	INE	6	6	Present	NA	NA
5.	Sri Mathew L. Chakola, Director***	INE	6	6	Present	NA	NA
6.	Dr. N. J. Kurian, Director****	INE	1	1	Present	NA	NA
7.	Sri Mohan E. Alapatt, Director	INE	12	12	Present	75000	0.0056
8.	Sri K.Thomas Jacob, Director	INE	12	12	Present	51301	0.0038
9.	Dr. John Joseph Alapatt, Director	INE	12	12	Present	219720	0.0163
10.	Sri Francis Alapatt, Director	INE	12	11	Present	165000	0.0122
11.	Sri Salim Gangadharan, Director	INE	12	10	Present	10000	0.0007
12.	Sri Cheryan Varkey, Director##	NE	11	11	Present	53130	0.0039
13.	Smt. Ranjana S. Salgaocar, Director###	INE	6	6	NA	56000	0.0041
14.	Sri Parayil George John Tharakan, Director####	INE	5	5	NA	-	-

NE – Non-Executive Director
INE – Independent Non-Executive Director
* Dr. V. A. Joseph ceased to be the Managing Director & CEO of the Bank w.e.f. September 30, 2014.
** Sri Paul Chalissery ceased to be the member of the Board w.e.f. September 30, 2014.
*** Sri Mathew L. Chakola ceased to be the member of the Board w.e.f. September 30, 2014
**** Dr. N. J. Kurian ceased to be the member of the Board w.e.f April 25, 2014.
\# Sri V. G. Mathew was appointed as MD & CEO of the Bank w.e.f. October 01, 2014
\## Sri Cheryan Varkey was appointed as Additional Director w.e.f May 28, 2014 & appointed as Non-Executive Director at the 86th AGM held on July 16, 2014.
\### Smt. Ranjana S. Salgaocar was appointed as Additional Director w.e.f. October 01, 2014.
\#### Sri Parayil George John Tharakan was appointed as Additional Director w.e.f. November 25, 2014.

ANNEXURE TO THE DIRECTORS' REPORT

Board Meetings

A total of 12 Board Meetings were held during the year and the dates are as under:
24.04.2014, 28.05.2014, 24.06.2014, 16.07.2014, 03.09.2014, 29.09.2014, 21.10.2014, 25.11.2014, 05.01.2015, 20.01.2015, 24.02.2015 and 27.03.2015.

Committee position of Directors in the Bank as on March 31, 2015

The name of each Committee with the name of its respective Chairman as on 31.03.2015 is furnished below:

1.	Management Committee	-	Sri Amitabha Guha
2.	Audit Committee	-	Sri K.Thomas Jacob
3.	Nomination Committee	-	Sri Mohan E. Alapatt
4.	N P A Review Committee	-	Sri Francis Alapatt
5.	Compensation & Remuneration Committee	-	Dr. John Joseph Alapatt
6.	Customer Service Committee	-	Sri V. G. Mathew
7.	Stakeholders Relationship Committee	-	Smt. Ranjana S. Salgaocar
8.	Committee to Prevent and Review Frauds in the Bank	-	Sri V. G. Mathew
9.	Premises Committee	-	Sri Francis Alapatt
10.	Risk Management Committee	-	Sri Salim Gangadharan
11.	Information Technology Strategy Committee	-	Sri Mohan E. Alapatt
12.	Corporate Social Responsibility Committee	-	Sri Francis Alapatt
13.	Capital Planning & Infusion Committee	-	Sri Amitabha Guha

None of the Directors is a member of more than ten Board Committees or Chairman of more than five such Committees, as required under Clause 49 of the Listing Agreement.

Directorship of Directors in other Public Limited Companies and Public Institutions

Sri Amitabha Guha, Part-time Chairman, is a Director on the Board of M/s Gangavaram Port Ltd., Hyderabad, M/s Xpro India Ltd., New Delhi, M/s Power Mech Projects Ltd., Hyderabad and M/s Ramkrishna Forgings Ltd., Kolkata. Sri Francis Alapatt is a Director on the Board of M/s CII Guardian International Ltd.

No other Director holds Directorship in any other Public Limited Company.

2. COMMITTEES OF BOARD

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Bank. These Committees monitor the activities falling within their terms of reference.

(A) MANAGEMENT COMMITTEE

The Management Committee of the Board has been constituted based on RBI guidelines vide its circular No. DBOD. No. BP. BC.96/21.03.038/2004-05 dated 10th June, 2005 essentially to sanction credit proposals beyond the powers of MD & CEO and all other operational matters permitted by the Board from time to time. The members of the Committee as on March 31, 2015 are Sri Amitabha Guha - Chairman, Sri V. G. Mathew, Sri K. Thomas Jacob, Sri Salim Gangadharan, Sri Cheryan Varkey and Dr. John Joseph Alapatt.

The terms of reference of Management Committee, inter-alia includes the following:

1. All credit proposals, beyond the powers of Managing Director
2. OTS proposals within the powers of the Board
3. Ratification proposals of sanction made by MD beyond his powers
4. Review of MD's sanctions
5. Review of credit sanctioned by Board in the past (Annual)
6. Review of Housing Finance Achievement (Half Yearly)
7. Review of Food Credit – Monthly disbursement (Monthly)
8. CIS based review (Quarterly)
9. NPA recovery (Monthly)
10. Compromise proposals sanctioned by MD (Quarterly)
11. Legal action waiver allowed by MD (Quarterly)
12. Recovery in suit filed and decreed accounts, under SARFAESI Act and settlement of small value suits (Quarterly)
13. Sanction to bid the property in court auction above the decreetal dues.
14. Payment of fees to Advocates over and above schedule fees (in excess of ₹50,000/-)
15. Payment of compensation in consumer cases (above ₹25,000/-)
16. Enhancement of the prudential individual exposure limit.
17. Ratification Note for exceeding of various limits fixed as per Forex Policy.
18. Reconstitution of Provident Fund, Pension and Gratuity Trust.

ANNEXURE TO THE DIRECTORS' REPORT

19. Bidding for Equity shares through Book building process and subscription to Equity shares in primary market.
20. Subscription, purchase and sale/offer for repurchase of units of debt oriented mutual funds as well as increasing the exposure to the debt oriented mutual funds including liquid and floating rate funds.
21. Concurrent Audit Report of Treasury transactions (Monthly)
22. Equity Trading (Monthly)
23. Investment in Equity shares in the secondary market.
24. Statement of Structural Liquidity (Fortnightly)
25. Review of Deposits as Special Rate (Monthly)
26. Revision /Fixation of interest rates on NR(E) and FCNR(B) deposits (Monthly).
27. Statement of Interest Rate Sensitivity
28. Impact of change in yield on market value of Central Government Securities (Monthly).
29. Report on Country Risk.
30. Fixation of interest rates on domestic deposits.
31. Fixation and review of BPLR and interest rates on Schematic loans.
32. Report of VaR of Central Government Securities (Monthly)
33. Opening and operation of Bank Accounts.
34. Calendar of reviews to be put up to MCB, as per RBI circular dated April 22, 2008.
35. Details of expenditure incurred for advertisement /publicity vis-à-vis the budget approved by the Board.
36. Publicity Budget Review (Annual)
37. Donation Review (Annual)
38. Review of property acquired in satisfaction of claims (Half Yearly)
39. Acquisition of Fixed Assets
40. Awarding of Contracts/Appointment of Architects and Engineers for building construction / renovation etc.
41. For any deviations from the norms fixed for Branch premises.
42. For incurring any Revenue or Capital Expenditure in excess of the delegated powers.
43. Fresh purchases, AMC (Annual Maintenance Contract) and other IT related expenses – beyond the delegated powers of HO Executives.
44. Reconstitution of Audit Committee of Executives
45. Modifications in inspection rating models
46. Issue of duplicate share certificates.
47. Miscellaneous items not requiring the approval of the Board.
48. Any other items which may be permitted by the Board.

A total of 21 meetings were held during the year.

(B) AUDIT COMMITTEE

The Audit Committee of the Board is chaired by Sri K. Thomas Jacob, who is a Chartered Accountant. The other members of the committee are Sri Salim Gangadharan, Sri Cheryan Varkey and Sri Mohan E. Alapatt as on March 31, 2015.

The terms of reference of Audit Committee, harmonizing the provisions of Companies Act, 2013, Listing Agreement and the responsibilities enjoined upon by the RBI, inter-alia includes the following:

a) Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, adequate and credible.
b) Recommending to the Board, the appointment, re-appointment or, if required, the replacement of the statutory auditor together with the fixation of audit fees and approval of payment for any other services rendered by the statutory auditors.
c) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
d) Reviewing with management the annual financial statements and auditor's report thereon before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
e) Evaluation of Internal Financial Controls and Risk Management System including reviewing the adequacy of the Audit and Compliance functions, including their policies, procedures, techniques and other regulatory requirements.
f) Review, as far as the situation necessitates all other finding in the audit reports including Risk Based Internal Audit Reports.
g) Approval or any subsequent modification of transactions of the company with related parties;
h) Scrutiny of inter-corporate loans and investments;
i) Valuation of undertakings or assets of the company, wherever it is necessary;
j) Monitoring the end use of funds raised through public offers and related matters.
k) Review of all reports as per the calendar of reviews stipulated by the RBI; and
l) Any other terms of reference as may be included from time to time in Clause 49 of the listing agreement, the Companies Act, 2013 and by Reserve Bank of India.

During the year the Board has not over turned any proposals of Audit Committee.

The Committee met 11 times during the year.

(C) NOMINATION COMMITTEE

The members of the Committee as on March 31, 2015 are Sri Mohan E. Alapatt - Chairman, Sri Amitabha Guha and Dr. John Joseph Alapatt.

The terms of reference of the Nomination Committee, harmonized with the provisions of the Banking Regulation Act 1949, RBI guidelines, Companies Act, 2013/Clause 49 IV B of the Listing Agreement, which inter-alia includes the following:

- Scrutinizing the declarations received from persons to be appointed as Directors as well as from the existing Directors seeking re-appointment and make references to the appropriate authority/persons to ensure compliance with the requirements indicated by Reserve Bank of India vide their directive dated May 23, 2011 on Fit & Proper Criteria of the Banks.
- To devise a Succession Planning Policy for the Board and Senior Management.
- To formulate a Nomination policy of the Board to guide the Board in relation to appointment/re-appointment/removal of Directors.
- To identify persons who are qualified to become Directors/ KMPs and who may be appointed in senior management as defined in the Succession Policy in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.
- To formulate the criteria for evaluation of Independent Directors and the Board/Committees.
- To devise a policy on Board diversity.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

The Committee met 5 times during the year.

(D) N P A REVIEW COMMITTEE

This Committee has been constituted to review all NPA Accounts above ₹50.00 Lakhs. The Committee meets once in a quarter. The members of the Committee as on March 31, 2015 are Sri Francis Alapatt - Chairman, Sri V. G. Mathew, Sri Salim Gangadharan, Sri Cheryan Varkey and Sri Parayil George John Tharakan.

The Committee met 4 times during the year.

(E) COMPENSATION AND REMUNERATION COMMITTEE

The Members of the Committee as on March 31, 2015 are Dr. John Joseph Alapatt - Chairman, Sri Amitabha Guha and Sri Mohan E. Alapatt.

The Terms of reference of the Committee are harmonized with the provisions of Companies Act, 2013/AS-15, Listing Agreement/Banking Regulation Act, 1949 and other RBI Guidelines, which inter-alia, includes the following:

a) To oversee the framing, review and implementation of Bank's overall compensation structure and related polices on remuneration packages payable to the WTDs/MD & CEO and other staff including performance linked incentives, perquisites, Stock option scheme etc. with a view to attracting, motivating and retaining employees and review compensation levels vis-a-vis other Banks and the industry in general.

b) The Committee shall work in close coordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks. The Committee will also ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.

c) With respect to the Performance Linked Incentive Schemes, the Committee is empowered to:
   i) Draw up terms and conditions and approve the changes, if any, to the Performance Linked Incentive schemes;
   ii) Moderate the scheme on an ongoing basis depending upon the circumstances and link the same with the recommendations of Audit Committee;
   iii) Coordinate the progress of growth of business vis -a- vis the business parameters laid down by the Board and Audit Committee and effect such improvements in the scheme as considered necessary;
   iv) On completion of the year, finalize the criteria of allotment of marks to ensure objectivity/equity.

d) The Committee shall also function as the Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and is empowered to formulate detailed terms and conditions of the Scheme, administer, supervise the same and to allot shares in compliance with the guidelines and other applicable laws.

e) To obtain necessary clearances and approvals from regulatory authorities, appoint Merchant Bankers and do such other things as may be necessary in respect of the Employees Stock Option Scheme.

f) To oversee the administration of Employee benefits, such as, provident fund, Pension Fund, Gratuity, Compensation for absence on Privilege/Sick/Casual Leave etc., which are recognized in accordance with Accounting Standard-15 (revised) specified in the Companies (Accounting Standards) Rules, 2006.

g) The Committee may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;

h) Any other matters regarding remuneration to WTDs/MD & CEO and other staffs of the Bank as and when permitted by the Board.

i) To conduct the annual review of the Compensation Policy

j) To fulfill such other powers and duties as may be delegated to it by the Board.

The committee met 5 times during the year.

ANNEXURE TO THE DIRECTORS' REPORT

(F) CUSTOMER SERVICE COMMITTEE

The Committee is entrusted with the responsibility of monitoring the quality of services rendered to the customers and also ensuring implementation of directives received from RBI in this regard. The terms of reference of the Committee inter-alia, are to formulate comprehensive deposit policy incorporating the issues arising out of death of a depositor for operations of his account, the product approval process and any other issues having a bearing on the quality of customer services rendered.

The members of the Committee as on March 31, 2015 are Sri V. G. Mathew - Chairman, Sri Amitabha Guha, Sri Francis Alapatt and Sri Parayil George John Tharakan.

Besides, in accordance with RBI guidelines, the Bank has been inviting two persons to the Committee as special invitees, one representing the customers of the Bank and the other an expert in customer services, with a view to strengthening the corporate governance structure in the banking system and also to bring about ongoing improvements in the quality of customer services provided by the Bank.

The committee met 4 times during the year.

(G) STAKEHOLDERS RELATIONSHIP COMMITTEE
(Erstwhile Shareholders/Investor Grievance Committee)

The Committee looks into redress the complaints from shareholders and investors like transfer of Shares, non-receipt of Annual Reports, non-receipt of declared dividends etc. The Committee also ratifies share transfers/transmission/name deletion cases etc. from time to time. The members of the Committee are Smt. Ranjana S. Salgaocar - Chairperson, Sri Francis Alapatt and Sri Parayil George John Tharakan.

The terms of reference of Stakeholders Relationship Committee have been expanded and the following agenda items are being placed before the committee:

a) Consolidated statement of transfer of shares/transmission/deletion etc., duly approved by General Manager or above from time to time.

b) Certificate issued by Practicing Company Secretary (PCS) in connection with Reconciliation of share capital audit every quarter, physical share transfer audit half-yearly and Corporate Governance Report annually.

c) Details of shareholder complaints received redressed, pending etc. during a particular quarter.

d) List of Top 10/100 shareholders at the end of every quarter.

e) Any other item with the permission of the Board.

The Committee met 4 times during the year.

Status of Shareholder Complaints as on March 31, 2015:

Sl. No.	Items	No. of complaints		
		Pending/ Received	Redressed	Pending
1.	Non-receipt of Refund Order/Allotment credit	2	2	0
2.	Non-receipt of Dividend Warrants	251	251	0
3.	Request for issue of duplicate/replacement share certificates	124	124	0
4.	Complaints received from BSE/NSE/SEBI/ROC	6	6	0
5.	Other miscellaneous complaints	18	18	0
6.	Non-receipt of share certificate after transfer	1	1	0
	Total	402	402	0

(H) COMMITTEE TO PREVENT AND REVIEW FRAUDS IN THE BANK

In terms of Reserve Bank of India guidelines, this committee has been constituted by the Bank with a view to providing focused attention on preventing and monitoring of frauds involving amounts of Rupees One Crore and above. The members of the Committee as on March 31, 2015 are Sri V. G. Mathew - Chairman, Sri Amitabha Guha, Sri K. Thomas Jacob, Sri Salim Gangadharan and Sri Cheryan Varkey.

The Committee met 4 times during the year.

(I) PREMISES COMMITTEE

A Premises Committee was constituted by the Board of Directors at its meeting held on December 28, 2007 to oversee and monitor the improvements to the Head Office building and a new Data Centre Building at Rajagiri Valley, Kakkanad, Kochi. Its terms of reference include calling tenders from reputed architects and contractors, scrutinizing, shortlisting and negotiating their site plans, estimates, finalizing their appointment, fees and other terms and conditions and monitoring the progress of the project. The members of the committee as on March 31, 2015 are Sri Francis Alapatt - Chairman, Sri V. G. Mathew, Smt. Ranjana S. Salgaocar and Sri Parayil George John Tharakan. The Committee met once during the year.

(J) RISK MANAGEMENT COMMITTEE

In terms of the guidelines of Reserve Bank of India on the Asset Liability Management / Risk Management Systems, a Risk Management Committee of Board has been constituted. The members of the committee as on March 31, 2015 are Sri Salim Gangadharan - Chairman, Sri Amitabha Guha, Sri V. G. Mathew and Sri K. Thomas Jacob.

The committee inter-alia looks into the following aspects:

a) Review and approve on a regular basis the risk management policies recommended by RMCs, ALCO, including policies concerning credit risk, market risk, and operational risk.
b) Approve risk management governance structure of the Bank and deciding the allocation of resources.
c) Define the risk appetite of the Bank.
d) Approve the vendors for risk data warehouse and other risk management software requirements.
e) Approve revisions in existing systems and policies to address risk management requirements and good practices.
f) Consider the effectiveness of overall risk management framework in meeting sound corporate governance principles and identifying, managing and monitoring the key risks of the Bank.
g) Oversee and monitor the Bank's compliance with regulatory requirements.
h) Approve delegation of risk limits to management and approve any transactions exceeding those delegated authorities.
i) Review risk mitigation plans on significant risks, which affects policy or procedure level changes for effective implementation.
j) To review the direction of various risks attributable to the Bank based on an analytical model articulated by RBI.

The Committee met 5 times during the year.

(K) INFORMATION TECHNOLOGY STRATEGY COMMITTEE

This committee has been constituted w.e.f. March 2, 2010 to suggest improvement and monitor the implementation of modern technology in the Bank. In compliance with Gopalakrishna Committee report contained in RBI circular RBI/2010-11/494/DBS:CO:ITC:BC.No.6/31.02.008/2010-11 dated 29.04.2011 the name of the Information Technology Committee has been changed as "Information Technology Strategy Committee" and the scope, terms of reference of the Committee have been amended w.e.f. 28.11.2012. The members of the Committee as on March 31, 2015 are Sri Mohan E. Alapatt - Chairman, Sri Amitabha Guha, Sri V. G. Mathew and Sri K. Thomas Jacob.

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

- Suggest improvement and monitor the implementation of modern technology in the Bank;
- Approving IT strategy and policy documents;
- Ensuring that the management has put an effective strategic planning process in place;
- Ratifying that the IT strategy is indeed aligned with business strategy;
- Ensuring that the IT organizational structure complements the business model and its direction;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Bank's growth;
- Make aware about exposure towards IT risks and controls, and evaluating effectiveness of management's monitoring of IT risks;
- Assessing Senior Management's performance in implementing IT strategies;
- Issuing high-level policy guidance (e.g.: related to risk, funding, or sourcing tasks);
- Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;
- Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks;
- Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value);
- Any other terms of reference as may be included from time to time by the Board or in compliance with RBI Guidelines.

The Committee met 5 times during the year.

(L) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013 and the rules and admissible activities notified therein by Ministry of Corporate Affairs in February 2014, the Bank is required to constitute a Corporate social responsibility Committee of Board to formulate Corporate Social responsibility Policy and to oversee the implementation of CSR activities undertaken by the bank. As provided in the Act and pursuant to the same, your Board of Directors has, during the year, constituted a three member Corporate Social Responsibility (CSR) Committee of the Board, with Sri Francis Alapatt as Chairman of the Committee, Sri V. G. Mathew, Sri Mohan E. Alapatt and Smt. Ranjana S. Salgaocar as its co-members.

The terms of reference of the Committee, inter-alia, includes the following:

1) Articulate and recommend to the Board, a Corporate Social Responsibility Policy which should stipulate the scope of activities to be undertaken by the Bank as specified in Schedule VII to the Companies Act, 2013.

   Schedule VII includes the following items:

   (i) eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water;
   (ii) promoting of education, including special education

and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality soil, air and water;

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents;

(vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

(viii) Contribution to Prime Ministers National Relief Fund or any other fund set up by the Central Government for Socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward Classes, minorities and women;

(ix) contributions or funds provided to technology incubators located within academic institutions which approved by the Central Government;

(x) Rural Development projects.

2) To stipulate and recommend the amount of expenditure to be incurred on the activities referred to in clause (1); and
3) Monitor and update, as and when warranted, the Corporate Social Responsibility Policy of the company from time to time.
4) To recommend to the Board any other activities/programmes/ projects, which may be recommended by the regulatory authorities from time to time.

The Committee met 8 times during the year.

(M) CAPITAL PLANNING & INFUSION COMMITTEE

The Bank had constituted one special purpose committee viz. Capital Planning & Infusion Committee. The Capita Planning & infusion Committee was formed on 28th May, 2014 to analyze various options for infusion of Capital and to do all acts and things and to take all decisions pertaining to the issue and which are ancilliary and incidental to such decisions including the short-listing/appointment of Merchant Bankers to the issue.

The Committee met 4 times during the year.

(N) COMMITTEE OF INDEPENDENT DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and the Listing Agreement, the performance of non-independent directors and the Board as a whole to be evaluated by a Committee comprising of all the Independent Directors of the Bank as on the date of the meeting of the said committee.

Terms of Reference

The terms of reference of the Committee inter-alia, includes:

a) To review of the performance of non-independent directors and the Board as a whole;
b) To review the performance of the Chairman of the Bank taking into account the views of executive directors and non-executive directors;
c) To assess the quality, quantity and timeliness of flow of information between the Bank management and the Board that is necessary for the Board to effectively and reasonably perform their duties;
d) To perform such other roles as may be prescribed by the Companies Act, 2013, Listing Agreement, SEBI Regulations, Banking Regulation Act, 1949 and the Circulars/Regulations issued by the Regulatory Authorities from time to time.

The Committee met once during the year and all Independent Directors attended the meeting.

Board Level Performance Evaluation

The Companies Act, 2013 and revised Clause 49 of the Listing Agreement stipulates the performance evaluation of the Directors including Chairman, Board and its Committees. Considering the said provisions, the Bank has devised the process and the criteria for the performance evaluation which has been recommended by the Nomination Committee and approved by the Board.

The process for performance evaluation is as under:

√ Committee of Independent Directors evaluates the performance of Non-Independent Directors including Chairman of the Bank and the Board as a whole.
√ The Board evaluates the performance of the Independent Directors excluding the director being evaluated and submit its report to the Nomination Committee.
√ The Board Evaluate the performance of Board level committees
√ Nomination Committee recommends the appointment/re-appointment/continuation of Directors to the Board. Based on the recommendation of Nomination Committee, Board will take the appropriate action.

The criteria for performance evaluation are as under:

Performance Evaluation of Non-Executive Directors, MD & CEO and Chairman

Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Participation; Updation of Knowledge; Performance of the Bank; Recognition and awards to the Bank; Leadership; Relationships and Communications; Resources; Conduct of Meetings.

ANNEXURE TO THE DIRECTORS' REPORT

Performance Evaluation of Board

Composition and Diversity; Committees of the Board; Board & Committee meetings; Understanding of the business of the Bank and Regulatory environment; Contribution to effective corporate governance and transparency in the Company's Operations; Deliberations/decisions on the Company's strategies, policies, plans and guidance to the Executive Management; Monitoring the implementation of the strategies and the executive management's performance and Quality of Decision making and Board's Communication with all stakeholders.

Performance Evaluation of the Board Level Committees

The performance and effectiveness of the Committee; Frequency and duration; Spread of talent and diversity in the Committee; Understanding of regulatory environment and developments; Interaction with the board.

COMPOSITION OF COMMITTEES OF DIRECTORS AND THE ATTENDANCE AT THE MEETINGS

MANAGEMENT COMMITTEE

Name	No. of meetings	
	Held during the tenure	Attended
Sri Amitabha Guha	21	20
Dr. V. A. Joseph*	11	11
Sri V. G. Mathew#	10	10
Sri Paul Chalissery**	11	11
Sri K. Thomas Jacob	21	20
Sri Salim Gangadharan	21	17
Sri Cheryan Varkey##	19	17
Dr. John Joseph Alapatt#	10	10

* Ceased to be a member w.e.f. 30.09.2014
** Ceased to be a member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 01.10.2014
Inducted in to the committee w.e.f. 28.05.2014

AUDIT COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri K. Thomas Jacob	11	11
Sri Paul Chalissery*	6	6
Dr. John Joseph Alapatt	11	10
Sri Salim Gangadharan	11	11
Sri Cheryan Varkey#	9	8

* Ceased to be a member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 28.05.2014

NOMINATION COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri Mohan E. Alapatt	5	5
Dr. V. A. Joseph*	3	3
Sri Amitabha Guha	5	5
Sri Paul Chalissery*	3	3
Dr. John Joseph Alapatt#	3	3

* Ceased to be a member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 30.09.2014

NPA REVIEW COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Mr. Francis Alapatt	4	4
Dr. V. A. Joseph*	2	2
Sri V. G. Mathew#	2	2
Sri K. Thomas Jacob*	2	1
Sri Salim Gangadharan	4	4
Sri Cheryan Varkey	4	4
Sri Parayil George John Tharakan##	1	1

* Ceased to be a member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 01.10.2014
Inducted in to the committee w.e.f. 25.11.2014

COMPENSATION AND REMUNERATION COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Dr. John Joseph Alapatt	5	5
Sri Amitabha Guha	5	5
Sri Paul Chalissery*	3	3
Sri Mohan E. Alapatt	5	5

* Ceased to be a member w.e.f. 30.09.2014

CUSTOMER SERVICE COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri V. G. Mathew#	2	2
Sri Amitabha Guha	4	4
Dr. John Joseph Alapatt*	2	2
Dr. V. A Joseph*	2	2
Sri Francis Alapatt	4	3
Sri Parayil George John Tharakan##	1	1

* Ceased to be member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 01.10.2014
Inducted in to the committee w.e.f. 25.11.2014

ANNEXURE TO THE DIRECTORS' REPORT

STAKEHOLDERS RELATIONSHIP COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Smt. Ranjana S. Salgaocar#	2	2
Sri Paul Chalissery*	2	2
Sri Mathew L. Chakola*	2	2
Dr. John Joseph Alapatt*	2	2
Sri Francis Alapatt	4	4
Sri Parayil George John Tharakan##	2	2

* Ceased to be member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 01.10.2014
Inducted in to the committee w.e.f. 25.11.2014

COMMITTEE TO PREVENT AND REVIEW FRAUDS IN THE BANK

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri V. G. Mathew##	2	2
Dr. V. A. Joseph*	2	2
Sri Amitabha Guha	4	4
Sri K. Thomas Jacob	4	4
Sri Salim Gangadharan	4	4
Sri Cheryan Varkey#	3	3

* Ceased to be member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 28.05.2014
Inducted in to the committee w.e.f. 01.10.2014

PREMISES COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri Francis Alapatt#	1	1
Sri V. G. Mathew#	1	1
Sri Mathew L. Chakola*	-	-
Dr. V. A. Joseph*	-	-
Sri Paul Chalissery*	-	-
Dr. John Joseph Alapatt*	-	-
Smt. Ranjana S. Salgaocar#	1	1
Sri Parayil George John Tharakan##	1	1

* Ceased to be member w.e.f. 30.09.2014
\# Inducted in to committee w.e.f. 01.10.2014
Inducted in to committee w.e.f. 25.11.2014

RISK MANAGEMENT COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri Salim Gangadharan	5	5
Sri Amitabha Guha	5	5
Dr. V. A. Joseph*	2	2
Sri V. G. Mathew#	3	3
Dr. John Joseph Alapatt*	2	2
Sri K. Thomas Jacob#	3	3

* Ceased to be member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 01.10.2014

INFORMATION TECHNOLOGY STRATEGY COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri Mohan E. Alapatt	5	5
Sri Amitabha Guha	5	4
Dr. V. A. Joseph*	2	2
Sri V. G. Mathew#	3	3
Sri K. Thomas Jacob	5	5
Sri Paul Chalissery##	1	1

* Ceased to be member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 01.10.2014
Attended as a Special Invitee

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri Francis Alapatt	8	8
Dr. V. A. Joseph*	4	4
Sri V. G.Mathew#	4	4
Sri K.Thomas Jacob*	4	4
Sri Mohan E. Alapatt#	4	4
Smt. Ranjana S. Salgaocar#	4	3

* Ceased to be member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 01.10.2014

CAPITAL PLANNING & INFUSION COMMITTEE

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri Amitabha Guha	4	4
Dr. V. A. Joseph*	2	2
Sri V. G. Mathew#	2	2
Sri Mohan E. Alapatt	4	4
Sri K.Thomas Jacob	4	4
Sri Paul Chalissery*	2	2
Dr. John Joseph Alapatt	4	4
Sri Salim Gangadharan*	2	2

* Ceased to be member w.e.f. 30.09.2014
\# Inducted in to the committee w.e.f. 01.10.2014

ANNEXURE TO THE DIRECTORS' REPORT

REMUNERATION POLICY

Remuneration Policy for Employees of the Bank:

The Bank has a Board approved Compensation Policy which deals with the Compensation & Benefits of the Employees of the Bank and Whole-time Directors

The objectives of the Compensation Policy of the Bank inter-alia includes, to provide a fair and persistent basis for motivating, inspiring and rewarding the employees appropriately, according to their jobs/role size, performance, accomplishments, contribution, skill, aptitude and competence to implement standards on sound compensation practices and incentives and to provide effective governance of compensation payable to the WTDs/CEO and other staff, alignment of compensation with prudent risk taking and effective supervisory oversight. The disclosure requirement of the remuneration is separately provided in "Disclosure under Basel III Norms."

REMUNERATION POLICY FOR DIRECTORS

Remuneration of Executive Directors:

The Board approved Compensation Policy deals with the Compensation & Benefits of the Whole-time Directors/MD & CEO. The remuneration of the Whole-time Directors/MD & CEO is recommended by the Compensation & Remuneration Committee (CRC) to the Board for approval after considering the factors prescribed under the Compensation Policy.

The Board considers the recommendations of CRC and approves the remuneration, with or without modifications, subject to shareholders' and regulatory approvals. The remuneration payable to Whole-time Directors/MD & CEO is subject to prior approval of the Reserve Bank of India (RBI). Therefore, the remuneration or any revision in remuneration to Whole-time Directors/MD & CEO is payable only after receipt of the approval from RBI.

Remuneration of Chairman:

The CRC recommends the remuneration of the non-executive Chairman to the Board which is considered and approved by the Board in the same manner subject to Shareholders' and regulatory approvals. The CRC, while recommending the remuneration of the part-time Chairman considers the Function, Role and Responsibilities of the Chairman and Regulatory guidelines as applicable etc.

The remuneration payable to the Chairman is subject to prior approval of the Reserve Bank of India (RBI). Therefore, the remuneration or any revision in remuneration of the Chairman is payable only after receipt of the approval from RBI.

Remuneration of Non-Executive Directors (NEDs):

The NEDs are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, Listing Agreement and other regulatory guidelines, as amended from time to time. The Board while recommending the change in the sitting fees considers various factors like size and complexity of organization, Comparison with the peer Banks and Regulatory guidelines as applicable etc. while recommending the change in the sitting fees to the Board.

REMUNERATION PAID TO DIRECTORS DURING THE YEAR ENDED ON 31st MARCH , 2015

A) The Bank has paid a total remuneration of ₹52.16 Lakh during the year to Dr. V. A. Joseph, the Managing Director and Chief Executive Officer of the Bank who retired on 30.09.2014.

The Bank has paid a total remuneration of ₹30.00 Lakh during the year to Sri V. G. Mathew, the Managing Director and Chief Executive Officer of the Bank, who is appointed on 01.10.2014.

B) Details of honorarium paid to Part-time non-executive Chairman: -

The Bank paid a honorarium of ₹14.54 lakh, during the year to Sri Amitabha Guha, Part-time Non-executive Chairman of the Bank.

C) Details of Remuneration paid to other non-executive Directors:

(Paid in the form of sitting fees for Board/Committee Meetings attended by them)

Sri Paul Chalissery - ₹5,28,000/-, Sri Mathew L. Chakola - ₹1,38,000/-, Dr. N. J. Kurian - ₹18,000/-, Sri Mohan E. Alapatt ₹8,16,000/-, Sri K. Thomas Jacob ₹13,36,000/-, Dr. John Joseph Alapatt - ₹11,66,000/-, Sri Francis Alapatt - ₹ 7,43,000/-, Sri Salim Gangadharan - ₹11,50,000/-, Sri Cheryan Varkey - ₹9,38,000/-, Smt. Ranjana S. Salgaocar - ₹3,93,000/- and Sri Parayil George John Tharakan - ₹3,50,000/-.

Total amount paid ₹75,76,000/-

Notes:

a. The Bank did not pay any amount to directors by way of salary and perquisites except to the MD & CEO. The Bank pay a fixed honorarium to the Part-time Chairman.
b. The Bank did not pay any amount to Directors by way of commission.
c. The Bank has not issued any stock options to its Directors except to MD & CEO.
d. There were no other pecuniary relationships or transactions of non-executive Directors vis-à-vis the Bank.

3. BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

Resume of Directors retiring by rotation at the 87th Annual General Meeting is given below:

a) Name : Sri Cheryan Varkey
Age : 63 years
Qualifications : M.Sc., CAIIB
Experience : He was an employee of the Bank from 1975 and retired as Executive Director of the Bank on April 30, 2014.
Present position : Non-executive Director
Sector : Majority (Banking)

ANNEXURE TO THE DIRECTORS' REPORT

Sri Cheryan Varkey, was appointed as a Non-executive Director of the Board on 28th May 2014, pursuant to the Section, 161 of the Companies Act, 2013 liable to retire by rotation. He is not a Director in any other public limited company. He holds 53130 shares of the Bank. He is the member of Audit Committee, Management Committee, NPA Review Committee and Committee to Prevent and Review Frauds in the Bank.

Resume of the Director seeking appointment at 87th Annual General Meeting is given below:

a) Name : Smt. Ranjana S. Salgaocar
Age : 60 years
Qualifications : M.B.A., BSW
Experience : She is a BSW gold medalist from Mumbai University and an MBA from the prestigious Jamnalai Bajaj Institute of Management. She serves on the Board of various Private Limited Companies and not a Director in any other Public Limited Company. She was Director of Syndicate Bank, Goa University and Red Cross Society of Goa. She is the author of 'The Pleasure of Your Company' which is well-researched reference book on etiquette for senior multinational corporate executives. In additions, she is a professional conducting workshops on corporate etiquette for senior executives in large firms, MNCs, Banks and business houses.
Present position : Director
Sector : Minority

Smt. Ranjana S. Salgaocar was appointed as an Additional Director of the Bank on October 1, 2014, pursuant to the Section, 149 of the Companies Act, 2013 and she shall hold office till the date of the 87th Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier. She holds 56,000 shares of the bank. She is the chairperson of Stakeholders Relationship Committee and member of Premises Committee and Corporate Social Responsibility Committee.

b) Name : Sri Parayil George John Tharakan
Age : 54 years
Qualifications : B.Com., LLB
Experience : He is actively engaged in various agricultural activities for the past 30 years.
Present position : Director
Sector : Majority (Agriculture)

Sri Parayil George John Tharakan, was appointed as an Additional Director of the Board on 25th November 2014, pursuant to the Section 161 of the Companies Act, 2013 and he shall hold office till the date of the 87th Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier. He is not a Director in any other public limited company. No shares of the Bank are held by him. He is the member of NPA Review Committee, Premises Committee, Customer Service Committee and Stakeholders Relationship Committee.

4. DETAILS OF GENERAL BODY MEETINGS HELD IN THE LAST 3 YEARS

Name of Meeting	Day, Date and Time	Venue	Whether any Special Resolution(s) Passed
84th Annual General Meeting	Thursday, 28th June, 2012, at 10.00 a.m.	Casino Cultural Auditorium Ltd., T.B. Road, Thrissur	Yes. 1. Special Resolution passed for issue of shares.
85th Annual General Meeting	Friday, 28th June, 2013, at 10.00 a.m.	Casino Cultural Auditorium Ltd., T.B. Road, Thrissur	Yes. 1. Special Resolution passed for modification of terms of Employees Stock Option scheme 2008.
86th Annual General Meeting	Wednesday, 16th July, 2014, at 10.00 a.m	Casino Cultural Auditorium Ltd., T.B. Road, Thrissur	Yes. 1. Special Resolution passed for alteration of Bank's Articles of Association. 2. Special Resolution passed to increase the authorized capital. 3. Special Resolution passed to increase the subscribed capital by issue of further shares. 4. Special Resolution passed for obtaining permission to borrow money where the money to be borrowed together with already borrowed exceeds the paid up capital and free reserves.

No resolution was passed by postal ballot during the financial year under review.

5. DISCLOSURES

A) The Bank has extended a home loan of ₹30 Lacs to Dr. John Joseph Alapatt on July 1, 2010 before joining the Board and the balance outstanding as on March 31, 2015 was ₹17.06 Lacs.

B) MD & CEO / CFO Certification

The MD & CEO and the CFO have issued certificate pursuant to the provisions of Clause 49 of the Listing Agreement certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

C) Internal Control Systems

Code of Conduct

The Board of Directors has framed the Code of Conduct for the Board of Directors and Core Management Personnel of the Bank, as required under Clause 49 of the Listing Agreement "on Corporate Governance." The confirmation from the Managing Director & CEO regarding compliance with the code by all the Directors and Core Management forms part of the Report. The Code of Conduct and Ethics is displayed on the website of the Bank (https://www.southindianbank.com/content/viewContentLvl1.aspx?LinkIdLvl2=215&LinkIdLvl3=250&linkId=250).

Code of Conduct for Prevention of Insider Trading

The Bank has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015 and Companies Act, 2013 with a view to regulate trading in securities by the Directors and designated employees of the Bank. The Code requires pre-clearance for dealing in the Bank's shares beyond threshold limits. Further, it prohibits the purchase or sale of Bank shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Bank and during the period when the Trading Window is closed.

Whistle Blower Policy

Bank has formulated a Whistle Blower Policy with a view to provide a mechanism for employees of the Bank to approach the Chairman of the Audit Committee of the Bank / Ethics Counsellor (Chief of Internal Vigilance) in case they observe any unethical and improper practices or any other alleged wrongful conduct in the Bank and to prohibit Managerial functionaries from taking any adverse personal action against those employees. All protected disclosures reported under this policy will be thoroughly investigated by the Ethics Counsellor / Chairman of the Audit Committee of the bank. The investigation is to be normally completed within 45 days of receipt of the protected disclosure. The identity of the whistle blower shall be kept confidential to the extent possible and permitted under law. The functioning of the whistle blower Policy mechanism is reviewed half yearly by the Audit Committee and the Policy is reviewed annually by the Board. The Details of whistle Blower Policy are available on the website of the Bank. www.southindianbank.com.

D) Other Disclosures

- The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by Clause 49 of the Listing Agreement to the extent applicable to the Bank.
- The Bank had conducted various sessions during the financial year to familiarize Independent Directors of the Bank, their roles, rights, responsibilities in the Bank, nature of the Banking Industry, business model, risk management system and technology architecture of the Bank. Further, the Directors are encouraged to attend the training programmes being organized by various regulators/ bodies/ institutions on above matters. The details of such familiarization programmes are displayed on the website of the Bank. (https://www.southindianbank.com/UserFiles/file/Rupay/Directors%20Training%20Register.pdf).

Information supplied to the Board

The Board is regularly presented with all statutory and information whenever applicable and materially significant. These are submitted either as a part of the agenda papers well in advance of the Board/Committee Meetings or are tabled in course of the Board/Committee Meetings.

Besides, all periodical returns and statements as prescribed by RBI are placed before the Board. All the policy documents relating to different aspects of Bank's functioning are also placed before the Board for their approval.

Among others, the following information are also furnished to the Board: -

1. Review of annual operating plans of business, capital budgets, updates etc.
2. Quarterly results of the Bank and its operating divisions or business segments.
3. Minutes of meetings of Audit Committee and all other Committees.
4. Any materially relevant default in financial obligations to and by the Bank.
5. Significant developments in human resources and industrial relations fronts.
6. Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.
7. Materially important show cause, demand, prosecution and penalty notices.

6. MEANS OF COMMUNICATION

The unaudited/audited quarterly/annual financial results of the Bank are forwarded to the BSE Ltd. and National Stock Exchange of India Ltd. immediately after the Board meeting and are published in 2 newspapers, one a local Malayalam daily and the other a National newspaper. The result, Annual Report including Notice and Explanatory Statement and presentation made to investors and analyst during the year are also displayed on the Bank's Website at www.southindianbank.com.

ANNEXURE TO THE DIRECTORS' REPORT

7. GENERAL SHAREHOLDER INFORMATION

87th Annual General Meeting	Date	15th July, 2015
	Day	Wednesday
	Time	10.00 a.m.
	Venue	Casino Cultural Auditorium Ltd., T. B. Road, Thrissur
Financial year		2014-15
Book Closure Date		09.07.2015 (Thursday) to 15.07.2015 (Wednesday) (both days inclusive).
Dividend Payment Date		From 20th July, 2015 to 25th July, 2015
Name & designation of Compliance Officer		JIMMY MATHEW Company Secretary
Share Transfer Agents		BTS Consultancy Services Pvt. Ltd. M S Complex, 1st Floor, No.8, Sastri Nagar, Near 200 Feet Road/RTO Kolathur, Kolathur, CHENNAI – 600 099 Tel. : 044-25565121 Fax : 044-25565131 E-mail : ramesh@btsindia.co.in, helpdesk@btsindia.com Contact Person: Sri S. Rameshbabu, Director
Bank's address for Correspondence		The South Indian Bank Ltd., "SIB House", Secretarial Department, P.B.No.28, T.B.Road, Mission Quarters, Thrissur - 680 001, Kerala. Phone: 0487-2429333 Fax : 0487-2424760
Corporate Identity Number (CIN)		L65191KL1929PLC001017
E-mail address		ho2006@sib.co.in
Bank's Website		http://www.southindianbank.com

LISTING OF THE BANK'S EQUITY SHARES

Bank's shares are listed on the following Stock Exchanges in India and their Stock Codes are as under:

1. The National Stock Exchange of India Ltd. - SOUTHBANK
2. The BSE Ltd. – 532218
3. The Cochin Stock Exchange Limited*

The listing fees payable to the National Stock Exchange of India Ltd & BSE Ltd for the financial year 2015-16 have already been remitted.

* The Cochin Stock Exchange Limited had been exited from the Equity Trading Business w.e.f. 23rd December, 2014 vide SEBI order No.WTM/RKA/MRD/163/2014 dtd. 23rd December, 2014.

The Market Price Data of Bank's Shares

The monthly high and low prices of the Bank's shares traded on the National Stock Exchange of India Ltd. (NSE), Mumbai and BSE Ltd. (BSE), Mumbai during the financial year are as under:

MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April	25.95	21.80	26.00	21.85
May	29.00	22.50	29.00	22.35
June	31.95	26.90	31.95	26.95
July	35.05	29.30	35.05	29.30
August	30.50	26.90	30.55	26.90
September	29.30	25.80	29.20	25.75
October	28.00	24.30	27.95	24.25
November	28.75	26.20	28.75	26.20
December	30.30	25.20	30.25	25.00
January	32.00	27.30	31.90	27.35
February	28.30	25.65	28.30	25.60
March	28.50	23.60	28.45	23.70

ANNEXURE TO THE DIRECTORS' REPORT

Distribution of shareholding as on March 31, 2015

CATEGORY (NO. OF SHARES)	PHYSICAL		DEMAT	
	NO. OF HOLDERS	SHARES	NO. OF HOLDERS	SHARES
UP TO – 100	3711	50336	68494	4061268
101 – 200	2836	345861	29541	5273527
201 – 500	3071	1092715	44399	17346801
501 – 1000	3093	2109535	28679	24839088
1001 – 5000	26303	48249215	39648	91528657
5001 – 10000	1456	10856810	6383	47984277
10001 – 50000	1000	18905850	5269	107500241
50001 & ABOVE	105	15077420	891	954930435
TOTAL	**41575**	**96687742**	**223304**	**1253464294**
% to total Shares	–	7.16	–	92.84

Total number of shareholders both physical and electronic put together is 2,64,879.

MEMBERS' PROFILE AS ON MARCH 31, 2015 IS AS UNDER

SL. NO.	CATEGORY	SHARES		TOTAL SHARES	% OF SHARE-HOLDING
		PHYSICAL	DEMAT		
1	RESIDENT INDIVIDUALS	79486572	383323191	462809763	34.28
2	INDIAN FINANCIAL INSTITUTIONS	0	87009243	87009243	6.44
3	FOREIGN INSTITUTIONAL INVESTOR	0	376780435	376780435	27.91
4	NON-RESIDENT INDIANS	13035470	67215253	80250723	5.94
5	BODIES CORPORATES	3421010	72489642	75910652	5.62
6	DIRECTORS & RELATIVES	744690	1510909	2255599	0.17
7	MUTUAL FUNDS	0	72692338	72692338	5.38
8	TRUSTS	0	925701	925701	0.07
9	BANKS	0	21658180	21658180	1.60
10	CLEARING MEMBERS	0	1236464	1236464	0.09
11	HUF	0	9906592	9906592	0.73
12	FOREIGN PORTFOLIO INVESTOR (CORP)	0	157846893	157846893	11.69
13	QFI - CORPORATE	0	869453	869453	0.06
	GRAND TOTAL	**9,66,87,742**	**125,34,64,294**	**135,01,52,036**	**100.00**

SHARE TRANSFER SYSTEM

The Bank has appointed M/s B T S Consultancy Services Private Limited, Chennai as its Share Transfer Agents and the share transfer/transmission, dividend payments and all other investor related matters are attended to and processed at the office of Share Transfer Agents of the Bank. The Share Transfer Agents, after processing the requests of investors, put up the same to the Bank's Chief General Manager (Admin.)/Senior Vice-President (Admin.), wherever necessary, for his approval and thereafter all such cases are put up to the Stakeholders Relationship Committee of the Board of the Bank for its information.

Trading in the Bank's shares are now compulsorily in dematerialised form. However, members with share certificates in physical form can transfer their shareholding by sending the share certificates along with a copy of PAN card of the transferee and duly executed and stamped transfer deed signed by the

ANNEXURE TO THE DIRECTORS' REPORT

transferor (or on his/her behalf) and the transferee, either to the Registered Office of the Bank or to the Bank's Share Transfer Agents.

DEMATERIALISATION OF SHARES

The Equity shares of the Bank have been allotted International Securities Identification Number (ISIN) INE 683A01023. As at the end of March 2015, 1253464294 shares of the Bank have been converted into dematerialized form.

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

UNPAID DIVIDEND

All dividends remaining unclaimed or unpaid including the balance in Dividend Account upto and including financial year 1993-94 have been transferred to the General Revenue Account of the Central Government. Any claim in respect of transferred amounts shall be made to the Registrar of Companies, Kerala, Company Law Bhavan, Bharath Matha College, Thrikkakara P.O., Kochi - 682 021.

In terms of Section 205A of the Companies Act, 1956, the amount which has remained unclaimed/unpaid for a period of 7 years from the date of transfer to the Unpaid/Unclaimed Dividend Account has to be transferred to the "Investors' Education and Protection Fund" (The Fund) and thereafter, no claim can be made by any shareholder against the Bank or the fund for the dividend amount of that year. The unpaid dividend of ₹41,45,466.00 for the financial 2007-08 will become due for transfer to the fund on September 21, 2015.

Recently, on May 10, 2012, the Ministry of Corporate Affairs has notified Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, whereby companies are required to identify and upload information regarding unclaimed amounts due to be transferred to IEPF on the Ministry`s website and also on Bank's website.

Accordingly, the details of such unpaid / unclaimed amounts alongwith their respective due dates for transfer to IEPF are provided for the benefit of investors. The Shareholders may please claim their unclaimed / unpaid amount due to them by making a request to the Company giving their particulars before the same are transferred to the IEPF.

EQUITY SHARES IN SUSPENSE ACCOUNT

As per Clause 5A (I) of the Listing Agreement, the company reports the following details in respect of Equity Shares lying in the suspense account which were issued pursuant to the Follow on Public Issue.

	No. of cases	No. of Equity Shares*		Total
		FPO2006	Bonus 2008	
Opening Balance as on April 1, 2014	41	130710	32560	163270
Request received during the year	2	3080	770	3850
Shares credited during the year	2	3080	770	3850
Closing Balance as on March 31, 2015	39	127630	31790	159420

* Number of Equity shares are re-stated into shares of face value of ₹1/- each

The voting rights on the shares outstanding in the suspense account as on March 31, 2015 shall remain frozen till the rightful owner of such shares claims the shares.

8. COMPLIANCE STATUS OF CLAUSE 49 OF THE LISTING AGREEMENT

The Bank has complied with all mandatory recommendations prescribed in Clause 49 of the Listing Agreement. A certificate to this effect from the Bank's Statutory Central Auditors, M/s S R Batliboi & Associates LLP, Chartered Accountants, is annexed.

9. AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, V. G. Mathew, Managing Director and Chief Executive Officer of the Bank, hereby declare that the Bank's Code of Conduct has been accepted and has been complied with, by all Board Members and Core Management Personnel of the Bank, as required under Clause 49 of the Listing Agreement "on Corporate Governance."

By Order of the Board

(AMITABHA GUHA)
CHAIRMAN
DIN : 02836707

(V. G. MATHEW)
MANAGING DIRECTOR & CEO
DIN : 05332797

Place : Nedumbassery, Kochi
Date : June 2, 2015

ANNEXURE TO THE DIRECTORS' REPORT

CEO / CFO Certification

We, V. G. Mathew, Managing Director & CEO and C. P. Gireesh, Chief Financial Officer, of THE SOUTH INDIAN BANK LIMITED hereby certify that:

a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief:
   i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
   ii. these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

d) We have indicated, to the Auditors and the Audit Committee:
   i. significant changes in internal control over financial reporting during the year;
   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Bank's internal control system over financial reporting.

Yours faithfully

V. G. MATHEW
Managing Director & CEO
(DIN: 05332797)

C. P. GIREESH
Chief Financial Officer

Place : Kochi
Date : May 5, 2015

ANNEXURE TO THE DIRECTORS' REPORT

S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

6th & 7th Floor, "A" Block
Tidel Park, (Module 601, 701 & 702)
No. 4, Rajiv Gandhi Salai, Taramani,
Chennai – 600 113, India.
Tel +91 44 6654 8100
Fax +91 44 2254 0120

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members
The South Indian Bank Limited

We have examined the compliance of conditions of Corporate Governance by **The South Indian Bank Limited**, for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 101049W

per **Subramanian Suresh**
Partner
Membership Number: 083673

Place : Kochi
Date : May 5, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of

The South Indian Bank Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **The South Indian Bank Limited** (hereinafter referred to as "the Bank"), which comprise the Balance Sheet as at March 31, 2015 and the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, in which are incorporated the returns 19 branches/offices audited by us, 823 branches/offices audited by the branch auditors of the Bank's branches for the year ended on that date.

Management's Responsibility for the Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and with guidelines issued by the Reserve Bank of India ('RBI') insofar as they are applicable to the Bank and in conformity with Form A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and give a true and fair view of the state of affairs of the Bank as at March 31, 2015 and its profit and its cash flows for the year then ended.

Report on Other Legal and Regulatory Matters

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

INDEPENDENT AUDITOR'S REPORT

10. As required sub Section (3) of Section 30 of the Banking Regulation Act, 1949 and the appointment letter dated June 24, 2014, 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; and
    (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

11. Further, as required by Section 143(3) of the Companies Act, 2013, we report that:
    (i) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
    (ii) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
    (iii) The reports on the accounts of the branch offices 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.
    (iv) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by us in the Report are in agreement with the books of account and with the returns received from the branches not visited by us.
    (v) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
    (vi) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
    (vii) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        (a) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 11 of Schedule 17 to the financial statements.
        (b) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
        (c) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration No: 101049W

per **Subramanian Suresh**
Partner
Membership Number: 083673

Place : Kochi
Date : May 5, 2015

BALANCE SHEET AS AT MARCH 31, 2015

	Schedule No.	As at March 31, 2015 ₹('000)	As at March 31, 2014 ₹('000)
CAPITAL AND LIABILITIES			
Capital	1	**1,350,152**	1,343,948
Employees' Stock Options (Grants) Outstanding		**23,807**	23,029
Reserves and Surplus	2	**34,543,906**	32,336,534
Deposits	3	**519,124,877**	474,910,897
Borrowings	4	**22,324,748**	27,307,771
Other Liabilities and Provisions	5	**13,795,674**	13,937,492
TOTAL		**591,163,164**	549,859,671
ASSETS			
Cash and Balances with Reserve Bank of India	6	**24,415,760**	22,008,082
Balances with banks and money at call & short notice	7	**11,535,025**	10,171,205
Investments	8	**167,171,629**	143,517,761
Advances	9	**373,916,367**	362,298,563
Fixed Assets	10	**4,790,491**	4,122,002
Other Assets	11	**9,333,892**	7,742,058
TOTAL		**591,163,164**	549,859,671
Contingent Liabilities	12	**272,200,703**	191,349,642
Bills for Collection		**5,544,392**	6,962,499
Significant Accounting Policies	17		
Notes forming part of Accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W

per **Subramanian Suresh**
Partner
Membership No. 083673

Kochi
May 5, 2015

For and on behalf of Board of Directors

Joseph George Kavalam Senior Vice President	**Amitabha Guha** Chairman	**V. G. Mathew** MD & CEO
A. G. Varughese Senior Vice President	**Mohan E. Alapatt** Director	**K. Thomas Jacob** Director
Thomas Joseph K. Chief General Manager	**Dr. John Joseph** Director	**Francis Alapatt** Director
C. P. Gireesh Chief Financial Officer	**Salim Gangadharan** Director	**Cheryan Varkey** Director
Jimmy Mathew Company Secretary	**Ranjana S. Salgaocar** Director	**Parayil George John Tharakan** Director

Kochi
May 5, 2015

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

	Schedule No.	Year ended March 31, 2015 ₹('000)	Year ended March 31, 2014 ₹('000)
I. INCOME			
Interest Earned	13	52,862,231	50,150,631
Other Income	14	4,970,717	3,684,640
TOTAL		57,832,948	53,835,271
II. EXPENDITURE			
Interest Expended	15	39,199,929	36,162,948
Operating Expenses	16	9,813,006	8,828,913
Provisions & Contingencies	18.A.26	5,747,974	3,768,440
TOTAL		54,760,909	48,760,301
III. PROFIT/LOSS			
Net Profit for the year		3,072,039	5,074,970
Profit brought forward from previous year		398,582	369,636
Profit available for Appropriation:		3,470,621	5,444,606
IV. APPROPRIATIONS			
Transfer to Statutory Reserves		768,100	1,268,800
Transfer to Capital Reserves		38,590	8,407
Transfer to Revenue and Other Reserves		500,000	2,200,000
Transfer to Special Reserve u/s 36(i)(viii) of Income Tax Act		300,000	170,000
Transfer to/(from) Investment Reserve		(67,939)	140,936
Proposed Dividend		810,101	1,075,158
Tax on Proposed Dividend		169,512	182,723
Balance carried over to Balance Sheet		952,257	398,582
TOTAL		3,470,621	5,444,606
Significant Accounting Policies	17		
Notes forming part of Accounts	18		
Earning per share (Basic) (in ₹)	18.B.2	2.28	3.78
Earning per share (Diluted) (in ₹)	18.B.2	2.27	3.77
Face Value per share (in ₹)		1.00	1.00

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W

per **Subramanian Suresh**
Partner
Membership No. 083673

Kochi
May 5, 2015

For and on behalf of Board of Directors

Joseph George Kavalam Senior Vice President	**Amitabha Guha** Chairman	**V. G. Mathew** MD & CEO
A. G. Varughese Senior Vice President	**Mohan E. Alapatt** Director	**K. Thomas Jacob** Director
Thomas Joseph K. Chief General Manager	**Dr. John Joseph** Director	**Francis Alapatt** Director
C. P. Gireesh Chief Financial Officer	**Salim Gangadharan** Director	**Cheryan Varkey** Director
Jimmy Mathew Company Secretary	**Ranjana S. Salgaocar** Director	**Parayil George John Tharakan** Director

Kochi
May 5, 2015

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2015

	As at March 31, 2015 ₹('000)	As at March 31, 2014 ₹('000)
SCHEDULE 1 - CAPITAL		
Authorised Capital	2,500,000	1,600,000
250,00,00,000 Equity shares of ₹1/- each (Previous year 160,00,00,000 equity shares of ₹1/- each)		
Issued, Subscribed and Paid up Capital	1,350,152	1,343,948
135,01,52,036 Equity shares of ₹1/- each (Previous year 134,39,47,561 equity shares of ₹1/- each)		
TOTAL	1,350,152	1,343,948
Employees' Stock Options (Grants) Outstanding		
Employees' Stock Options Outstanding	53,129	64,288
Less: Deferred Employee Compensation Expense (unamortised)	29,322	41,259
TOTAL	23,807	23,029
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	7,112,839	5,844,039
Additions during the year	768,100	1,268,800
Sub total	7,880,939	7,112,839
II. Capital Reserve		
Opening Balance	440,868	432,461
Additions during the year	38,590	8,407
Sub total	479,458	440,868
III. Asset Revaluation Reserve		
Opening Balance	1,316,556	1,379,726
Additions - Write back to Reserve on account of change in method of Depreciation (Refer Schedule 17 (4))	118,797	-
	1,435,353	1,379,726
Deductions during the year:		
Deduction from revaluation reserve to the extent of depreciation on revalued amount	49,565	63,170
Sub total	1,385,788	1,316,556

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2015

		As at March 31, 2015 ₹('000)	As at March 31, 2014 ₹('000)
IV. Share Premium			
Opening Balance		9,479,668	9,452,259
Additions during the year		83,359	72,353
Deductions during the year*		-	44,944
* Refer Sch 18(A)(24)(c)	Sub total	9,563,027	9,479,668
V. Revenue and Other Reserves			
Opening Balance		12,816,790	10,759,143
Additions during the year by way of lapse of vested options		6,590	4,756
Addition during the year due to transfer of depreciation on revaluation		49,565	-
Additions during the year by way of appropriation		500,000	2,200,000
Deduction on account of transitional provision of Sch II of Companies Act, 2013 (Refer Sch 18(A)(24)(a))		93,800	-
Deductions during the year - Deferred tax adjustments*		-	147,109
* Refer Sch 18 (A) (24) (b)	Sub total	13,279,145	12,816,790
VI. Investment Reserve			
Opening Balance		168,431	27,495
Additions during the year		-	140,936
	Sub total	168,431	168,431
Transfer to Profit & Loss Appropriation A/c		67,939	-
	Sub total	100,492	168,431
VII. Special Reserve u/s 36(1)(viii) of Income Tax Act			
Opening Balance		602,800	432,800
Additions during the year		300,000	170,000
	Sub total	902,800	602,800
VIII. Balance in Profit and Loss Account		952,257	398,582
	TOTAL	34,543,906	32,336,534

SCHEDULE 3 - DEPOSITS

A. I. Demand Deposits			
(i) From Banks		20,160	34,759
(ii) From Others		18,158,318	18,847,947
II. Savings Bank Deposits		88,684,474	79,366,265
III. Term Deposits			
(i) From Banks		27,996,838	24,338,683
(ii) From Others		384,265,087	352,323,243
	TOTAL	519,124,877	474,910,897
B. (i) Deposits of branches in India		519,124,877	474,910,897
(ii) Deposits of branches outside India		Nil	Nil
	TOTAL	519,124,877	474,910,897

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2015

	As at March 31, 2015 ₹('000)	As at March 31, 2014 ₹('000)
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	-	3,250,000
(ii) Other Banks	350,088	-
(iii) Other Institutions and Agencies (Refer Sch B. 9 of Schedule 18)	12,835,164	15,923,595
II. Borrowings outside India - from other banks	9,139,496	8,134,176
TOTAL	22,324,748	27,307,771
Secured borrowings included in above	Nil	Nil
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	1,467,333	1,081,221
II. Inter-Office adjustments (Net)	-	744,218
III. Interest Accrued	1,933,199	1,975,538
IV. Others (including provisions)*	10,395,142	10,136,515
TOTAL	13,795,674	13,937,492

*Includes :-

a) Provision for standard assets ₹214.43 crore (previous year ₹183.06 crore)

b) Proposed dividend amounting to ₹81.01 crore (previous year ₹107.52 crore)

c) Corporate Dividend Tax payable amounting to ₹16.95 crore (previous year ₹18.27 crore)

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (Including foreign currency notes)	2,986,695	2,648,400
II. Balances with Reserve Bank of India		
In Current Account	21,429,065	19,359,682
TOTAL	24,415,760	22,008,082

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2015

	As at March 31, 2015 ₹('000)	As at March 31, 2014 ₹('000)
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
(a) In Current Accounts	650,696	279,806
(b) In Other Deposit Accounts	4,055,070	9,470,084
ii) Money at call & short notice With Banks	6,000,000	-
Sub total	10,705,766	9,749,890
II. Outside India		
(a) In Current Accounts	362,384	2,505
(b) In Other Deposit Accounts	-	-
(c) Money at call & short notice - with banks	466,875	418,810
Sub total	829,259	421,315
TOTAL	11,535,025	10,171,205
SCHEDULE 8 - INVESTMENTS (net of provisions)		
I. Investments in India in:		
(i) Government Securities*	123,511,057	115,050,332
(ii) Other Approved Securities	-	-
(iii) Shares	1,171,394	1,911,442
(iv) Debentures and Bonds	5,314,032	6,134,891
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others (Certificate of deposits, RIDF etc.)	37,175,146	20,421,096
TOTAL	167,171,629	143,517,761
Gross Investments	167,489,023	143,717,554
Less : Depreciation	208,570	71,340
Provision for NPI	108,824	128,453
Net Investments	167,171,629	143,517,761
*Includes Non-SLR SDL Special bonds issued by State Government amounting to ₹50.68 crores (PY ₹51.69 crores)		
II. Investments outside India	Nil	Nil
TOTAL	167,171,629	143,517,761

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2015

	As at March 31, 2015 ₹('000)	As at March 31, 2014 ₹('000)
SCHEDULE 9 - ADVANCES (net of provisions)		
A. (i) Bills Purchased and Discounted	20,276,657	35,337,729
(ii) Cash Credits, Overdrafts and Loans repayable on demand	168,008,610	167,478,248
(iii) Term Loans	185,631,100	159,482,586
TOTAL	373,916,367	362,298,563
B. (i) Secured by tangible assets (including advances against book debts)	342,884,946	332,047,846
(ii) Covered by Bank/Government Guarantees	8,848,134	12,395,402
(iii) Unsecured	22,183,287	17,855,315
TOTAL	373,916,367	362,298,563
C. I. Advances in India		
(i) Priority Sectors	132,214,431	114,704,830
(ii) Public Sector	19,821,817	25,942,862
(iii) Banks	-	-
(iv) Others	221,880,119	221,650,871
TOTAL	373,916,367	362,298,563
II. Advances outside India	Nil	Nil
TOTAL	373,916,367	362,298,563
SCHEDULE 10 - FIXED ASSETS (Refer Schedule 17(4))		
I. Premises (including Land)		
At cost as on March 31, of the preceding year	3,146,008	3,037,622
Additions during the year	661	124,971
	3,146,669	3,162,593
Deductions during the year	-	16,585
	3,146,669	3,146,008
Depreciation to date	307,674	511,771
Sub total	2,838,995	2,634,237
II. Assets under construction		
At cost as on March 31, of the preceding year	80,216	87,439
Additions during the year	262,598	361,367
	342,814	448,806
Capitalisations during the year	244,482	368,590
	98,332	80,216
Depreciation to date	-	-
Sub total	98,332	80,216
III. Other Fixed Assets		
At cost as on March 31, of the preceding year	3,335,154	2,825,522
Additions during the year	693,495	582,558
	4,028,649	3,408,080
Deductions/adjustments during the year	82,978	72,926
	3,945,671	3,335,154
Depreciation/adjustments to date	2,092,507	1,927,605
Sub total	1,853,164	1,407,549
TOTAL	4,790,491	4,122,002

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2015

	As at March 31, 2015 ₹('000)	As at March 31, 2014 ₹('000)
SCHEDULE 11 - OTHER ASSETS		
I. Inter-Office adjustments (Net)	**127,405**	-
II. Interest Accrued	**4,466,603**	4,080,449
III. Tax Paid in Advance/Tax Deducted at Source (Net)	**1,820,266**	1,089,617
IV. Deferred tax asset (net) (Refer Schedule 18(B) (4))	**1,359,632**	899,632
V. Deferred Employee Benefits (Refer Schedule 18(B) (6) (a))	-	224,900
VI. Stationery and Stamps	**18,714**	14,835
VII. Non-Banking Assets acquired in satisfaction of claims	**11,326**	15,649
VIII. Others	**1,529,946**	1,416,976
TOTAL	**9,333,892**	7,742,058
SCHEDULE 12 - CONTINGENT LIABILITIES (Refer Schedule 17(11))		
I. Claims against the Bank not acknowledged as debts:		
(i) Service Tax disputes	**211,117**	21,600
(ii) Others	**71,606**	62,542
II. Liability on account of outstanding Forward Exchange Contracts[1]	**249,159,994**	169,284,431
III. Guarantees given on behalf of constituents in India	**14,795,637**	11,746,807
IV. Acceptances, endorsements and other obligations	**7,522,969**	10,234,262
V. Other items for which the bank is contingently liable:		
(i) Capital Commitments	**17,580**	-
(ii) Transfers to Depositor Education and Awareness Fund (DEAF)	**421,800**	-
TOTAL	**272,200,703**	191,349,642

[1] Represents notional amount

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

		Year ended March 31, 2015 ₹('000)		Year ended March 31, 2014 ₹('000)
SCHEDULE 13 – INTEREST EARNED				
I. Interest/Discount on Advances/Bills		41,529,676		39,497,360
II. Income on Investments		10,537,290		9,544,815
III. Interest on balances with Reserve Bank of India and Other Inter-Bank funds		795,265		1,108,456
TOTAL		52,862,231		50,150,631
SCHEDULE 14 - OTHER INCOME				
I. Commission, Exchange and Brokerage		465,576		471,485
II. Profit on sale of Investments	1,705,312		866,156	
Loss on sale of Investments	(65,333)	1,639,979	(167,341)	698,815
III. Profit on sale of land, buildings and other assets	834		12,257	
Loss on sale of land, buildings and other assets	(5,021)	(4,187)	(3,922)	8,335
IV. Profit/(Loss) on Exchange transactions (net)		315,940		348,896
V. Miscellaneous Income		2,553,409		2,157,109
TOTAL		4,970,717		3,684,640
SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on Deposits		36,617,880		34,518,219
II. Interest on Reserve Bank of India/Inter-Bank Borrowings		1,210,416		933,889
III. Others		1,371,633		710,840
TOTAL		39,199,929		36,162,948
SCHEDULE 16 - OPERATING EXPENSES				
I. Payments to and Provisions for Employees		6,336,965		5,289,602
II. Rent, Taxes and Lighting		906,887		771,009
III. Printing and Stationery		105,219		242,370
IV. Advertisement and Publicity		158,568		160,394
V. Depreciation	646,287		509,236	
Less : Reversal of excess depreciation due to change in accounting policy (refer schedule 17(4))	657,376		-	
Less : Depreciation on revaluation of premises transferred from Asset Revaluation Reserve	-	(11,089)	63,170	446,066
VI. Directors fees, allowances and expenses		7,576		4,530
VII. Auditors' fees and expenses (incl. branch auditors)		32,686		25,670
VIII. Law charges		34,405		23,737
IX. Postage, telegrams, telephones, etc.		197,870		155,169
X. Repairs and Maintenance		216,992		181,812
XI. Insurance		528,393		491,413
XII. Other Expenditure		1,298,534		1,037,141
TOTAL		9,813,006		8,828,913

SCHEDULE - 17 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES
Schedules forming part of financial statements for the year ended March 31, 2015

Background

The South Indian Bank Limited ('SIB' or the 'Bank') was incorporated on January 29, 1929 at Thrissur as a private limited company and was later converted into a public limited company on August 11, 1939. SIB has a network of 842 branches in India and provides retail and corporate banking, Para banking activities such as debit card, third party product distribution, in addition to Treasury and Foreign Exchange Business. SIB is governed by Banking Regulation Act, 1949 and other applicable Acts/Regulations. Its shares are listed in Bombay Stock Exchange and National Stock Exchange. The bank has de-listed its shares from the Cochin Stock Exchange during the year.

Basis of Preparation

The financial statements have been prepared in accordance with the requirements prescribed under the "Third Schedule" of the Banking Regulation Act, 1949. The accounting and reporting policies of SIB used in the preparation of these financial statements conform in all material aspects to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by Reserve Bank of India (RBI) from time to time, the Accounting Standards (AS) notified under Section 133 of the Companies Act, 2013 read with Rule 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 accrual method of accounting, and the historical cost convention, except where otherwise stated. The accounting policies adopted by the Bank are consistent with the previous year except as disclosed otherwise.

Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statement and the reported income and expenses during the reporting period. Management believes that the estimates and assumptions used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

Significant Accounting Policies

1. Revenue recognition

a) Interest/discount income from loans, advances and investments (including deposits placed with banks and other institutions) are recognized over the period of the loans, advances and investments on accrual basis, except in respect of income relating to advances/ investments, classified as non-performing advances/ investments where in accordance with RBI guidelines the income is recognized only on realization.

b) Dividend on investments in shares and units of mutual funds are accounted on accrual basis when the bank's right to receive the dividend is established.

c) Commission income on issuance of bank guarantee/ letter of credit is recognized over the period of the guarantee/letter of credit.

d) Processing fee/upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/facility is recognized when it is due.

e) All other amounts collected from customers as non-interest income, locker rent or recovery of expenses towards provision of various services/facilities are accounted/recognized as and when these are due to the extent that there is no uncertainty over their ultimate collection.

f) Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the profit and loss account.

g) The Bank imports gold coins on a consignment basis for selling to its customers. Other income includes the profit/loss on sale of gold coin is arrived at after reducing all direct and indirect costs.

2. Investments

A) Classification

a) In accordance with the RBI guidelines, investments are categorized into "Held for Trading", "Available for Sale" and "Held to Maturity" and further classified under five groups, viz. Government Securities, Other Approved Securities, Shares, Debentures & Bonds and Other Investments for the purposes of disclosure in the Balance Sheet.

b) Investments which are held for sale within 90 days from the date of purchase are classified as "Held for Trading".

c) Investments which the bank intends to hold till maturity are classified as "Held to Maturity".

d) Investments which are not classified in either of the above two categories are classified as "Available for Sale".

B) Valuation

The cost of investments is determined on the weighted average basis. Broken period interest on debt instruments is treated as a revenue item. The transaction cost, including brokerage, commission etc., paid at the time of acquisition of investments are charged to revenue in accordance with the requirements of valuation norms prescribed by RBI.

The valuation of investments is performed in accordance with the RBI Guidelines:

a. Held for Trading/Available for Sale – Each security in this category is valued at the market price or fair value and the net depreciation of each group is recognized in the Profit and Loss account. Net appreciation, if any, is ignored. The market value of investments where current quotations are not available is determined as per the norms prescribed by RBI.

b. Held to Maturity – These are carried at their acquisition cost. Any premium on acquisition of debt instruments is amortized over the remaining maturity of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided for.

c. Repurchase and reverse repurchase transactions- These are accounted as collateralized borrowing and lending transactions respectively. The difference between the consideration amount of the first leg and the second leg of the repo/reverse repo is recognized as interest expense/interest income over the period of the transaction.

In respect of Repo transactions under Liquidity Adjustment Facility (LAF) with RBI, monies borrowed

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Schedules forming part of financial statements for the year ended March 31, 2015

from RBI are credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as interest expense. In respect of reverse Repo transactions under LAF, monies paid to RBI are debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted as interest income

d. In respect of securities included in any of the three categories of investments where interest/principal is in arrears, for more than 90 days, income is not reckoned and appropriate provision for the depreciation in the value of the investments is made, as per prudential norms applicable to non-performing investments. Debentures/Bonds in the nature of advances are subjected to usual prudential norms applicable to advances.

e. In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India(FIMMDA)/Primary Dealers Association of India (PDAI) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose.

C) Transfer Between Categories

Transfer between categories is done at the lower of the acquisition cost/book value/market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for in accordance with RBI guidelines.

D) Profit or Loss on sale/Redemption of Investments

a. Held for Trading and Available for Sale – Profit or loss on sale/redemption is included in the Profit and Loss account.

b. Held to Maturity – Profit or loss on sale/redemption of investments is included in the Profit and Loss account. In case of profits, the same is appropriated to Capital Reserve after adjustments for tax and transfer to statutory reserve.

3. Advances

A) Valuation/Measurement

a) Advances are classified into Standard, Sub-standard, Doubtful and Loss assets in accordance with the Reserve Bank of India guidelines and are stated net of provisions made towards non-performing advances. In addition, the bank adopts an approach to provisioning that is based on past experience, evaluation of security and other related factors.

b) Provision for non-performing advances comprising Sub-standard, Doubtful and Loss assets is made at a minimum in accordance with the Reserve Bank of India guidelines.

c) Bank considers an account as restructured in accordance with RBI Guidelines. Provision on assets restructured/rescheduled is made in accordance with the applicable RBI guidelines on restructuring of advances by Banks. In respect of non-performing loan accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance of the account during the period.

d) In accordance with the RBI guidelines, the bank creates a minimum general provisions in respect of standard assets as follows:

Category of Advance	General Provision
All Direct Advances to Agricultural and SME sector	0.25%
All Advances to Commercial Real Estate Sector	0.75% - 1.00%
Teaser Rate Loans (SIB Shelter)	2.00%
Restructured advances	4.25% - 5.00%
All other Standard Advances	0.40%

B) Recording/Presentation

a) Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created is netted against gross amount of advance without adjusting the same at individual account level. Provision held against an individual account is adjusted against individual account's balance only at the time of write off/settlement of the account.

b) Provision made against standard assets in accordance with RBI guidelines as above is disclosed separately under Other Liabilities and is not netted off against Advances.

4. Fixed assets

a) The Fixed Assets (other than those, which are revalued) are stated at historical cost less depreciation.

b) The revalued assets are stated at the revalued amount less depreciation. The appreciation in value consequent to revaluation is credited to Asset Revaluation Reserve. Depreciation on assets revalued is charged on the historical cost or the amount substituted for the historical cost. The Bank transfers difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost to the General Reserve.

Till the year ended March 31, 2014 fixed assets (other than computers) were depreciated using the written down value (WDV) method. From the current year, the bank has changed its accounting policy for charging depreciation from WDV method to Straight Line Method (SLM). The management believes that such change better reflects the actual use of assets acquired. On account of this change in accounting policy, the Bank had, in the current year reversed an amount of ₹65.74 Crores during the year representing the excess depreciation charge for the period up to March 31, 2014. The excess depreciation charged on revalued assets of ₹11.88 Crore on account of change in method has been transferred to asset revaluation reserve.

Had the bank followed the earlier method of providing depreciation, the charge for the year ended March 31,

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2015 would have been lower by ₹8.61 Crores (net of taxes).

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company.

The company has used the following estimated useful life to provide depreciation on its fixed assets

Assets	Estimated Useful life
Premises	60 years
Other Fixed Assets	3-10 years

5. Impairment of Assets
The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

6. Transactions involving foreign exchange
a) Monetary foreign currency assets and liabilities outstanding at the Balance Sheet date are revalued at rates notified by Foreign Exchange Dealers Association of India [FEDAI] and resulting profits or losses are included in the Profit and Loss Account.
b) Forward Exchange contracts are translated to Indian Rupee equivalent at the exchange rate, notified by FEDAI at the Balance Sheet date and the resulting profit or loss are recognized in the Profit and Loss Account.
c) Income and Expenditure in foreign currency are accounted for at the exchange rate prevailing on the date of transaction.
d) Contingent liabilities as at the reporting date on account of outstanding foreign exchange contracts are restated at year end rates notified by FEDAI.

7. Employee benefits
The liability on employee benefits are recognized in accordance with Accounting Standard 15 (revised) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

a) Provident Fund:
The contribution made by the Bank to "The South Indian Bank Ltd. Employees Provident Fund", administered by the trustees is charged to Profit & Loss account. The fund is a defined contribution fund and the Bank has no further liability beyond the contribution made to the fund.

b) Pension Fund:
The contribution towards "The South Indian Bank Ltd. Employees' Pension Fund Trust", managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognized in the profit and loss account. However, the liability arising on account of re-opening of pension option to existing employees who had joined prior to 29th September 1995 and not exercised the option earlier, is amortized over a period of five years as permitted by the Reserve Bank of India until March 31, 2015. The actuarial gain or loss arising during the year is recognized in the Profit and Loss Account.
Employees who had joined the services of the Bank with effect from April 01, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes 10% of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to Profit & Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

c) Gratuity:
The bank makes annual contribution to "The South Indian Bank Ltd. Employees' Gratuity Trust" administered and managed by the trustees. The present value of the bank's obligation towards the same is actuarially determined based on the projected unit credit method as at the balance sheet date. However, the liability arising on account of enhancement in gratuity limit pursuant to the amendment to the Payment of Gratuity Act, 1972, w.e.f. 24th May 2010 is amortized over a period of five years as permitted by the Reserve Bank of India, until March 31, 2015. The actuarial gain or loss arising during the year is recognized in the Profit and Loss Account.

d) Compensated absence on Privilege/Sick/Casual Leave:
The employees of the Bank are entitled to compensated absence on account of privilege/sick/casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognized in the profit and loss account. The actuarial gain or loss arising during the year is recognized in the Profit and Loss Account.

Employees Stock Option Scheme (ESOS)
The Bank has formulated Employee Stock Option Scheme (ESOS) in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999. The Scheme provides for grant of options to Employees of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and are to be exercised within a specified period. The Bank follows the intrinsic value method to

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account for its stock-based employee compensation plans. In accordance with the SEBI Guidelines Regulations, 2014 and the guidance note on "Accounting for Employee Share based payments" issued by the ICAI, the excess of the market price of the share preceding the date of grant of the option under ESOS over the exercise price of the option is amortized on a straight line basis over the vesting period.

8. Segment Reporting

Business Segments have been identified and reported taking into account, the target customer profile, the nature of product and services, the differing risks and returns, the organization structure, the internal business reporting system and guidelines issued by RBI vide notification dated April 18, 2007. The Bank operates in the following business segments;

a) Treasury:
The treasury services segment primarily consists of interest earnings on investments portfolio of the bank, gains or losses on investment operations and earnings from foreign exchange business. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

b) Corporate/Wholesale Banking:
The Corporate/Wholesale Banking segment provides loans and other banking services to corporate segment identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to corporate customers and the charges/fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

c) Retail banking:
The Retail Banking segment provides loans and other banking services to non-corporate customers identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to non-corporate customers and the charges/fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

d) Other Banking Operations:
This segment includes income from para banking activities such as debit cards, third party product distribution and associated costs.

Geographic segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly this is considered as the only secondary segment.

9. Earnings Per Share (EPS)

The Bank reports Basic and Diluted Earnings per Equity Share in accordance with Accounting Standard 20, specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic EPS has been computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the period. Diluted EPS has been computed using the weighted average number of Equity Shares and dilutive potential equity shares outstanding as on the Balance Sheet date except where the results are anti-dilutive.

10. Taxes on income

The income tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The Bank restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain as the case may be. Changes in deferred tax assets/ liabilities on account of changes in enacted tax rates are given effect to in the profit and loss account in the period of the change.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss account.

11. Accounting for Provisions, Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the Bank recognizes provisions when it has a present obligation as a result of a past event and, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

In accordance with the above policy, the Bank has recognized aggregate provision of ₹ 254 crores as at March 31, 2015 and disclosed contingent liabilities in Schedule 12 of financial statements.

Contingent assets, if any, are not recognized or disclosed in the financial statements.

12. Lease

Rental payments for premises taken on operating lease agreements are recognized as an expense in the profit and loss account over the lease term as the lease are cancellable.

13. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

A. DISCLOSURES IN TERMS OF THE RESERVE BANK OF INDIA GUIDELINES

1. Capital Adequacy

(₹ in crore)

Particulars		March 31, 2015		March 31, 2014	
		Basel III	Basel II	Basel III	Basel II
Common Equity Tier I Capital		3,290.07	NA	3,103.74	NA
Tier I Capital		3,290.07	3,291.47	3,103.74	3,129.58
Tier II Capital		499.32	501.96	467.90	470.86
Total Capital		3,789.39	3,793.43	3,571.64	3,600.44
Total Risk Weighted Assets and Contingencies		31,561.71	31,447.15	28,758.22	28,730.21
Capital Ratios					
i	Common Equity Tier I Capital Ratio (%)	10.43	NA	10.79	NA
ii	Tier I Capital Ratio (%)	10.43	10.46	10.79	10.89
iii	Tier II Capital Ratio (%)	1.58	1.60	1.63	1.64
iv	Total Capital Ratio (CRAR) (%)	12.01	12.06	12.42	12.53
				March 31, 2015	March 31, 2014
v	Percentage of the shareholding of the Government of India in public sector banks (%)			NA	NA
vi	Amount of Equity Capital raised			0.62	0.54
vii	Amount of Additional Tier I capital raised; *of which* PCNPS : PDI :			Nil	Nil
viii	Amount of Tier II capital raised: *of which* Debt Capital instrument: Preference Share Capital Instruments:			Nil	Nil

* As per Reserve Bank of India Guidelines, bank has migrated to new capital adequacy framework w.e.f. March 31, 2009. Bank has adopted Standardized Approach for Credit Risk, Standardized duration approach for Market Risk and Basic Indicator Approach for Operational Risk towards computing the capital requirement under Basel II.

2. Investments

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
a. Value of Investments		
(i) Gross Value of Investments		
(a) In India	16748.90	14,371.75
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	20.86	7.13
(b) Outside India	-	-
(iii) Provisions for NPI		
(a) In India	10.88	12.85
(b) Outside India	-	-
(iv) Net Value of Investments		
(a) In India	16717.16	14,351.77
(b) Outside India	-	-
b. Movement of provisions held towards depreciation on investments		
(i) Opening Balance	7.13	35.60
(ii) Provisions made during the year	13.73	5.25
(iii) Less: Write-off / (write back) of excess provisions during the year	0.00	33.72
(iv) Closing Balance	20.86	7.13
c. Movement of provisions held towards Non-Performing Investments		
(i) Opening Balance	12.85	5.03
(ii) Provisions made during the year	10.56	7.82
(iii) Less: Write-off / (write back) of excess provisions during the year	12.53	-
(iv) Closing Balance	10.88	12.85

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

3. Details of Repo / Reverse Repo (excluding LAF transactions for the year) deals:

a) Done during the year ended March 31, 2015:

(₹ in crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on March 31, 2015
Securities sold under repo	Nil	Nil	Nil	Nil
Securities purchased under reverse repo	Nil	Nil	Nil	Nil

b) Done during the previous year ended March 31, 2014: (₹ in crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on March 31, 2014
Securities sold under repos	Nil	Nil	Nil	Nil
Securities purchased under reverse repos	Nil	Nil	Nil	Nil

4. Disclosure in respect of Non-SLR investments

(i) Issuer composition of Non-SLR investments as at March 31, 2015: (₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of Unrated Securities	Extent of Unlisted Securities*
[1]	[2]	[3]	[4]**	[5]**	[6]**	[7]**
(i)	PSUs@	444.11	348.95	-	131.77	348.63
(ii)	FIs#	2951.50	25.44	-	58.49	215.48
(iii)	Banks	861.77	-	-	9.46	-
(iv)	Private Corporate	179.33	145.90	-	135.07	104.35
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Provision held towards depreciation	(19.97)				
	Total	**4416.74**	**520.29**	**-**	**334.79**	**668.46**

* Does not include Certificate of Deposits Face Value ₹806.50 Crore.

** Column values in 4, 5, 6 & 7 are net of depreciation and NPI.

@ include Non-SLR SDL Special Bonds issued by State Government with Book Value ₹50.68 Crore.

includes RIDF to the extent of ₹2,631.02 Crore; column 4, 5, 6 & 7 does not include RIDF deposit.

(ii) Issuer composition of Non-SLR investments as at March 31, 2014: (₹ in crore)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of Unrated Securities	Extent of Unlisted Securities*
[1]	[2]	[3]	[4]**	[5]**	[6]**	[7]**
(i)	PSUs@	506.73	448.71	-	421.10	356.88
(ii)	FIs #	2,061.17	53.44	-	25.59	23.45
(iii)	Banks	147.42	15.00	-	65.90	-
(iv)	Private Corporate	184.70	144.37	-	87.70	63.72
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Provision held towards depreciation	(1.59)				
	Total	**2,898.43**	**661.52**	**-**	**600.29**	**444.05**

* Does not include Certificate of Deposits Face Value ₹47.50 Crore.

** Column values in 4, 5, 6 & 7 are net of depreciation and NPI.

includes RIDF to the extent of ₹ 1,894.61 Crore; column 4, 5, 6 & 7 does not include RIDF deposit.

@ include Non-SLR SDL Special Bonds issued by State Government with Book Value ₹51.69 Crore

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in crore)

		March 31, 2015	March 31, 2014
A	Shares	117.14	191.14
B	Debentures & Bonds@	582.08	665.18
C	Subsidiaries/ joint ventures	-	-
D	Others (includes RIDF)	3717.51	2,042.11
E	Total	4416.73	2,898.43

@ including Non-SLR SDL Special Bonds issued by State Government with Book Value ₹50.68 Crore. (PY ₹ 51.69 Crore)

(iii) Non-performing Non-SLR investments:

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Opening Balance	36.29	5.03
Additions during the year	7.18	31.26
Reductions during the year	31.28	-
Closing Balance	12.19	36.29
Total provisions held	10.88	12.85

5. Investments held under the 3 categories viz. "Held for Trading (HFT)", "Available for Sale (AFS)", and "Held to Maturity (HTM)" are as under

(₹ in crore)

Particulars	March 31, 2015				March 31, 2014			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities#	229.65	589.22	11,532.24	12,351.11	-	957.65	10,547.38	11,505.03
Other Approved	-	-	-	-	-	-	-	-
Shares	7.16	109.98	-	117.14	11.00	180.14	-	191.14
Debentures & Bonds	-	531.40	-	531.40	-	613.49	-	613.49
Others*	606.98	479.52	2,631.02	3,717.52	-	147.50	1,894.61	2,042.11
Total	**843.79**	**1,710.12**	**14,163.26**	**16,717.17**	**11.00**	**1,898.78**	**12,441.99**	**14,351.77**

* Includes Certificate RIDF ₹2631.02 Crs (PY: ₹1894.61 Crore), included under HTM Category.
# Includes Non-SLR SDL Special Bonds issued by State Government ₹50.68 Crore (PY ₹51.69 Crore).

6. Derivatives

The bank uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. Bank does not have any Forward Rate Agreement or Interest Rate Swaps.

7. Movements in non-performing advances (funded)

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
(i) Net NPAs to Net Advances [%]	0.96	0.78
(ii) Movement of NPAs (Gross)		
a) Opening Balance	432.62	433.87
b) Additions during the year	499.95	628.42
c) Reductions during the year	289.12	629.67
d) Closing Balance	643.45	432.62
(iii) Movement of NPAs (Net)*		
a) Opening Balance	281.67	249.53
b) Additions during the year	366.59	502.61
c) Reductions during the year	291.21	470.47
d) Closing Balance	357.05	281.67
(iv) Movement of provisions for NPAs** (excluding provisions on standard assets)		
a) Opening Balance	131.90	166.29
b) Provisions made during the year	236.39	212.55
c) Write off / write back of Excess provisions	108.53	246.94
d) Closing Balance	259.76	131.90

* Net NPA is inclusive of ECGC/DICGC/Insurance claim amount pending for adjustment of ₹26.64 crores (PY ₹19.05 crores).
** Provision for NPA is including sacrifice provision, the closing balance of sacrifice provision amounts to ₹2.29 crores (Previous Year ₹2.63 crores.)

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

8. Particulars of Accounts Restructured as on March 31, 2015

(₹ in crore)

Sl. No.	Type of Restructuring	Under CDR Mechanism (A)					Under SME Debt Restructuring Mechanism (B)				
	Asset Classification / Details	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1.	Restructured Accounts as on April 1, 2014 (Opening figures)										
	No. of borrowers	9	-	2	1	12	1	1	1	2	5
	Amount outstanding	495.37	-	16.30	2.77	514.44	1.56	0.04	0.09	-	1.69
	Provision thereon	36.60	-	1.15	-	37.75	-	-		-	-
2.	Fresh restructuring during the year 2014-15										
	No. of borrowers	4	-	-	-	4	-	-	-	-	-
	Amount outstanding	362.29	-	1.97	-	364.26	-	-	-	-	-
	Provision thereon	30.55	-	-	-	30.55	-	-	-	-	-
3.	Upgradations to restructured standard category during the year 2014-15										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4.	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY (2015-16)										
	No. of borrowers	3				3	1				1
	Amount outstanding	37.68				37.68	1.56				1.56
	Provision thereon	2.16				2.16	-				-
5.	Down gradations of restructured accounts during the year 2014-15										
	No. of borrowers	(1)	-	1	-	-	-	-	-	-	-
	Amount outstanding	(68.53)	-	68.53	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6.	Write offs of restructured accounts during the year 2014-15										
	No. of borrowers	2	-	1	1	4	-	1	1	-	2
	Amount outstanding	95.42	-	9.18	2.77	107.37	-	0.04	0.09	-	0.13
	Provision written back	8.84	-	0.35	-	9.19	-	-	-	-	-
7.	Restructured Accounts as on March 31, 2015 (closing figures)										
	No. of borrowers	7	-	2	-	9	-	-	-	2	2
	Amount outstanding	656.03	-	77.62	-	733.65	-	-	-	-	-
	Provision thereon	56.15	-	0.80	-	56.95	-	-	-	-	-

(Contd...)

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in crore)

Sl. No.	Type of Restructuring	Others (C)					Total (D – A+B+C)				
	Asset Classification / Details	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1.	Restructured Accounts as on April 1, 2014 (Opening figures)										
	No. of borrowers	21	2	7	5	35	31	3	10	8	52
	Amount outstanding	915.79	0.08	72.56	0.16	988.59	1,412.72	0.12	88.95	2.93	1,504.72
	Provision thereon	0.39	-	1.46	0.01	1.86	36.99	-	2.61	0.01	39.61
2.	Fresh restructuring during the year 2014-15										
	No. of borrowers	6	-	-	-	6	10	-	-	-	10
	Amount outstanding	346.59	0.01	5.91	0.04	352.55	708.88	0.01	7.88	0.04	716.81
	Provision thereon	11.48	-	0.01	-	11.49	42.03	-	0.01	-	42.04
3.	Upgradations to restructured standard category during the year 2014-15										
	No. of borrowers	1	(1)	-	-	-	1	(1)	-	-	-
	Amount outstanding	0.01	(0.01)	-	-	-	0.01	(0.01)	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4.	Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY (2015-16)										
	No. of borrowers	3				3	7				7
	Amount outstanding	0.30				0.30	39.54				39.54
	Provision thereon	0.02				0.02	2.18				2.18
5.	Down gradations of restructured accounts during the year 2014-15										
	No. of borrowers	(4)	1	3	-	-	(5)	1	4	-	-
	Amount outstanding	(30.84)	0.16	30.68	-	-	(99.37)	0.16	99.21	-	-
	Provision thereon	(0.01)	0.01	-	-	-	(0.01)	0.01	-	-	-
6.	Write offs of restructured accounts during the year 2014-15										
	No. of borrowers	1	-	3	2	6	3	1	5	3	12
	Amount outstanding	5.55	0.02	1.08	-	6.65	100.97	0.06	10.35	2.77	114.15
	Provision written back	-	-	-	-	-	8.84	-	0.35	-	9.19
7.	Restructured Accounts as on March 31, 2015 (closing figures)										
	No. of borrowers	20	2	7	3	32	27	2	9	5	43
	Amount outstanding	1,225.70	0.22	108.07	0.20	1,334.19	1,881.70	0.22	185.69	0.20	2,067.84
	Provision thereon	11.84	0.01	1.47	0.01	13.33	67.99	0.01	2.27	0.01	70.28

i. Fresh Restructuring includes fresh sanction/ increase in existing accounts: CDR – ₹53.87 cr (Provision Nil), Others – ₹73.05 cr (Provision Nil), Total – ₹126.92 cr (Provision Nil)

ii. Write off of restructured accounts includes recoveries/ closure/sale in existing accounts: CDR – ₹56.04 cr (Provision ₹9.19 cr), SME DRM – ₹0.57 cr (Provision ₹0.01 cr), Others – ₹6.64 cr (Provision Nil), Total – ₹63.25 cr (Provision ₹9.21 cr)

iii. The bank maintains a provision for diminution in fair value of assets amounting to ₹76.54 crores (PY ₹44.59 crores), of which assets holding ₹6.26 crores (PY ₹4.98 crores) of such provision, have shown satisfactory performance as per RBI guidelines are not disclosed above.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Particulars of Accounts Restructured as on March 31, 2014

(₹ in crore)

Sl. No.	Type of Restructuring / Asset Classification / Details	Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1.	Restructured Accounts as on April 1, 2013 (Opening figures)										
	No. of borrowers	6	1	-	1	8	5	-	3	1	9
	Amount outstanding	117.50	7.33	-	2.41	127.24	6.99	-	0.13	-	7.12
	Provision thereon	25.42	0.80	-	0.67	26.89	-	-		-	-
2.	Fresh restructuring during the year 2013-14										
	No. of borrowers	5	-	-	-	5	-	-	-	-	-
	Amount outstanding	405.14	-	-	0.36	405.50	-	-	-	-	-
	Provision thereon	25.59	-	-	-	25.59	-	-	-	-	-
3.	Upgradations to restructured standard category during the year 2013-14										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4.	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY (2014-15)										
	No. of borrowers	-				-	2				2
	Amount outstanding	-				-	4.29				4.29
	Provision thereon	-				-	-				-
5.	Down gradations of restructured accounts during the year 2013-14										
	No. of borrowers	(1)	(1)	2	-	-	(1)	1	(1)	1	-
	Amount outstanding	(9.18)	(7.12)	16.30	-	-	(0.04)	0.04	-	-	-
	Provision thereon	(0.35)	(0.80)	1.15	-	-	-	-	-	-	-
6.	Write offs of restructured accounts during the year 2014-15										
	No. of borrowers	1	-	-	-	1	1	-	1	-	2
	Amount outstanding	18.09	0.21	-	-	18.30	1.10	-	0.04	-	1.14
	Provision written back	14.06	-	-	0.67	14.73	-	-	-	-	-
7.	Restructured Accounts as on March 31, 2014 (closing figures)										
	No. of borrowers	9	-	2	1	12	1	1	1	2	5
	Amount outstanding	495.37	-	16.30	2.77	514.44	1.56	0.04	0.09	-	1.69
	Provision thereon	36.60	-	1.15	-	37.75	-	-	-	-	-

(*Contd…*)

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in crore)

Sl. No.	Type of Restructuring / Asset Classification / Details	Others					Total				
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1.	Restructured Accounts as on April 1, 2013 (Opening figures)										
	No. of borrowers	54	7	4	7	72	65	8	7	9	89
	Amount outstanding	1151.34	22.71	1.79	160.68	1,336.52	1,275.83	30.04	1.93	163.09	1,470.89
	Provision thereon	6.09	1.24	0.02	-	7.35	31.51	2.04	0.02	0.67	34.24
2.	Fresh restructuring during the year 2013-14										
	No. of borrowers	6	-	-	-	6	11	-	-	-	11
	Amount outstanding	130.16	0.91	0.08	-	131.15	535.30	0.91	0.08	0.36	536.65
	Provision thereon	0.40	0.20	0.03	-	0.63	25.99	0.20	0.03	-	26.22
3.	Upgradations to restructured standard category during the year 2013-14										
	No. of borrowers	2	(1)	-	(1)	-	2	(1)	-	(1)	-
	Amount outstanding	0.09	(0.08)	-	(0.01)	-	0.09	(0.08)	-	(0.01)	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
4.	Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY (2014-15)										
	No. of borrowers	29				29	31				31
	Amount outstanding	138.86				138.86	143.15				143.15
	Provision thereon	5.21				5.21	5.21				5.21
5.	Down gradations of restructured accounts during the year 2013-14										
	No. of borrowers	(3)	(2)	4	1	-	(5)	(2)	5	2	-
	Amount outstanding	(49.00)	(22.24)	71.09	0.15	-	(58.22)	(29.32)	87.39	0.15	-
	Provision thereon	-	(1.44)	1.43	0.01	-	(0.36)	(2.24)	2.59	0.01	-
6.	Write offs of restructured accounts during the year 2013-14										
	No. of borrowers	9	2	1	2	14	11	2	2	2	17
	Amount outstanding	177.94	1.22	0.39	160.66	340.21	197.13	1.43	0.43	160.66	359.65
	Provision written back	0.88	-	0.02	-	0.90	14.95	-	0.02	0.67	15.64
7.	Restructured Accounts as on March 31, 2014 (closing figures)										
	No. of borrowers	21	2	7	5	35	31	3	10	8	52
	Amount outstanding	915.79	0.08	72.56	0.16	988.59	1,412.72	0.12	88.95	2.93	1,504.72
	Provision thereon	0.39	-	1.46	0.01	1.86	36.99	-	2.62	0.01	39.61

i. Fresh Restructuring includes fresh sanction / increase in existing accounts: CDR – ₹5.05 cr (Provision Nil), Others – ₹70.48 cr (Provision ₹0.26 cr), Total – ₹75.53 cr (Provision ₹0.26 cr)

ii. Write off of restructured accounts includes recoveries/closure in existing accounts: CDR – ₹5.88 cr (Provision ₹14.61 cr), SME DRM – ₹0.34 cr (Provision Nil), Others – ₹137.06 cr (Provision ₹0.90 cr), Total – ₹143.28 cr (Provision ₹15.52 cr).

iii. A restructured substandard account with opening balance of ₹13.19 crore which was restructured again in the current year is not disclosed under fresh restructuring.

iv. A standard restructured account under "others" category was again restructured under "CDR". The fresh restructuring of ₹38.18 crore was shown under CDR and the account is also reflected in the write of restructured accounts in the "others" category.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

9. Details of Financial Assets sold to Securitization / Reconstruction company for asset reconstruction

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
(i) No. of Accounts	8	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	140.83	-
(iii) Aggregate Consideration	91.38	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	11.71	-
(v) Aggregate gain / (loss) over net book value	(37.74)	-
(vi) Excess provision reversed to the profit and loss account on account of sale of NPAs	-	-

Item (ii) above includes ₹82.07 crores in respect of sale of certain non-performing financial assets for which, the Bank has, in terms of RBI Circular DBOD.BP.BC.No.9/21.04.048/2014-15 on "Prudential norms on income recognition, asset classification and provisioning pertaining to advances" dated July 1, 2014 spread the net short fall in recovery of net book value of ₹ 8.32 crores included in item (v) above, over a period of two years. Consequently an amount of ₹ 1.66 crores has been charged to the profit and loss account during the year ended March 31, 2015 and the unamortized balance as at March 31, 2015 amounts to ₹ 6.66 crores. The shortfall in respect of sale of standard financial assets amounting to ₹ 29.42 crores has been debited to the profit and loss account.

(₹ in crore)

Particulars	Backed by NPAs sold by the bank as underlying		Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Book value of investments in security receipts	62.70	-	-	-	62.70	-

Note - In addition to the above, bank holds security receipts of ₹16.75 crores which are backed by standard assets sold by the bank.

Details of Non-Performing financial assets purchased/ sold

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Non-performing financial assets purchased/ sold (from/to banks)	Nil	Nil

Provisions on Standard Assets:

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Provisions towards Standard Assets	214.43	183.06

10. Business ratios

Particulars	March 31, 2015	March 31, 2014
(i) Interest Income as a percentage to Working Funds [1]	9.55%	9.90%
(ii) Non-interest income as a percentage to Working Funds [1]	0.90%	0.73%
(iii) Operating Profit as a percentage to Working Funds [1]	1.59%	1.75%
(iv) Return on Assets [Based on Working Fund] [1]	0.56%	1.00%
(v) Business (Customer Deposits plus Advances) per employee [2] (₹ in crore)	11.54	11.99
(vi) Profit per employee [2] (₹ In crore)	0.04	0.07

[1] For the purpose of computing the ratio, Working Fund represents the average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

[2] For the purpose of computing the ratios number of employees (excluding Part time employees) as on Balance Sheet date is considered.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

11. Lending to sensitive sectors

A. Exposures to Real Estate Sector

(₹ in crore)

Category	March 31, 2015	March 31, 2014
a) **Direct Exposure**		
(i) Residential Mortgages -	2,037.46	1,478.31
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	*1,041.41*	*950.61*
(ii) Commercial Real Estate -	122.37	102.18
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure include non-fund based (NFB) limits		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) **Indirect Exposure**		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	477.80	491.16
Total Exposure to Real Estate Sector	**2,637.63**	**2,071.65**

B. Exposure to Capital Market Sectors

(₹ in crore)

	Particulars	March 31, 2015	March 31, 2014
(i)	Direct Investments in equity shares	106.16	135.93
(ii)	Investments in convertible bonds/convertible debentures	5.00	5.00
(iii)	Investments in units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	30.43	-
(iv)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), bonds and debentures, units of equity oriented mutual funds	-	-
(v)	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;	-	-
(vi)	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;	-	-
(vii)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers:	178.05	108.01
(viii)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(ix)	Bridge loans to companies against expected equity flows/ issues	-	-
(x)	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;	-	-
(xi)	Financing to stockbrokers for margin trading	-	-
(xii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	**319.64**	**248.94**

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

C. Risk category-wise country exposure

Country Risk exposure has been classified on the following basis: (₹ in crore)

Risk Category	Exposure (net) as at March 31, 2015	Provision held as at March 31, 2015	Exposure (net) as at March 31, 2014	Provision held as at March 31, 2014
Insignificant	345.91	-	261.05	-
Low	110.83	-	112.56	-
Moderate	10.39	-	43.79	-
High	4.71	-	6.86	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off Credit	-	-	-	-
TOTAL	471.84	-	424.26	-

As the Bank's net funded exposure with each country for the year in respect of foreign exchange transaction is less than 1% of the total assets of the Bank, no provision is considered necessary.

12. Floating Provisions (₹ in crore)

Particulars	2014-15	2013-14
(a) Opening balance in the floating provisions account	Nil	Nil
(b) The quantum of floating provisions made in the accounting year	Nil	Nil
(c) Amount of draw down made during the accounting year	Nil	Nil
(d) Closing balance in the floating provisions account	Nil	Nil

13. Maturity Pattern of key assets and liabilities

As at March 31, 2015: (₹ in crore)

	Day 1	2-7 days	8-14 days	15-28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	137.06	1120.97	842.63	2915.84	11270.62	10270.38	10497.58	6337.70	952.78	7566.93	51912.49
Loans and Advances	2067.01	233.53	323.95	814.37	4379.40	4042.54	8985.38	5993.77	4166.06	6385.63	37391.64
Investments	288.96	1422.25	234.91	52.98	959.91	576.75	697.22	3619.44	1931.79	6932.96	16717.17
Borrowings	76.48	-	500.00	-	150.00	94.47	781.97	341.25	88.30	200.00	2232.47
Foreign Currency-Assets	107.23	-	1.25	5.80	82.45	281.81	428.87	4.23	0.01	-	911.65
Foreign Currency-Liabilities	20.84	1.62	1.64	4.71	194.90	102.12	809.50	167.65	418.26	-	1721.24

As at March 31, 2014: (₹ in crore)

	Day 1	2-7 days	8-14 days	15-28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	212.50	633.25	539.44	2015.84	13336.21	5106.59	6209.33	12324.83	1302.02	5811.08	**47491.09**
Loans and Advances	1161.95	335.07	388.94	1006.56	4998.97	4393.23	10631.96	5276.98	3258.12	4778.08	**36229.86**
Investments	99.03	(42.31)	70.80	108.70	786.00	262.77	745.29	2712.80	2217.41	7391.29	**14351.78**
Borrowings	19.85	84.91	-	0.48	0.06	791.54	514.23	877.87	241.84	200.00	**2730.78**
Foreign Currency-Assets	41.24	41.94	0.72	22.98	69.93	154.12	329.56	-	0.71	-	**661.20**
Foreign Currency-Liabilities	10.94	3.72	4.04	7.40	40.12	456.55	513.26	115.58	326.19	-	**1477.80**

In computing the above information, certain estimates and assumptions have been made by the Bank's management which has been relied upon by the auditors.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

14. DETAILS OF SINGLE BORROWER LIMIT (SGL), GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE BANK.

During the year the bank had sanctioned credit limits, with the approval of the Board, to the following borrowers which were in excess of prudential exposure limits as indicated hereunder.

As on March 31, 2015 (₹ in crore)

Sl. No.	Name of Borrower / Group	Total Exposure Limit	Maximum Exposure during the year	Percentage of Capital Funds
	Nil	–	–	–

As on March 31, 2014 (₹ in crore)

Sl. No.	Name of Borrower / Group	Total Exposure Limit	Maximum Exposure during the year	Percentage of Capital Funds
	Nil	–	–	–

15. Unsecured Advances

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Total Advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral	498.61	486.40
Estimated value of such intangible collateral	498.61	486.40

16. Penalties levied by the Reserve Bank of India

The penalty imposed by RBI during the year ended March 31, 2015 was ₹52,550/- (Previous year ₹47,830/-)

17. Asset Quality Ratios

Particulars	March 31, 2015	March 31, 2014
Percentage of net NPAs to net advances (%)	0.96	0.78
Provision Coverage Ratio (%)	60.96	62.71

Provision for Non-Performing Advances and unrealized interest thereon are deducted from various categories of advances except the Provision for Standard Assets, which is included under "Other Liabilities".

18. Concentration of Deposits, Advances, Exposures and NPAs

Concentration of Deposits (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Total Deposits of twenty largest depositors	4,634.12	5,112.88
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	8.93%	10.77%

Concentration of Advances* (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Total Advances to twenty largest borrowers	5,962.53	6,194.37
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	13.50%	14.89%

*Advance is computed as per definition of Credit Exposure including derivatives furnished in RBI's Master Circular on Exposure Norms

Concentration of Exposures* (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Total Exposure to twenty largest borrowers/customers	6,228.84	6,531.60
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the bank on borrowers/ customers	9.26%	10.68%

*Exposure is computed based on credit and investment exposure as prescribed in RBI's Master Circular on Exposure Norms

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Concentration of NPAs (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Total Exposure to top four NPA accounts	189.43	167.82

The bank has compiled the data for the purpose of this disclosure from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors

19. Sector-wise Advances and NPAs (₹ in crore)

Sl. No.	Sector*	2014-15			2013-14		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector (%)	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector (%)
A	Priority Sector						
1	Agriculture and allied activities	4029.24	21.38	0.53	2938.80	18.10	0.62
2	Advances to industries sector eligible as priority sector lending	3131.36	87.17	2.78	2908.16	45.56	1.57
2.a	Textile	462.46	18.24	3.95	Not provided as the % is less than 10% of sectoral advances		
2.b	Basic Metal	277.07	1.70	0.61	204.36	0.55	0.27
2.c	Infra	380.45	40.00	10.51	306.92	8.93	2.91
3	Services	3974.74	44.21	1.11	3346.03	30.31	0.91
3.a	Professional	323.74	3.04	0.94	240.19	0.10	0.04
3.b	Trade	2326.96	36.25	1.56	1987.14	22.90	1.15
3.c	NBFC	466.30	-	-	341.35	1.82	0.53
4	Personal loans	2153.93	36.27	1.68	2306.37	26.54	1.15
4.a	Housing Loan	1017.04	22.57	2.22	925.09	18.93	2.05
4.b	Other Personal loans incl. Gold Loan	861.91	1.85	0.21	1182.45	0.44	0.04
	Sub-total (A)	**13289.27**	**189.03**	**1.42**	**11499.36**	**120.51**	**1.05**
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	11766.38	324.29	2.76	11379.96	236.10	2.07
2.a	Textile	1147.66	23.77	2.07	Not provided as the % is less than 10% of sectoral advances		
2.b	Basic Metal	1430.37	122.13	8.54	1592.39	40.38	2.54
2.c	Infra	4590.35	66.76	1.45	5250.89	84.41	1.61
3	Services	8910.69	86.98	0.98	8698.59	30.15	0.35
3.a	Professional	1641.05	10.61	0.65	1222.92	0.09	0.01
3.b	Trade	2016.57	47.85	2.37	1964.16	11.68	0.59
3.c	NBFC	3071.75	-	-	3275.76	0.03	-
4	Personal loans	3759.33	43.14	1.15	4825.18	45.86	0.95
4.a	Housing Loan	854.11	9.00	1.05	469.74	4.97	1.06
4.b	Other Personal loans incl. Gold Loan	2467.07	32.74	1.33	3994.35	39.83	1.00
	Sub-total (B)	**24436.40**	**454.41**	**1.86**	**24903.73**	**312.11**	**1.25**
	Total (A+B)	**37725.67**	**643.44**	**1.71**	**36403.09**	**432.62**	**1.19**

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

20. Movement of NPAs (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Gross NPAs as on the beginning of the Financial Year	432.62	433.87
Additions (Fresh NPAs) during the year	499.95	628.42
Sub-total (A)	932.57	1,062.29
Less:-		
(i) Upgradation	85.40	301.16
(ii) Recoveries (excluding recoveries made from upgraded accounts)	160.53	164.26
(iii) Write Offs	43.19	164.25
Sub Total (B)	289.12	629.67
Gross NPAs as on the end of the Financial Year	643.45	432.62

Stock of Technical Write Offs and Recoveries made thereon

Particulars	March 31, 2015	March 31, 2014
Opening balance of Technical/ Prudential written-off accounts as at April 1	322.74	195.14
Add: Technical/ Prudential write-offs during the year	-	150.00
Sub-total (A)	322.74	345.14
Less: Recoveries made from previously technical/ prudential written-off accounts during the year (B)	51.50	22.40
Closing balance as at March 31 (A-B)	271.24	322.74

21. Overseas Assets, NPAs and Revenue (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Total Assets	-	-
Total NPAs	-	-
Total Revenue	-	-

22. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

23. Bancassurance Business (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Fees/remuneration received from bancassurance business	3.39	2.80

24. Draw Down from Reserves

a) In accordance with the requirements of Schedule II of the Companies Act, 2013, the Bank has re-assessed the useful lives of the fixed assets and an amount of ₹9.38 crores (net of taxes) has been drawn from the Revenue and Other Reserve in respect of assets whose useful life is nil as at April 1, 2014.

b) In accordance with Reserve Bank of India guidelines vide circular No. DBOD. No. BP. BC. 77/ 21.04.018/ 2013-14 dated December 20, 2013, the Bank has created Deferred Tax Liability amounting to ₹20.49 crore during the previous year on the Special Reserve under Section 36 (i) (viii) of Income Tax Act. Out of the total DTL created an amount of ₹14.71 crore pertaining to the Special Reserve outstanding as at March 31, 2013 has been drawn from the General Reserve as permitted.

c) During the previous year, in accordance with the exemption from the provisions of Section 13 of Banking Regulation Act, 1949 granted vide Central Government Notification No. S.O.214 (E) dated January 21, 2014, the bank had appropriated an amount of ₹4.49 crore from Share Premium Account towards expenditure incurred in connection with Qualified Institutional Placement Issue as per the provisions of Section 78 of the Companies Act, 1956. There is no such transfer in the current year.

25. Provision for taxes during the year: (₹ in crore)

	March 31, 2015	March 31, 2014
Current Tax	201.89	242.38
Deferred Tax (net)*	(41.17)	(20.97)
Wealth Tax	0.03	0.03
Total	**160.75**	**221.44**

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

26. Provisions and Contingencies debited to Profit and Loss Account

(₹ in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	March 31, 2015	March 31, 2014
Provision for NPA/ NPIs	223.58	136.92
Provision for taxes (Net) *	201.91	242.41
Deferred Tax (net)	(41.17)	(20.97)
Provision for Standard Assets	31.37	31.09
Provision for Restructured Advances	32.56	9.70
Provision for depreciation in the value of investments	13.72	(28.47)
Provision for FITL	86.82#	5.64
Provision for unhedged foreign currency exposures	15.12	-
Others	10.88	0.52
TOTAL	**574.79**	**376.84**

* Includes Wealth Tax ₹0.03 crore

Pursuant to the clarification by Reserve Bank of India (RBI) vide para 14.2.5 of Master Circular dated July 1, 2014 in relation to Prudential norms for conversion of unpaid interest into Funded Interest Term Loan, Debt or Equity instruments, the Bank based on special dispensation issued by RBI vide letter no. DBOD.No.BP.5886/21.04.132/2014-15 dated October 20, 2014, deferred the provision over three quarters of the current financial year.

B: OTHER DISCLOSURES

1. Fixed Assets

Premises of the Bank were revalued as on March 31, 2011 in accordance with the policy formulated by the Bank based on RBI guidelines by professionally qualified independent valuers empanelled by the Bank using the indices based on current market price. The written down value of the premises has been increased from ₹192.31 crore to ₹326.18 crore and the resultant appreciation in the value amounting to ₹ 133.87 crore has been credited to revaluation reserve during 2010-11.

The software capitalized under Fixed Asset (Net of depreciation) was ₹13.34 crores. (PY Nil) as at March 31, 2015.

2. Earnings Per Share

The Bank reports basic and diluted EPS in accordance with the Accounting Standard - 20 on "Earnings per Share"

Particulars	March 31, 2015	March 31, 2014
Weighted average number of equity shares used in computation of basic earnings per share	134,78,81,375	134,11,92,442
Potential equity shares arising out of the Employees Stock Option Scheme [ESOS 2008]	73,17,759	62,48,171
Weighted average number of equity shares used in computation of diluted earnings per share	135,51,99,134	134,74,40,613
Earnings used in the computation of basic earnings per share (₹ in crore)	307.20	507.50
Earnings used in the computation of diluted earnings per share (₹ in crore)	307.20	507.50
Nominal Value of share (in ₹)	1.00	1.00
Basic earnings per share (in ₹)	2.28	3.78
Effect of potential equity shares for ESOS	0.01	0.01
Diluted earnings per share (in ₹)	2.27	3.77

The bank reports basic and diluted EPS in accordance with the Accounting Standard - 20 on "Earnings per Share"

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

3. Accounting for Employee Share Based Payments

The company has provided various share based payment schemes to its employees. As on March 31, 2015, the following schemes were in operation;

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7
Date of grant	21.11.2009	21.10.2010	16.02.2012	28.06.2012	05.03.2013	03.12.2013	27.03.2015
Date of Board approval	21.11.2009	21.10.2010	16.02.2012	28.06.2012	05.03.2013	03.12.2013	27.03.2015
Date of Shareholders approval	18.08.2008	18.08.2008	18.08.2008	18.08.2008	18.08.2008	18.08.2008	18.08.2008
Number of options granted	307,25,000	5,10,500	9,42,000	21,000	10,66,500	213,52,100	22,26,500
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period	21.11.2011 to 21.11.2013	21.10.2012 to 21.10.2014	16.02.2014 to 16.02.2016	28.06.2014 to 28.06.2016	05.03.2015 to 05.03.2017	03.12.2015 to 03.12.2017	27.03.2017 to 27.03.2019
Exercise period (for all Tranches)	Eligible to exercise the options during any one of the four specific periods (i.e., within 30 days after the end of each quarter) within one year from the date of vesting.						
Manner of Vesting (for all Tranches)	In a graded manner over a 4 year period with 30%, 30% and 40% of the grants vesting in each year commencing from the end of 24 months from the grant date.						

The Bank had elected to use intrinsic value method to account the compensation cost of ESOS. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

Activity in the options outstanding under the ESOS

Particulars	March 31, 2015		March 31, 2014	
	Options	Weighted average exercise price (₹)	Options	Weighted average exercise price (₹)
Options outstanding at the beginning of the year	3,34,25,040	17.25	2,09,67,035	14.10
Options granted during the year	22,26,500	21.65	2,13,52,100	18.72
Options exercised during the year	62,04,475	12.99	54,09,172	12.94
Forfeited / lapsed during the year	46,80,075	14.44	34,84,923	13.98
Options outstanding at the end of the year	2,47,66,990	19.25	3,34,25,040	17.25
Options Exercisable	7,16,140	22.91	1,04,52,440	13.33

The weighted average share price at the date of exercise of the options was ₹ 27.16 (Previous year ₹21.73)

Details of exercise price for stock options outstanding as at March 31, 2015

Particulars	Exercise price per share	Number of options outstanding	Remaining contractual life of options
Tranche 1	12.93	14,600	0.64
Tranche 2	24.98	1,58,890	0.56
Tranche 3	24.12	5,69,100	1.45
Tranche 4	12.93	19,400	1.38
Tranche 5	21.65	9,14,800	2.03
Tranche 6	18.72	2,08,63,700	2.78
Tranche 7	21.65	22,26,500	4.09

Details of exercise price for stock options outstanding as at March 31, 2014

Particulars	Exercise price per share	Number of options outstanding	Remaining contractual life of options
Tranche 1	12.93	1,00,50,990	0.64
Tranche 2	24.98	3,02,750	1.13
Tranche 3	24.12	8,45,500	1.98
Tranche 4	12.93	20,000	2.34
Tranche 5	21.65	9,62,500	3.03
Tranche 6	18.72	2,12,43,300	3.78

The weighted average fair value of stock options granted during the year was ₹8.48 (previous year – ₹6.14)

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Fair Value methodology

The fair value of the options is estimated on the date of grant using Black Scholes options pricing model with following inputs

	Year ended March 31, 2015							Year ended March 31, 2014					
Tranches	1	2	3	4	5	6	7	1	2	3	4	5	6
Exercise Price per share (₹)	12.93	24.98	24.12	12.93	21.65	18.72	21.65	12.93	24.98	24.12	12.93	21.65	18.72
Weighted Average Share Price per share (₹)	8.57	17.03	22.57	23.10	24.26	23.49	27.56	8.57	17.03	22.57	23.10	24.26	23.49
Expected Volatility (%)	28.26	28.26	28.26	28.26	28.26	29.95	34.59	28.26	28.26	28.26	28.26	28.26	29.95
Historical Volatility (%)	43.50	31.33	29.23	31.32	28.94	32.19	34.83	43.50	31.33	29.23	31.32	28.94	32.19
Life of the options granted (Vesting and Exercise period in years)	4.20	3.28 to 4.28	2.20 to 4.21	2.09 to 4.09	2.15 to 4.16	2.16 to 4.16	3.10 to 5.10	4.20	3.28 to 4.28	2.20 to 4.21	2.09 to 4.09	2.15 to 4.16	2.16 to 4.16
Average Risk Free Interest rate (%)	7.98	7.88 to 7.98	7.89 to 7.94	7.88 to 7.95	7.89 to 8.09	8.61 to 8.88	8.15 to 8.19	7.98	7.88 to 7.98	7.89 to 7.94	7.88 to 7.95	7.89 to 8.09	8.61 to 8.88
Expected Dividend Yield (%)	8.17	4.11	3.10	3.03	2.89	3.41	2.90	8.17	4.11	3.10	3.03	2.89	3.41

Effect of the ESOS on the profit and loss account and on its financial position: (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Opening of ESOS Liability	6.43	3.31
Liability on account of ESOS issued	0.53	4.44
Reversal on account of Exercise	(0.90)	(0.78)
Reversal on account of lapsed/forfeiture	(0.75)	(0.54)
Total Employee compensation cost pertaining to ESOS (₹ in crore)	5.31	6.43
Opening Deferred Compensation Cost	4.12	0.70
Deferred compensation cost on ESOS issued	0.53	4.44
Compensation Cost pertaining to ESOS amortized during the year (₹ in crore)	(1.67)	(0.97)
Reversal on account of lapse/ forfeiture	(0.06)	(0.05)
Deferred compensation cost (₹ in crore)	2.92	4.12

Impact of fair value method on net profit and on EPS:

Had compensation cost for the ESOS outstanding being determined based on the fair value approach instead of intrinsic value method, the Bank's net profit and earnings per share would have been as indicated below:

Particulars	March 31, 2015	March 31, 2014
Net Profit as reported (₹ in crore)	307.20	507.50
Proforma Net profit based on fair value approach (₹ in crore)	305.82	506.47
Basic EPS as reported (₹)	2.28	3.78
Basic EPS (Proforma) (₹)	2.27	3.78
Diluted EPS as reported (₹)	2.27	3.77
Diluted EPS (Proforma) (₹)	2.26	3.76

In computing the above information, certain estimates and assumptions have been made by the management which has been relied upon by the auditors.

4. Deferred Tax Assets (net)

a) Deferred Tax Assets (₹ in crore)

Timing Difference	March 31, 2015	March 31, 2014
Fixed Assets: Impact of difference between tax depreciation and Depreciation charged for the financial reporting	-	5.51
Provisions for Loans/Investments/ others	180.88	104.94
Total	**180.88**	**110.45**

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b) Deferred Tax Liabilities (₹ in core)

Timing Difference	March 31, 2015	March 31, 2014
Fixed Assets: Impact of difference between tax depreciation and Depreciation charged for the financial reporting	13.68	-
Special Reserve created u/s 36(i)(viii) of I T Act	31.24	20.49
Total	**44.92**	**20.49**

5. **Related party disclosure:**

a. Key Management Personnel

Sri V. G. Mathew, Managing Director & Chief Executive Officer. (01.10.2014 to 31.03.2015)
Dr. V. A. Joseph, Managing Director & Chief Executive Officer. (01.04.2014 to 30.09.2014)
Sri C. P. Gireesh, Chief Financial Officer (01.04.2014 to 31.03.2015)
Sri Jimmy Mathew, Company Secretary (01.04.2014 to 31.03.2015)

b. Gross Remuneration paid. (₹ in crore)

Name	Designation	2014-15	2013-14
Sri Mathew V. G.	M.D & C.E.O. from Oct 2014	0.46	N.A
Dr. Joseph V. A.	M.D & C.E.O. till Sept 2014	0.52	0.79

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits as they are determined on an actuarial basis for the bank as a whole.

(₹ in crore)

Items/Related Party	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits			
Balance O/s	0.32	0.43	0.75
Peak Balance	3.50	0.68	4.18
Advances			
Balance O/s	0.58	-	0.58
Peak Balance	0.65	-	0.65
Sale of fixed assets	0.17	-	0.17

6. **Employee Benefits**

a) **Retirement Benefits**

The bank has recognized the following amounts in the Profit and Loss account towards employee benefits as under:

(₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Pension Fund	178.43	148.84
Gratuity Fund	11.77	16.83
Compensation for absence on privilege/sick/casual leave	18.98	11.52

The employee benefits on account of pension, gratuity and Leave have been ascertained on actuarial valuation in accordance with Accounting Standard - 15 (revised).

During the year ended 31.03.2011, the Bank had re-opened the pension option for those employees who had joined the Bank prior to 29th September 1995 and had not opted for the pension scheme earlier. Consequently, 2217 employees had exercised their option for the pension scheme and the bank has incurred an extra liability of ₹135.13 crore. Further, during the year ended 31.03.2011, the limit of gratuity payable to the employees of the bank was also enhanced from ₹3.50 Lakhs to ₹10.00 Lakhs, pursuant to the amendment to the Payment of Gratuity Act, 1972. As a result, the gratuity liability of the Bank has increased by ₹ 21.40 crore. The extra cost of pension and gratuity to employees works out to ₹156.53 crore.

In terms of the requirements of the Accounting Standard (AS) 15, Employee Benefits, the entire amount of ₹156.53 crore is required to be charged to the Profit and Loss account for the year ended 31.03.2011. However, in accordance with the circular issued by Reserve Bank of India vide reference number DBOD.BP.BC.80/21.04.018/2010-11 dated February 9, 2011, and made applicable to our bank vide DBOD No.BP. BC.15896/21.04.018/2010-11 dated April 8, 2011, the Bank would amortize the amount of ₹156.53 crore over a period of five years. During

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

the current year 2014-15, bank has amortized an amount of ₹22.49 crore (₹20.41 crore towards pension and ₹2.08 towards gratuity) to complete the amortization. Had the above circular been not issued by the RBI, Net profit of the Bank for the year would have been higher by ₹14.85 crore pursuant to the application of AS 15.

b) Changes in the defined benefit obligations (₹ in crore)

	Gratuity Plan		Pension Plan	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Projected defined benefit obligation, beginning of the year	155.39	146.95	415.69	369.80
Current Service Cost	8.11	5.18	120.69	85.52
Interest Cost	11.34	12.11	27.76	27.97
Actuarial (gain)/ loss	3.71	8.34	38.93	32.64
Benefits paid	(21.22)	(17.19)	(122.34)	(100.24)
Projected defined benefit obligation, end of the year	157.33	155.39	480.72	415.69
Liability (net) of fair value of plan asset at the end of the year	11.77	18.91	178.43	169.25

c) Changes in the fair value of plan assets (₹ in crore)

	Gratuity Plan		Pension Plan	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Fair value of plan assets, beginning of the year	136.48	115.22	246.44	179.75
Expected return on plan assets	10.82	9.18	21.68	27.46
Employer's contributions	16.83	26.15	148.83	144.97
Actuarial gain/ (loss)	2.65	3.12	7.68	(5.50)
Benefits paid	(21.22)	(17.19)	(122.34)	(100.24)
Fair value of plan assets, end of the year	145.56	136.48	302.29	246.44

The Company expects to contribute ₹11.77 crores towards gratuity and ₹178.43 crores towards pension in the next year.

d) Net Employee benefit expense (recognized in payments to and provisions for employees) (₹ in crore)

	Gratuity Plan		Pension Plan	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Current Service Cost	8.11	5.18	120.69	85.52
Interest defined benefit obligation	11.34	12.11	27.76	27.97
Expected return on plan assets	(10.82)	(9.18)	(21.68)	(27.46)
Net actuarial (gain)/ loss recognized in the year	1.06	5.22	31.25	38.14
Past service cost	-	-	-	-
Employee cost	9.69	13.33	158.02	124.17
Amortization cost	2.08	3.50	20.41	24.67
Total	11.77	16.83	178.43	148.84
Actual return on plan assets	13.08	12.69	29.01	22.31

e) Categories of plan assets as a percentage of the fair value of total plan assets

	Gratuity Plan		Pension Plan	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Government of India Securities	-	44%	-	-
State Government Securities	-	11%	-	-
High quality Corporate Bonds	-	40%	-	-
Equity Shares of Listed Companies	-	0%	-	-
Funds Managed by Insurer *	100%	0%	100%	100%
Others (With Fund and Bank)	-	5%	-	-
Total	100%	100%	100%	100%

* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

f) Experience adjustments

(i) Gratuity

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined Benefit Obligations	157.33	155.39	146.95	136.88	122.12
Plan Assets	145.56	136.48	115.21	93.72	93.29
(Surplus)/Deficit	11.77	18.91	31.74	43.16	28.83
Unamortized	-	2.08	5.59	10.44	17.12
Net Benefit expense	11.77	16.83	26.15	32.72	11.71
Experience adjustments on Plan Liabilities	3.71	8.34	14.50	17.44	22.13
Experience Adjustments on Plan Assets	(2.65)	(3.12)	(3.71)	(0.27)	(0.64)

(ii) Pension

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined Benefit Obligations	480.72	415.69	369.80	323.64	330.72
Plan Assets	302.29	246.44	179.74	166.84	170.46
Surplus/Deficit	178.43	169.25	190.06	156.80	160.26
Unamortized	-	20.41	45.13	73.87	108.10
Net Benefit expense	178.43	148.84	144.93	82.93	52.16
Experience adjustments on Plan Liabilities	38.93	32.64	90.64	32.32	65.79
Experience Adjustments on Plan Assets	(7.68)	5.50	3.72	8.99	9.40

*Not available

g) Assumptions used by the actuary in accounting for gratuity and Pension

	Gratuity Plan		Pension Plan		Compensation for absence	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Discount rate	7.83%	8.75%	7.83%	9.10%	7.83%	8.75%
Expected rate of return on plan assets	8.00%	8.00%	8.00%	9.00%	*	*
Increase in compensation cost	6.00%	6.00%	5.00%	5.50%	6.00%	6.00%

*Not available

Notes:

(i) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.

(ii) Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

(iii) The estimates of future salary increases, considered in actuarial valuation, take account the inflation, seniority, promotion and other relevant factors.

h) Compensation for absence on Privilege / Sick / Casual Leave

The charge on account of compensation for privilege/sick/casual leave has been actuarially determined and a charge of ₹18.98 crore (Previous year ₹11.52 crore) has been debited to Profit and Loss account.

7. The Bank has not received any intimation from "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said Act have not been given.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

8. Segment reporting

In accordance with RBI guidelines in regard to business segments of banks, the bank has determined the business segments and the required disclosures are as follows: (₹ in crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	1320.47	1,163.45	2451.64	2,252.08	1894.62	1,882.15	116.56	85.85	5783.29	5,383.53
Result	(141.48)	(32.77)	62.98	188.98	385.25	500.95	95.46	71.78	402.21	728.94
Unallocated Expenses/ (Income)									-	-
Operating profit									402.21	728.94
Income Taxes									160.75	221.44
Depreciation Reversal *	-	-	-	-	-	-	-	-	(65.74)	-
Net Profit									307.20	507.50
Other Information:										
Segment Assets	17,827.88	15,264.81	24,926.77	23,594.37	14,949.23	14,940.38	-	-	57,703.88	53,799.56
Unallocated Assets									1,412.44	1,112.01
Total Assets									59,116.32	54,911.57
Segment Liabilities	16,728.34	14,249.70	23,710.49	22,257.37	14,219.80	14,093.77	-	-	54,658.63	50,600.84
Unallocated Liabilities									868.28	942.68
Total Liabilities									55,526.91	51,543.52

* Depreciation Reversal of ₹65.74 crores on account of change in accounting policy for charging depreciation from WDV Method to Straight Line Method (refer Note 17(4)).

Since the Bank operates only in domestic segment, disclosure regarding geographical segment is not applicable.
In computing the segment information certain estimates and assumptions have been made by the management which has been relied upon by the Auditors.

9. Tier II Bonds

Lower Tier II Bonds outstanding as at March 31, 2015 (included under Schedule 14 Borrowings) is ₹200.00 crore (Previous Year ₹ 200.00 crore).

Amount reckoned for Tier II Capital as per RBI guidelines is ₹200.00 crore (Previous Year ₹200.00 crore).

10. Disclosures on Remuneration

a) Information relating to the composition and mandate of the Remuneration Committee.

Composition

The remuneration committee of the Board consists of three members of which one member from Risk Management Committee of the Board facilitate effective governance of compensation.

The roles and responsibilities of the Compensation & Remuneration Committee are as follows:

- To oversee the framing, review and implementation of Bank's overall compensation structure and related polices on remuneration packages payable to all employees and the WTDs / MD & CEO including performance linked incentives, perquisites, stock option scheme etc., with a view to attract, motivate and retain employees and review compensation levels vis-a-vis other Banks and the industry in general.
- The CRC works in close coordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks. The CRC also ensures that the cost / income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

- With respect to the performance linked incentive schemes, the CRC is empowered to:
  - (i) Draw up terms and conditions and approve the changes, if any, to the performance linked incentive schemes;
  - (ii) Moderate the scheme on an ongoing basis depending upon the circumstances and link the same with the recommendations of Audit Committee;
  - (iii) Coordinate the progress of growth of business vis -a- vis the business parameters laid down by the Board and Audit Committee and effect such improvements in the scheme as are considered necessary;
  - (iv) On completion of the year, finalize the criteria of allotment of marks to ensure objectivity / equity.
- The CRC also functions as the Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and is empowered to formulate detailed terms and conditions of the scheme, administer, supervise the same and to allot shares in compliance with the guidelines and other applicable laws.
- To obtain necessary clearances and approvals from regulatory authorities, appoint merchant bankers and do such other things as may be necessary in respect of the Employees Stock Option Scheme.
- To oversee the administration of employee benefits, such as, provident fund, pension fund, gratuity, compensation for absence on privilege / sick / casual leave etc., which are recognized in accordance with Accounting Standard 15 (revised) notified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- The CRC may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board.
- Any other matters regarding remuneration to WTDs / MD & CEO and other staffs of the Bank as and when permitted by the Board.
- To conduct the annual review of the Compensation Policy.
- To fulfill such other powers and duties as may be delegated to it by the Board.

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

The Bank has formed the compensation policy based on the Reserve Bank of India guidelines vide its Circular No. DBOD. No.BC.72/29.67.001/2011-12 dt. January 13, 2012.

The fixed remuneration and other allowances including retirement benefits of all subordinate, clerical and officers up to the rank of General Manager (Scale VII) is governed by the industry level wage settlement under Indian Banks Association (IBA) pattern. In respect of officers above the cadre of General Manager, the fixed remuneration is fixed by Board / Committee.

Further, the compensation structure for the Whole Time Directors (WTDs) / Managing Director & Chief Executive Officers (MD & CEO) of the bank are subject to approval of Reserve Bank of India in terms of Section 35 B of the Banking Regulation Act, 1949. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to clause 95 of Articles of Association of the Bank read with Section 197 of the Companies Act, 2013.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

The Board of Directors through the CRC shall exercise oversight and effective governance over the framing and implementation of the Compensation Policy. Human Resource Management under the guidance of MD & CEO shall administer the compensation and Benefit structure in line with the best suited practices and statutory requirements as applicable.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. The factors taken in to account for the annual review and revision in the variable pay and performance bonus are:

- The performance of the Bank
- The performance of the business unit
- Individual performance of the employee
- Other risk perceptions and economic considerations.

Further, the Bank has not identified any employee as "risk taker" for the purpose of variable pay under this compensation policy.

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.

- Where the variable pay constitutes a substantial portion of the fixed pay, i.e., 50% or more, an appropriate portion of the variable pay, i.e., 40% will be deferred for over a period of 3 years.
- In case of deferral arrangements of variable pay, the deferral period shall not be less than three years. Compensation payable under deferral arrangements shall vest no faster than on a pro rata basis.
- The Board may adopt principles similar to that enunciated for WTDs / CEOs, as appropriate, for variable pay-timing, m`alus / clawback, guaranteed bonus and hedging.
- Employee Stock Option Scheme / Employee Stock Option Plan as may be framed by the Board from time to time in conformity with relevant statutory provisions and SEBI guidelines as applicable will be excluded from the components of variable pay.

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.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

- Variable pay means the compensation as fixed by the Board on recommendation of the Committee, which is based on the performance appraisal of an employee in that role, that is, how well they accomplish their goals. It may be paid as:
  - I. Performance Linked Incentives to those employees who are eligible for incentives.
  - II. Exgratia for other employees who are not eligible for Performance linked Incentives.
  - III. Bonus for those staff members who are eligible for bonus under the Payment of Bonus Act, 1965
  - IV. Any other incentives, by whatever name called having the features similar to the above.

			2014-15	2013-14
Quantitative disclosures	(a)	• Number of meetings held by the Remuneration Committee during the financial year • Remuneration paid to its members (₹ in Lakhs)	5 2.35	5 2.25
	(b)	(i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign-on awards made during the financial year. (iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus (iv) Details of severance pay, in addition to accrued benefits, if any.	1 - -	1 - -
	(c)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in the financial year.	- -	- -
	(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred. (₹ in Lakhs) • Fixed • Variable • Deferred • Non-Deferred	 65.81 16.39 - -	 65.58 13.66 - -
	(e)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments (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.	- - -	- - -

11. Disclosures relating to Securitization

Sl. No.	Particulars	No./Amount in ₹ crore
1	No. of SPVs sponsored by the bank for securitization transactions	Nil
2	Total amount of securitized assets as per books of the SPVs sponsored by the bank	
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet a) Off-balance sheet exposures First loss Others b) On-balance sheet exposures First loss Others	
4	Amount of exposures to securitization transactions other than MRR a) Off-balance sheet exposures (i) Exposure to own securitizations First loss Others (ii) Exposure to third party securitizations First loss Others b) On-balance sheet exposures (i) Exposure to own securitizations First loss Others (ii) Exposure to third party securitizations First loss Others	

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

12. **Credit Default Swaps**: The bank has not taken any credit default swaps during the year and the balance outstanding as at March 31, 2015 is nil.

13. Status of Complaints

A. Shareholder complaints:

		March 31, 2015	March 31, 2014
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	402	248
(c)	No. of complaints redressed during the year	402	248
(d)	No. of complaints pending at the end of the year	-	-

B. Customer complaints:

		March 31, 2015	March 31, 2014
(a)	No. of complaints pending at the beginning of the year	65	175
(b)	No. of complaints received during the year	7741	9662
(c)	No. of complaints redressed during the year	7657	9772
(d)	No. of complaints pending at the end of the year	149	65

Complaints on ATM transactions (Included in B above):

Complaints against banks own ATM's

		March 31, 2015	March 31, 2014
(a)	No. of complaints pending at the beginning of the year	10	56
(b)	No. of complaints received during the year	1843	2,482
(c)	No. of complaints redressed during the year	1819	2,528
(d)	No. of complaints pending at the end of the year	34	10

Complaints against other bank ATM's

		March 31, 2015	March 31, 2014
(a)	No. of complaints pending at the beginning of the year	55	115
(b)	No. of complaints received during the year	5,499	6,682
(c)	No. of complaints redressed during the year	5,439	6,742
(d)	No. of complaints pending at the end of the year	115	55

C. Status of Awards passed by the Banking Ombudsman:

		March 31, 2015	March 31, 2014
(a)	No. of unimplemented Awards at the beginning of the year	-	-
(b)	No. of awards passed by the Banking Ombudsman during the year	-	-
(c)	No. of Awards implemented during the year	-	-
(d)	No. of unimplemented Awards at the end of the year	-	-

The above details are as furnished by the Management and relied upon by the auditors.

14. Letter of Comfort (LoCs) issued by Banks: (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Letter of Comfort issued during the year	481.76	1,321.03
Assessed financial impact	263.71	283.03
Assessed cumulative financial obligations	325.17	303.39

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

15. Description of contingent liabilities

Sl. No	Contingent liability	Brief Description
1	Claims not acknowledged as debts	This includes liability on account of Service tax, and other legal cases filed against the bank. The bank is a party to various legal proceedings in the ordinary course of business and these are contested by the Bank and are therefore subjudice. The bank does not expect the outcome of these proceedings to have a material adverse impact on the bank's financial position.
2	Liability on account of outstanding forward contracts	The bank enters into foreign exchange contracts with interbank participants on its own account and for its customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contract rate.
3	Guarantees on behalf of constituents in India	As a part of banking activities, the Bank issues Letter of Guarantees on behalf of its customers. Guarantees generally represent irrevocable assurances that the bank will make payments in the event of customer failing to fulfill its financial or performance obligations.
4	Acceptances, endorsements and other obligations	As a part of banking activities, the Bank issues documentary credit on behalf of its customers. Documentary credits such as letters of obligations, enhancing the credit standing of the customers of the bank which generally represent irrevocable assurances that the bank will make payments in the event of customer failing to fulfill its financial obligations
5	Other items for which the bank is contingently liable	These include amounts which may become payable in respect of capital commitments.

* Also refer schedule – 12

16. Transfers to Depositor Education and Awareness Fund (DEAF) (₹ in crore)

Particulars	March 31, 2015	March 31, 2014
Opening balance of amounts transferred to DEAF	--	--
Add : Amounts transferred to DEAF during the year	42.85	--
Less : Amounts reimbursed by DEAF towards claims	0.67	--
Closing balance of amounts transferred to DEAF	42.18	--

17. Unhedged Foreign Currency Exposure :

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency product portfolio and encouraging them to hedge the unhedged portion. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage.

Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank also maintains incremental provision towards the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines. The Bank has maintained provision of ₹15.12crores (PY Nil) and additional capital of ₹17.10 crores (PY Nil) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2015.

18. Liquidity Coverage Ratio (LCR) (₹ in crore)

		2014-15	
		Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		4336.87
Cash Outflows			
2	Retail deposits and Deposits from small business customers of which:	33452.48	3247.33.

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(i)	Stable deposits	1958.53	97.93
(ii)	Less stable deposits	31493.95	3149.40
3	Unsecured wholesale funding, of which:	3510.01	1985.82
(i)	Operational deposits (all counterparties)	657.97	154.04
(ii)	Non-operational deposits (all counterparties)	1338.95	1226.54
(iii)	Unsecured debt	1513.09	605.24
4	Secured wholesale Funding		166.67
5	Additional requirements, of which	419.07	419.07
(i)	*Outflows related to derivative exposures and other collateral requirements*	419.07	419.07
(ii)	*Outflows related to loss of Funding on debt products*		
(iii)	*Credit and liquidity facilities*		
6	Other contractual funding Obligations	446.25	446.25
7	Other contingent funding Obligations	2422.18	621.70
8	**Total Cash Outflows**		6886.84
Cash Inflows			
9	Secured lending (e.g. reverse repos)	-	-
10	Inflows from fully Performing exposures	3845.28	1922.64
11	Other cash inflows	931.77	913.48
12	**Total Cash Inflows**	4777.05	2836.12
			TotalAdjustedValue
21	**TOTAL HQLA**		4336.87
22	**Total Net Cash Outflows**		4050.72
23	**Liquidity Coverage Ratio (%)**		107.06%

Note: Unweighted values are 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 are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

Data presented above is simple averages of monthly observation as reported to the Reserve Bank of India over the fourth quarter. The data compiled has been relied upon by the auditors.

19. **Qualitative Disclosure around LCR**

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 9, 2014 on "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards". The LCR guidelines aim to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Banks are required to maintain High Quality Liquid Assets of a minimum of 100% of its Net Cash Outflows by January 1, 2019. However, with a view to provide transition time, the guidelines mandate a minimum requirement of 60% w.e.f. January 1, 2015 and a step up of 10% every year to reach the minimum requirement of 100% by January 1, 2019. The adequacy in the LCR maintenance is an outcome of a conscious strategy of the Bank towards complying with LCR mandate ahead of the stipulated time lines. The monthly average LCR of the bank for the quarter ended March 2015 is 107.06%.

The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement, regulatory dispensation allowed upto 2% of NDTL in the form of borrowing limit available through Marginal Standing Facility (MSF) and 5% of NDTL as Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). Level 1 asset contributes to 98.27% of the total high quality liquid assets of the bank of which the major contribution is from the Government securities.

The principal components of the estimated cash out flows which could arise in next 30 days are retail deposits (47.15%) and unsecured wholesale funding (28.84%). The bank intends to fund the short term cash outflows from extremely liquid Government securities and funding for estimated cash outflows considered in LCR computation substantially flows from this source.

Bank has only forward contract as derivative exposure. The bank is managing its liquidity from the centralized fund management cell attached to Treasury Department, Mumbai.

20. Figures of the previous year have been regrouped to confirm to the current year presentation wherever necessary.

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W

per **Subramanian Suresh**
Partner
Membership No. 083673

Kochi
May 5, 2015

For and on behalf of Board of Directors

Joseph George Kavalam Senior Vice President	**Amitabha Guha** Chairman	**V. G. Mathew** MD & CEO
A. G. Varughese Senior Vice President	**Mohan E. Alapatt** Director	**K. Thomas Jacob** Director
Thomas Joseph K. Chief General Manager	**Dr. John Joseph** Director	**Francis Alapatt** Director
C. P. Gireesh Chief Financial Officer	**Salim Gangadharan** Director	**Cheryan Varkey** Director
Jimmy Mathew Company Secretary	**Ranjana S. Salgaocar** Director	**Parayil George John Tharakan** Director

Kochi
May 5, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

		Year Ended March 31, 2015 ₹ ('000)	Year Ended March 31, 2014 ₹('000)
Cash flow from operating activities			
Net Profit as per Profit and Loss Account		**3,072,039**	5,074,970
Adjustments for:			
Provision for taxes (Net)		**1,607,450**	2,214,350
Depreciation		**(11,089)**	446,066
Deferred Employee Cost Amortized		**224,900**	282,300
Amortisation of Premium on HTM Investments		**195,045**	183,352
Provision for Depreciation / Non-Performing Investments		**117,789**	(206,513)
General Provisions against Standard Assets		**313,700**	310,900
Provision for Non-Performing Assets (Including write off from CY prov.)		**2,255,238**	1,291,031
Other Provisions		**1,453,797**	156,703
ESOS Employee Compensation expense amortised		**16,347**	9,507
Interest on Subordinated bonds		**195,000**	198,016
(Profit) / Loss on sale of land, buildings and other assets		**4,187**	(8,335)
Operating profit before working capital changes	(A)	**9,444,403**	9,952,347
Changes in working capital:			
Increase / (Decrease) in Deposits		**44,213,982**	32,287,875
Increase / (Decrease) in Borrowings		**(4,983,023)**	15,112,225
Increase / (Decrease) in Other Liabilities		**(1,188,322)**	1,007,697
(Increase) / Decrease in Investments		**(22,925,543)**	(423,141)
(Increase) / Decrease in Advances		**(14,382,327)**	(45,531,512)
(Increase) / Decrease in Other Assets		**(559,525)**	(553,254)
	(B)	**175,242**	1,899,890
Cash flow from operating activities before taxes	(A+B)	**9,619,645**	11,852,237
Direct Taxes Paid		**(2,749,800)**	(2,592,485)
Net cash flow from operating activities	(C)	**6,869,845**	9,259,752
Cash flow from investing activities:			
Purchase of Fixed Assets / CWIP		**(712,250)**	(700,306)
Sale of Fixed Assets		**27,360**	38,593
(Purchase) / Sale of Investments (Held to Maturity)		**(1,041,161)**	(17,836,790)
Net cash flow from investing activities	(D)	**(1,726,051)**	(18,498,503)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

		Year Ended March 31, 2015 ₹ ('000)	Year Ended March 31, 2014 ₹('000)
Cash flow from financing activities:			
Proceeds from issue of share capital		**80,584**	25,026
Dividend paid including Corporate Dividend Tax		**(1,257,881)**	(1,094,056)
Interest on Subordinated bonds		**(195,000)**	(221,955)
Repayment of Subordinate bonds		**-**	(650,000)
Net cash flow from financing activities	**(E)**	**(1,372,297)**	(1,940,985)
Net increase in cash and cash equivalents	**(C+D+E)**	**3,771,498**	(11,179,736)
Cash and cash equivalents as at beginning of the year *(Refer note below)*		**32,179,287**	43,359,023
Cash and cash equivalents as at the end of the year *(Refer note below)*		**35,950,785**	32,179,287
Note:			
Balance with banks in India in Fixed Deposit (As per Schedule 7 I (i) (b))		**4,055,070**	9,470,084
Balance with banks in India in current account (As per Schedule 7 I (i) (a))		**650,696**	279,806
Money at call and short notice in India (As per Schedule 7 I (ii))		**6,000,000**	-
Cash in hand (As per Schedule 6 I)		**2,986,695**	2,648,400
Balance with RBI in current account (As per Schedule 6 II)		**21,429,065**	19,359,682
Balance with banks Outside India:			
(i) In current account (As per Schedule 7 II (a))		**362,384**	2,505
(ii) Money at call & short notice – with banks (As per Schedule 7 II (c))		**466,875**	418,810
Cash and cash equivalents as at the end of the year		**35,950,785**	32,179,287

As per our report of even date

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101049W

per **Subramanian Suresh**
Partner
Membership No. 083673

Kochi
May 5, 2015

For and on behalf of Board of Directors

Joseph George Kavalam Senior Vice President	**Amitabha Guha** Chairman	**V. G. Mathew** MD & CEO
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Jimmy Mathew Company Secretary	**Ranjana S. Salgaocar** Director	**Parayil George John Tharakan** Director

Kochi
May 5, 2015

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

1. Scope of Application

The South Indian Bank Limited is a commercial bank, which was incorporated on January 25, 1929 in Thrissur, Kerala. The Bank does not have any subsidiary/Associate companies under its Management.

2. Capital Adequacy

I. Qualitative Disclosure

RBI Guidelines on capital adequacy

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 31st March 2019. These guidelines on Basel III are to be implemented at the beginning of 1st April 2013 in a phased manner, the minimum capital required to be maintained by the Bank for the year ended 31st March 2015 is 9% with minimum Common Equity Tier 1 (CET1) of 5.5%.

The bank's approach in assessment of capital adequacy

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. Besides, computation of 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 annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar- II of Basel guidelines. The adequacy of banks' capital funds to meet the future business growth is also assessed in the ICAAP document.

Quantitative Disclosure

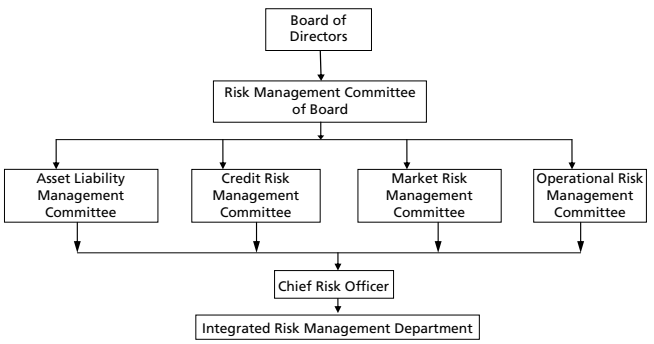
	Particulars	Amount in ₹ Million
(a)	Capital requirements for Credit Risk	25066.03
	Portfolios subject to standardized approach	25066.03
	Securitization exposures	0.00
(b)	Capital requirements for Market Risk (Standardised duration approach)	1006.50
	Interest Rate Risk	682.34
	Foreign Exchange Risk (including gold)	36.00
	Equity Risk	288.16
(c)	Capital requirements for Operational Risk (Basic Indicator Approach)	2333.43
	Total Capital Requirement at 9%{ (a)+ (b)+(c) }	28405.96
	Total Capital Fund	37893.95
	Common Equity Tier- I CRAR %	10.43 %
	Tier- I CRAR %	10.43 %
	Total CRAR %	12.01 %

Risk Management: Objectives and Organisation Structure

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 appropriate trade off 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 set up to address various risks and has set up an Integrated Risk Management Department (IRMD), which is independent of operational departments. Bank has a Risk Management Committee functioning at apex level for formulating, implementing and reviewing bank's risk management measures pertaining to credit, market and operational risk. Apart from the Risk Management Committee of the Board at apex level, the Bank has a strong Bank-wide risk management structure comprising of Asset Liability Management Committee, Credit Risk Management Committee, Market Risk Management Committee and Operational Risk Management Committee at senior management level, operational risk management specialists in all Regional Offices and dedicated mid office at Treasury Department and International Banking Division at operational level. The structure and organization of Risk Management functions of the bank is as follows:

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015



3. Credit Risk: General Disclosures

I. Qualitative Disclosure

Definition of impaired credit and past dues considered by bank for accounting purposes

The guidelines as laid down by RBI Master Circular No. RBI/2014-15/103 DBOD. No. BP.BC.6/21.06.201/2014-15 dated July 1, 2014 on Asset classification, Income Recognition and Provisioning to Advances portfolio are followed while classifying Non-performing Assets (NPAs). The guidelines are as under:

a) An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.

b) A non-performing asset (NPA) is a loan or an advance where;

i. Interest and / or installment of principal remains overdue for a period of more than 90 days in respect of a term loan,

ii. the account remains 'out of order', in respect of an Overdraft / Cash Credit (OD/ CC), (out of order - An account is treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts are treated as 'out of order'.)

iii. The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted (overdue - Any amount due to the bank under any credit facility is "overdue" if it is not paid on the due date fixed by the bank).

iv. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops (overdue - Any amount due to the bank under any credit facility is "overdue" if it is not paid on the due date fixed by the bank).

v. The installment of principal or interest thereon remains overdue for one crop season for long duration crops (overdue - Any amount due to the bank under any credit facility is 'Overdue' if it is not paid on the due date fixed by the bank).

vi. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of RBI guidelines on Securitization dated February 1, 2006.

vii. 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.

Credit risk management practices of our Bank

The bank has a comprehensive credit risk management policy which deals with identification, assessment, measurement and mitigation of credit risk. The policy has defined credit risk as the possibility of losses associated with the diminution in the credit quality of the borrower or the counterparty or the failure on its part to meet its obligations in accordance with the agreed terms. The Credit Risk Management Committee, an executive level committee is entrusted with the task of overseeing various risk management measures envisaged in the policy. The Credit Risk Management Committee also deals with issues relating to credit risk management policy and procedures and analyse, manage and control credit risk on a bank wide basis. Credit risk management policy primarily addresses the credit risk inherent in advances. The principal aspects covered under this policy include credit risk rating, credit risk monitoring, credit risk mitigation and country risk management.

The major specific credit risk management measures followed by bank, as listed out in the credit risk management policy are given in following points.

- The credit/country risk associated with exposures, like inter-bank deposits and export bill discounting, to different countries are consolidated regularly and monitored by the Board.
- Bank uses a robust risk rating framework for evaluating credit risk of the borrowers. The bank uses segment-specific rating models that are aligned to target segment of the borrowers.
- Risks on various counterparties such as corporates, banks, are monitored through counterparty exposure limits, also governed by country risk exposure limits in case of international transactions.
- The bank manages risk at the portfolio level too, with portfolio level prudential exposure limits to mitigate concentration risk.

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

II. Quantitative Disclosure

a) Gross Credit Risk Exposures as on 31st March 2015

Amount in ₹ Million

Category	Exposure
Fund Based [1]	3,73,916.37
Non-Fund Based [2]	20,369.91
Total	3,94,286.28

Note :

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments, shares, deposits placed at NABARD, SIDBI & NHB, Fixed and Other assets.
2. Non-fund based exposure includes outstanding Letter of Credit, Acceptances, Bank Guarantee exposures and Forward Contracts. The value of forward contracts is arrived based on Current Exposure Method (CEM).

b) Geographic Distribution of Credit Risk Exposure as on 31st March 2015

Particulars	Amount in Million
Domestic	3,94,286.28
Overseas	Nil
Total	3,94,286.28

c) Industry wise Distribution of gross advances and NPAs as on 31st March 2015

Industry	Gross Advance	GNPA	Standard Advance
A. Mining and Quarrying	1596.90	6.04	1590.86
B. Food Processing	7618.49	13.47	7605.02
C. Beverages	1881.30	146.44	1734.86
D. Textiles	16101.26	420.12	15681.14
E. Leather and Leather products	1267.33	0.03	1267.30
F. Wood and Wood Products	1110.98	66.11	1044.87
G. Paper and Paper Products	1948.35	27.16	1921.19
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1805.64	121.96	1683.67
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	3669.21	51.28	3617.93
J. Rubber, Plastic and their Products	7654.65	12.48	7642.18
K. Glass and Glassware	44.36	0.02	44.35
L. Cement and Cement Products	5433.09	4.58	5428.51
M. Basic Metal and Metal products	17076.60	1238.34	15838.26
N. All Engineering	3269.11	122.49	3146.62
O. Vehicles, Vehicle Parts and Transport Equipments	6280.42	1.21	6279.21
P. Gems and Jewellery	8612.72	499.90	8112.82
Q. Construction	9445.14	154.79	9290.35
R. Infrastructure	49708.00	1067.59	48640.41
S. Other Industries	4453.77	160.61	4293.16

d) Residual Contractual Maturity breakdown of Assets as on 31st March 2015

(Amount in ₹ Million)

Time band	Cash and Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Asset	Other Asset
Next Day	5,676.10	1,661.35	2,889.57	20,670.08	-	42.60
2-7 Day	-	6,203.09	14,222.49	2,335.28	-	99.27
8-14 Day	-	270.19	2,349.06	3,239.45	-	141.87
15-28 Day	946.82	579.11	529.76	8,143.74	-	201.00
29-3 Months	3,922.42	2,821.28	9,599.13	43,793.96	-	558.33
3-6 Months	2,527.09	-	5,767.48	40,425.39	-	268.00
6-12 Months	2,706.38	-	6,972.25	89,853.81	-	290.33
1-3 year	1,021.01	-	36,194.42	59,937.70	-	1,518.65
3-5 year	1,271.56	-	19,317.86	41,660.63	-	491.33
over 5 Year	6,344.38	-	69,329.63	63,856.31	4,790.49	5,722.54
Total	**24,415.76**	**11,535.02**	**1,67,171.63**	**3,73,916.37**	**4,790.49**	**9,333.89**

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

e) The composition of Gross NPAs and NPIs, Net NPAs, NPA ratios and provision for GNPAs and GNPIs as on 31st March, 2015 and movement of gross NPAs and provisions during the quarter ended 31st March 2015 are given in following table.

(₹ in Million)

1.	Amount of Gross NPAs	6434.50
	• Substandard	2136.25
	• Doubtful-I	1699.56
	• Doubtful-2	2067.62
	• Doubtful-3	92.33
	• Loss	438.74
2.	Net NPA	3601.50
3.	NPA ratios	
	• Gross NPA to Gross Advance:	1.71%
	• Net NPA to Net Advance:	0.96%
4.	Movement of NPA (Gross)	
	• Opening Gross NPA	4326.22
	• Additions to Gross NPA	4999.45
	• Reductions to Gross NPA	2891.17
	• Closing Balance of Gross NPA	6434.50
5.	Movement of NPA Provisions	
	• Opening balance of NPA Provisions held	1318.97
	• Provisions made during the period	2363.90
	• Deductions during the period	1085.28
	• Closing Balance of NPA Provisions	2597.59
6.	Amount of Non-Performing Investments (Gross)	121.90
7.	Amount of Provisions held NP Investments	108.82
8.	Movement of Provisions for Depreciation on Investments	
	• Opening Balance of Provisions for Depreciation	71.34
	• Provisions made during the period	137.27
	• Write-offs / Write-back of excess provisions during the period	0.00
	• Closing Balance of Provisions for Depreciation	208.51

4. Credit Risk: Disclosure for Portfolios under Standardized Approach

I. Qualitative Disclosure

a. Names of credit rating agencies used

Bank has approved all the six External Credit Rating Agencies accredited by RBI for the purpose of credit risk rating of domestic borrowal accounts that forms the basis for determining risk weights under Standardized Approach. External Credit Rating Agencies approved are:

1. CRISIL
2. CARE
3. India Ratings and Research Private Limited (Formerly FITCH INDIA)
4. ICRA
5. Brickwork Ratings India Pvt. Ltd.
6. SMERA Ratings Ltd.

The Bank computes risk weight on the basis of external rating assigned, both Long-Term and Short-Term, for the facilities availed by the borrower. The external ratings assigned are generally facility specific. The Bank follows below mentioned procedures as laid down in the Basel II guidelines for use of external ratings:

- The external rating assigned by an agency is considered if it fully takes into account the credit exposure of the bank.
- If an issuer has a long-term exposure with an external long-term rating that warrants a risk weight of 150 percent, all unrated claims on the same counterparty, whether short-term or long-term, should also receive a 150 percent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims.
- If an issuer has a short-term exposure with an external short-term rating that warrants a risk weight of 150 per cent, all unrated claims on the same counterparty, whether long-term or short-term, should also receive a 150 per cent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims.
- The unrated short-term claim of counterparty will attract a risk weight of at least one level higher than the risk weight applicable to the rated short-term claim on that counter-party. If a short-term rated facility to counterparty attracts a 20 per cent or a 50 per cent risk weight, unrated short-term claims to the same counterparty cannot attract a risk weight lower than 30 per cent or 100 per cent respectively.

b. Process used to transfer public issue ratings onto comparable assets in the banking book

(i) In circumstances where the borrower has a specific assessment for an issued debt - but the bank's claim is not an investment in this particular debt - the rating applicable to the specific debt (where the rating maps into a risk weight lower than that which applies to an unrated claim) may be applied to the bank's un-assessed claim only if this claim ranks pari passu or senior to the specific rated debt in all respects and the maturity of the un-assessed claim is not later than the maturity of the rated claim, except where the rated claim is a short-term obligation. If not, the rating applicable to the specific debt cannot be used and the unassessed claim will receive the risk weight for unrated claims.

(ii) If either the issuer or single issue has been assigned a rating which maps into a risk weight equal to or higher than that which applies to unrated claims, a claim on the same counterparty, which is unrated by any chosen credit rating agency, will be assigned the same risk weight as is applicable to the rated exposure, if this claim ranks pari-passu or junior to the rated exposure in all respects.

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

II. Quantitative Disclosures

Amount of exposure (after risk mitigation) outstanding as on 31st March 2015 under major three risk buckets

Description of risk bucket	₹ in Million
Below 100% Risk Weight	3,37,990.68
Risk Weight at 100%	1,44,570.90
More than 100% Risk Weight	35,669.01
Deducted if any	

(Amount of exposures includes cash in hand, balance with RBI, investments, loans and advances, Fixed and other assets, off balance sheet items and forward contracts)

5. Credit Risk Mitigation: Disclosures for Standardised Approaches

I. Qualitative Disclosure

Policies and processes for collateral valuation and management

Bank has put in place a comprehensive policy on Credit Risk Mitigants and Collaterals for recognizing the eligible collaterals and guarantors for netting the exposures and reducing the credit risk of obligors. Basic procedures and descriptions of controls as well as types of standard/acceptable collaterals, guarantees necessary in granting credit, evaluation methods for different types of credit and collateral, applicable "haircuts" to collateral, frequency of revaluation and release of collateral are stipulated in the bank's credit policy, policy on collateral management and credit risk mitigant policy. The bank uses net exposure for capital calculations after taking cognizance of eligible financial collaterals. All collaterals and guarantees are recorded and the details are linked to individual accounts.

Collateral valuation

As stipulated by the RBI guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible collateral as specified in the Basel III guidelines.

The Bank adjusts the value of any collateral received to adjust for possible future fluctuations in the value of the collateral in line with the requirements specified by RBI guidelines. These adjustments also referred to as 'haircuts', to produce volatility-adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

Types of collateral taken by the Bank

The Bank determines the appropriate collateral for each facility based on the type of product and risk profile of the counterparty. In case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally taken. In addition, in some cases, additional security such as pledge of shares, cash collateral, charge on receivables with an escrow arrangement and guarantees is also taken.

For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the security of the property/ automobile being financed. The valuation of the properties is carried out by an empanelled valuer at the time of sanctioning the loan.

The Bank also offers products which are primarily based on collateral such as shares, specified securities, warehoused commodities and gold jewellery. These products are offered in line with the approved product policies, which include types of collateral, valuation and margining.

The Bank extends unsecured facilities to clients for certain products such as derivatives, credit cards and personal loans. The limits with respect to unsecured facilities have been approved by the Board of Directors.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorisation approved by the Board of Directors. For facilities provided as per approved product policies, collateral is taken in line with the policy.

Credit Risk Mitigation techniques

The RBI guidelines on Basel III allow the following credit risk mitigants to be recognised for regulatory capital purposes:

A. Eligible Financial Collaterals

- Cash and fixed deposit receipts, issued by our bank.
- Gold: Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99% purity.
- Kisan Vikas Patra, Indira Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.
- Life Insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.
- Securities issued by Central and State Governments.
- Debt securities rated by a chosen Credit Rating Agency in respect of which banks should be sufficiently confident about the market liquidity where these are either:

a) Attracting 100 per cent or lesser risk weight i.e., rated at least BBB (-) when issued by public sector entities and other entities (including banks and Primary Dealers); or

b) Attracting 100 per cent or lesser risk weight i.e., rated at least CARE A3/CRISIL A3 / India Ratings and Research Private Limited (India Ratings) A3/ICRA A3 /Brickwork A3/SMERA A3 for short-term debt instruments.

- Debt Securities not rated by a chosen Credit Rating Agency in respect of which banks should be sufficiently confident about the market liquidity where these are:
  a) issued by a bank; and
  b) listed on a recognised exchange; and
  c) classified as senior debt; and
  d) all rated issues of the same seniority by the issuing bank are rated at least BBB(-) or CARE A3/CRISIL A3/India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/SMERA A3 by a chosen Credit Rating Agency; and
  e) The bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/ Brickwork A3/SMERA A3 (as applicable) and;
  f) Banks should be sufficiently confident about the market liquidity of the security.

- Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the banks operation mutual funds where:
  a) A price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and
  b) Mutual fund is limited to investing in the instruments listed in this paragraph.

B. **On-balance sheet netting**, which is confined to loans/ advances and deposits, where banks have legally enforceable netting arrangements, involving specific lien with proof of documentation.

C. **Guarantees**, where these are direct, explicit, irrevocable and unconditional. Further, the eligible guarantors would comprise:
  a) Sovereigns, sovereign entities (including Bank for International Settlements, the International Monetary Fund, European Central Bank and European Community as well as those Multilateral Development Banks, Export Credit Guarantee Corporation of India and Credit Guarantee Fund Trust for Small Industries, Credit Risk Guarantee Fund Trust for Low Income Housing), banks and primary dealers with a lower risk weight than the counterparty;
  b) Other entities that are externally rated except when credit protection is provided to a securitisation exposure. This would include credit protection provided by parent, subsidiary and affiliate companies when they have a lower risk weight than the obligor.

II. Quantitative Disclosure

Details of exposure covered by eligible financial collateral and information about (credit or market) concentration within the mitigation taken as on 31st March 2015 is given in table below

(₹ in Million)

S. No.	Nature of Exposure	Exposure	Amount of Risk Mitigants	Risk Weighted Assets
1.	Exposure covered by Gold	45,901.96	45,486.94	518.77
2.	Exposure covered by deposits	15,541.99	17,156.68	0
3.	Loan against KVP / IVP/ NSC/LIC	86.14	114.85	0

6. **Securitisation Exposures: Disclosure for Standardised Approach**

Not applicable since the bank does not undertake securitisation activity.

7. **Market Risk in Trading Book**

I. **Qualitative disclosures**

Market Risk Management Policy

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices. The market risk for the Bank is managed in accordance with the Market Risk Management policy, Investment Policy and ALM Policy which are approved by the Board. The policies ensure that operations in securities, foreign exchange etc. are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. The policies contain the limit structure that governs transactions in financial instruments. The policies are reviewed periodically to incorporate changed business requirements, economic environment and changes in regulations.

Structure and organisation of the market risk management function

The Market Risk Management Committee (MRMC), which is an independent function, reports to the Risk Management Committee. MRMC exercises independent control over the process of market risk management and recommends changes in risk policies, controls, processes and methodologies for quantifying and assessing market risk. There is clear functional separation of:

- Trading i.e. front office; and
- Monitoring, control, settlements and accounting i.e. Treasury back office.

Strategies and processes

- The Bank has put in place a comprehensive Market risk management Framework to address the Market risks (bank wide) including that of the Trading Book.

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- Within the above Framework, various policies of the Bank prescribes Limits like Value at Risk (VaR) for Central Government Securities & Currencies, maximum holding period, duration, minimum holding level for liquid assets, defeasance period, exposure limits, Forex open position limits (day light/overnight), stop-loss limits etc.
- Risk profiles are analyzed and the effectiveness of risk mitigants is regularly monitored.
- The Bank's Board/ Market Risk Management Committee (MRMC)/Investment Management Committee (IMC) approves the volume composition holding/defeasance period etc. of the trading book.

The scope and nature of risk reporting and/or measurement system risk reporting

Adherence to limits are being monitored by dedicated mid office, reporting exceptions to chief risk officer (CRO), independent of Treasury /IBD operational units.

Risk Measurement

- Values at Risk (VaR) numbers are arrived for Trading book Central Government securities, T Bills and Currencies.
- The positions are marked to market at stipulated intervals. The Duration/Modified Duration is computed and its adherence to the prescribed duration limits is ensured.
- The bank is computing capital charge on "Held for Trading" and "Available for Sale" categories using Standardized Duration Approach as required under RBI guidelines for Basel II.
- Stress testing analyses are done by applying rate shocks for parallel shift in the yield curve under current economic and political scenario.

II. Quantitative disclosures

Capital requirements for different categories of Market Risks at 9% (₹ in Millions)

S. No.	Capital Requirements	Capital Charge
1.	Interest Rate Risk	682.34
2.	Equity Position Risk	288.16
3.	Foreign Exchange Risk	36.00

8. Operational Risk

Operational risk management framework

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk includes legal risk but excludes strategic and reputation risk. Operational risk is inherent in the Bank's business activities in both domestic as well as overseas operations and covers a wide spectrum of issues.

Objectives

The objective of the Bank's operational risk management is to manage and control operational risks in a cost effective manner within targeted levels of operational risk consistent with the Bank's risk appetite as specified in the Operational Risk Management Policy (the Policy) approved by the Board of Directors. The Policy aims to:

- Define Bank level operational risk appetite;
- Establish clear ownership and accountability for management and mitigation of operational risk;
- Help business and operations to improve internal controls, reduce likelihood of occurrence of operational risk incidents and minimise potential impact of losses;
- Minimise losses and customer dissatisfaction due to failure in processes;
- Develop comprehensive operational risk loss database for effective mitigation;
- Meet regulatory requirements as set out in the guidance note on management of operational risk issued by the RBI; and
- Compute capital charge for operational risk as per the guidelines issued by the RBI.

The bank has started the Risk and Control Self Assessment (RCSA) and loss data collection, and at the same time identified the data gaps to be filled, to facilitate a step by step migration into the advanced approaches.

9. Interest Rate Risk in the Banking Book (IRRBB)

I. Qualitative disclosures

IRRBB refers to the risk arising on account of adverse interest rate fluctuations on interest rate sensitive assets and interest rate sensitive liabilities, which are held in banking book. In short-term perspective - Traditional Gap Analysis (TGA) approach - it is the risk of an adverse impact on net interest income arising from timing differences in re-pricing of various items of assets liabilities. In long-term perspective - Duration Gap Analysis (DGA) approach - it is the risk arising from adverse impact on the Bank's economic value of equity, due to duration gap between assets and liabilities.

Interest rate risk on banking book assumes the form of basis risk, yield curve risk, re-pricing risk or embedded options risk. For purposes of measuring the impact of these risks on net interest income under TGA approaches, the risk position is identified as the gap between rate sensitive assets and liabilities in different maturity buckets. For purposes of measuring the impact of these risks on economic value of net worth under DGA approach, the risk position is defined as the modified duration of equity which is derived from the modified duration gap, which in turn requires computation of the weighted average modified duration of assets and weighted average modified duration of liabilities.

The bank calculates the impact on the earnings by gap analysis with the assumed change in yield over one year. Bank has put in place prudential limits for probable reduction in Net Interest Income (NII) for buckets below one year due to adverse change

in interest rates. Earnings at Risk (EaR) are being calculated using Traditional Gap Analysis as per ALM guidelines of RBI.

The bank calculates the impact on the Market value of equity by Duration Gap Analysis and the impact is calculated by applying a notional interest rate shock of 200 basis points as per ALM guidelines of RBI.

Risk evaluation and adherence to risk limits are reported to Market Risk Management Committee/ALCO through Chief Risk Officer.

II. Quantitative Disclosures

(Amount in ₹ Million)

Particulars	As on 31st March 2015
Probable impact on Net Interest income for 100 Bps downward movement in interest rate	
Change in NII	₹ 274.11 Million
Probable impact on Market Value of equity (MVE) for a 200 Bps upward movement in interest rates.	
Change in MVE	8.96 % on Net worth

10. General Disclosure for Exposures Related to Counterparty Credit Risk

I. Qualitative disclosures

Bank has put in place Counterparty Credit Risk limits for banks as counterparty, based on internal rating considering a number of financial parameters like net worth, capital adequacy ratio, rating etc. of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach.

II. Quantitative Disclosures

The Bank does not recognize bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method (CEM). The balance outstanding for forward contract as on 31st March 2015 is as follows:

Particulars	₹ in Million
Forward Contracts valued based on CEM	7600.35
Total	**7600.35**

11. Composition of capital as on 31st March 2015

(₹ in Million)

Basel III common disclosure template to be used during the transition of regulatory adjustments			Amounts subject to Pre-Basel III Treatment	Ref. No.
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	1,350.15		
2	Retained earnings	33,057.62		
3	Accumulated other comprehensive income (and other reserves)			
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)*			
	Public sector capital injections grandfathered until January 1, 2018			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)			
6	Common Equity Tier 1 capital before regulatory adjustments			
	Common Equity Tier 1 capital: regulatory adjustments	34,407.78		
7	Prudential valuation adjustments			
8	Goodwill (net of related tax liability)			
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	133.41		
10	Deferred tax assets	1,359.63		
11	Cash-flow hedge reserve			
12	Shortfall of provisions to expected losses			
13	Securitisation gain on sale			
14	Gains and losses due to changes in own credit risk on fair valued liabilities			
15	Defined-benefit pension fund net assets			
16	Investments in own shares (if not already netted off paid- in capital on reported balance sheet)			
17	Reciprocal cross-holdings in common equity	14.00		
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)			

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19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)			
20	Mortgage servicing rights (amount above 10% threshold)			
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)			
22	Amount exceeding the 15% threshold 6			
23	of which: significant investments in the common stock of financial entities			
24	of which: mortgage servicing rights			
25	of which: deferred tax assets arising from temporary differences			
26	National specific regulatory adjustments (26a+26b+26c+26d)			
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries			
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries			
26c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank			
26d	*of which:* Unamortised pension funds expenditures			
	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-basel treatment			
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)			
	of which: [INSERT TYPE OF ADJUSTMENT]			
	of which: [INSERT TYPE OF ADJUSTMENT]			
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions			
28	Total regulatory adjustments to Common equity Tier 1	1,507.04		
29	Common Equity Tier 1 capital (CET1)	32,900.73		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)			
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)			
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)			
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*			
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)			
35	*of which: instruments issued by subsidiaries subject to phase out*			
36	Additional Tier 1 capital before regulatory adjustments			
	Additional Tier 1 capital: regulatory instruments			
37	Investments in own Additional Tier 1 instruments			
38	Reciprocal cross-holdings in Additional Tier 1 instruments			
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)			
	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
41	National specific regulatory adjustments (41a+41b)			
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries			
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank			
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: Deferred Tax Assets (not associated with accumulated losses) net of Deferred Tax Liabilities			
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]			
	of which: [INSERT TYPE OF ADJUSTMENT]			

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42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions			
43	Total regulatory adjustments to Additional Tier 1 capital			
44	Additional Tier 1 capital (AT1)			
44a	Additional Tier 1 capital reckoned for capital adequacy			
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	32,900.73		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	2,000.00		
47	Directly issued capital instruments subject to phase out from Tier 2			
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)			
49	*of which: instruments issued by subsidiaries subject to phase out*			
50	Provisions	3,019.62		
51	Tier 2 capital before regulatory adjustments	5,019.62		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments			
53	Reciprocal cross-holdings in Tier 2 instruments	26.40		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)			
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)			
56	National specific regulatory adjustments (56a+56b)			
56a	*of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries			
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank			
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]			
	of which: [INSERT TYPE OF ADJUSTMENT]			
57	Total regulatory adjustments to Tier 2 capital	26.40		
58	Tier 2 capital (T2)	4,993.22		
58a	Tier 2 capital reckoned for capital adequacy	4,993.22		
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	-		
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	4,993.22		
59	Total capital (TC = T1 + T2) (45 + 58c)	37,893.95		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
	of which:			
	of which: …			
60	Total risk weighted assets (60a + 60b + 60c)	-		
60a	*of which: total credit risk weighted assets*			
60b	*of which: total market risk weighted assets*			
60c	*of which: total operational risk weighted assets*			
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.43		
62	Tier 1 (as a percentage of risk weighted assets)	10.43		
63	Total capital (as a percentage of risk weighted assets)	12.01		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.50		
65	*of which: capital conservation buffer requirement*	-		
66	*of which: bank specific countercyclical buffer requirement*	-		
67	*of which: G-SIB buffer requirement*	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	10.43		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	**5.50**		

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities			
73	Significant investments in the common stock of financial entities			
74	Mortgage servicing rights (net of related tax liability)			
75	Deferred tax assets arising from temporary differences (net of related tax liability)			
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)			
77	Cap on inclusion of provisions in Tier 2 under standardised approach			
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)			
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach			
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	*Current cap on CET1 instruments subject to phase out arrangements*			
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*			
82	*Current cap on AT1 instruments subject to phase out arrangements*			
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*			
84	*Current cap on T2 instruments subject to phase out arrangements*			
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*			

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	1,359.63
	Total as indicated in row 10	
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	2,295.52
	Eligible Revaluation Reserves included in Tier 2 capital	623.60
	Total of row 50	2,919.12
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

12. Composition of Capital as on 31.03.15 - 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
A	Capital & Liabilities		
i.	Paid-up Capital	1,350.15	
	Reserves & Surplus	34,543.91	
	Minority Interest		
	Total Capital	35,894.06	
ii.	Deposits	5,19,124.87	
	of which: Deposits from banks	28,017.00	
	of which: Customer deposits	4,91,107.87	
	of which: Other deposits (pl. specify)		
iii.	Borrowings	22,324.75	
	of which: From RBI		
	of which: From banks	350.09	
	of which: From other institutions & agencies	11,185.16	
	of which: Others (pl. specify) Borrowings from outside India	9,139.50	
	of which: Capital instruments (Does not include bonds held by banks)	1,650.00	
iv.	Other liabilities & provisions (includes ESOP outstanding)	13,819.48	
	Total	5,91,163.16	
B	Assets		
i.	Cash and balances with Reserve Bank of India	24,415.76	
	Balance with banks and money at call and short notice	11,535.03	
ii.	Investments:	1,67,171.63	
	of which: Government securities	1,23,511.06	
	of which: Other approved securities	-	
	of which: Shares	1,171.39	
	of which: Debentures & Bonds	5,314.03	
	of which: Subsidiaries / Joint Ventures / Associates	-	
	of which: Others (Commercial Papers, Mutual Funds etc.)	37,175.14	
iii.	Loans and advances	3,73,916.37	
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	3,73,916.37	
iv.	Fixed assets	4,790.49	
v.	Other assets	9,333.88	
	of which: Goodwill and intangible assets	-	
	of which: Deferred tax assets	1,359.63	
vi.	Goodwill on consolidation	-	
vii.	Debit balance in Profit & Loss account	-	
	Total Assets	5,91,163.16	

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

Step 2

		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		As on reporting date	As on reporting date	
A	Capital & Liabilities			
i.	Paid-up Capital	1,350.15		(a)
	of which : Amount eligible for CET1	1,350.15		(a)(i)
	of which : Amount eligible for AT1			
	Reserves & Surplus	34,543.91		(b)
	of which : Amount eligible for CET1			
	Statutory Reserve	7,880.94		(b)(i)
	Share Premium	9,563.03		(b)(ii)
	General Reserve	13,372.94		(b)(iii)
	Capital Reserve	479.46		(b)(iv)
	Special reserve under Section 36(i) (viii) of Income Tax Act	902.80		(b)(v)
	Balance in P/L a/c at the end of the previous financial year	304.78		(b)(vi)
	Current Financial Year carry forward Profit	553.67		(b)(vii)
	Investment Reserve Account (part of Tier 2 Capital)	100.49		(b)(viii)
	Revaluation Reserve (part of Tier 2 Capital, at a discount of 55 per cent)	623.60		(b)(ix)
	Minority Interest			
	Total Capital	35,894.06		(a)+(b)
ii.	Deposits	5,19,124.87		(c)
	of which: Deposits from banks	28,017.00		(c)(i)
	of which: Customer deposits	4,91,107.87		(c)(ii)
	of which: Other deposits (pl. specify)			
iii.	Borrowings	22,324.75		(d)
	of which: From RBI	-		(d)(i)
	of which: From banks	350.09		(d)(ii)
	of which: From other institutions & agencies	11,185.16		(d)(iii)
	of which: Others (pl. specify) Borrowings from outside India	9,139.50		(d)(iv)
	of which: Capital instruments (Does not include bonds held by banks)	1,650.00		(d)(v)
	Capital instrument subject to phase out and included in Tier 2 Capital	-		
iv.	*Other liabilities & provisions & ESOP*	13,819.48		(e)
	of which: Standard Asset provision included under Tier 2 Capital	2,295.52		(e)(i)
	of which : DTLs related to goodwill			(e)(ii)
	of which : Details related to intangible assets			
	Total	5,91,163.16		(a)+(b)+(c)+(d)+ (e)

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

B	*Assets*			
i.	*Cash and balances with Reserve Bank of India*	**24,415.76**		(f)
	Balance with banks and money at call and short notice	**11,535.03**		(g)
ii.	*Investments:*	**1,67,171.63**		(h)
	of which: Government securities	1,23,511.06		(h)(i)
	of which: Other approved securities	-		(h)(ii)
	of which: Shares	1,171.39		(h)(iii)
	of which: Debentures & Bonds	5,314.03		(h)(iv)
	of which: Subsidiaries / Joint Ventures /Associates	0		
	of which: Others (Commercial Papers, Mutual Funds etc.)	37,175.15		(h)(v)
iii.	*Loans and advances*	**3,73,916.37**		(i)
	of which: Loans and advances to banks	-		
	of which: Loans and advances to customers	**3,73,916.37**		(i)(i)
iv.	*Fixed assets*	**4,790.49**		(j)
v.	*Other assets*	**9,333.88**		(k)
	of which: Goodwill and intangible assets	-		
	Out of which :	**0**		
	Goodwill	**0**		(k)(i)
	Other Intangibles (excluding MSRs)			(k)(ii)
	Deferred tax assets	**1,359.63**		(k)(iii)
vi.	*Goodwill on consolidation*			(l)
vii.	*Debit balance in Profit & Loss account*			(m)
	Total Assets	5,91,163.16		(f)+(g)+(h)+(i)+ (j)+(k)+(l)+(m)

Step 3

Common Equity Tier 1 capital instruments and reserves

(₹ in Millions)

		Component of regulator capital reported by bank	Source based on reference number / 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	10,913.18	(a)(i)+b(ii)
2	Retained earnings	23,494.60	(b)(i)+(b)(iii)+(b)(iv)+(b)(v)+ (b)(vi)+ (b)(vii)
3	Accumulated other comprehensive income (and other reserves)		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	**Common Equity Tier I Capital before Regulatory adjustments**	34,407.78	(b)(i)+(b)(iii)+ (b)(iv)+(b)(v)+ (b)(vi)+ (a)(i)+(b)(ii)+(b)(vii)
7	**Prudential valuation adjustments**	**0**	
8	**Goodwill (net of related tax liability)**	-	

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

13. Main Features of Regulatory Capital Instruments

		Subordinated Tier 2 Bonds
1	Issuer	The South Indian Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE683A09091
3	Governing law(s) of the instrument	Indian Law
	Regulatory treatment	
4	Transitional Basel III rules	Subordinated Tier 2 Bonds
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo / group / group & solo	Solo
7	Instrument type	Unsecured Redeemable Non-Convertible Subordinated Tier II Lower Bonds
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹2000 Million
9	Par value of instrument	₹1 Million
10	Accounting classification	Liability
11	Original date of issuance	20.08.2009
12	Perpetual or dated	Dated
13	Original maturity date	20.04.2020
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
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Fixed
18	Coupon rate and any related index	9.75 % p.a
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
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 into	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)	All depositors and other creditors
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

14. Full Terms and Conditions of Regulatory Capital Instruments

Series I

Nature of Instrument	Unsecured Redeemable Non-Convertible Subordinated Tier II Lower Bonds
Amount Subscribed	₹2,000 Million
Face Value	₹10,00,000/-
Date of allotment	20.08.2009
Date of Redemption	20.04.2020
Coupon Rate	9.75 % p.a
Put and call option	NIL
Issuance, Trading & Listing	Listed on BSE Ltd., Mumbai

15. Disclosure Requirements for Remuneration

Qualitative disclosures

a. Information relating to the composition and mandate of the Remuneration Committee

- **Composition**

  The remuneration committee of the Board consists of three members of which one member from Risk Management Committee of the Board facilitate effective governance of compensation.

- **The roles and responsibilities of the Compensation & Remuneration Committee (CRC) are as follows:**

  To oversee the framing, review and implementation of Bank's overall compensation structure and related polices on remuneration packages payable to all employees and the WTDs/MD & CEO including performance linked incentives, perquisites, stock option scheme etc. with a view to attracting, motivating and retaining employees and review compensation levels vis-a-vis other Banks and the industry in general.

The CRC works in close coordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks. The CRC also ensures that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.

With respect to the performance linked incentive schemes, the CRC is empowered to:

i. Draw up terms and conditions and approve the changes, if any, to the performance linked incentive schemes;
ii. Moderate the scheme on an ongoing basis depending upon the circumstances and link the same with the recommendations of Audit Committee;
iii. Coordinate the progress of growth of business vis -a- vis the business parameters laid down by the Board and Audit Committee and effect such improvements in the scheme as are considered necessary;
iv. On completion of the year, finalize the criteria of allotment of marks to ensure objectivity/equity.

The CRC also functions as the Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and is empowered to formulate detailed terms and conditions of the scheme, administer, supervise the same and to allot shares in compliance with the guidelines and other applicable laws.

- To obtain necessary clearances and approvals from regulatory authorities, appoint merchant bankers and do such other things as may be necessary in respect of the Employees Stock Option Scheme.
- To oversee the administration of employee benefits, such as, provident fund, pension fund, gratuity, compensation for absence on privilege/sick/casual leave etc., which are recognized in accordance with Accounting Standard-15 (revised) specified in the Companies (Accounting Standards) Rules, 2006.
- The CRC may suggest amendments to any stock option plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;
- Any other matters regarding remuneration to WTDs/MD & CEO and other staffs of the Bank as and when permitted by the Board.
- To conduct the annual review of the Compensation Policy.
- To fulfill such other powers and duties as may be delegated to it by the Board.

b. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The Bank has formed the compensation policy based on the Reserve Bank of India guidelines vide its circular no. DBOD. No.BC.72/29.67.001/2011-12 dtd. 13.01.2012.

The fixed remuneration and other allowances including retirement benefits of all subordinate, clerical and officers up to the rank of General Manager (Scale VII) is governed by the industry level wage settlement under Indian Banks Association (IBA) pattern. In respect of officers above the cadre of General Manager, the fixed remuneration is fixed by Board/Committee.

Further, the compensation structure for the Whole Time Directors (WTDs)/ Managing Director & Chief Executive Officers (MD & CEO) of the bank are subject to approval of Reserve Bank of India in terms of Section 35 B of the Banking Regulation Act, 1949. The payment of compensation also requires approval of the shareholders of the Bank in the General Meeting pursuant to clause 95 of Articles of Association of the Bank read with the Section 309 (1) of the Companies Act, 1956.

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2015

c. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

The Board of Directors through the CRC shall exercise oversight and effective governance over the framing and implementation of the Compensation policy. Human Resource Management under the guidance of MD & CEO shall administer the compensation and Benefit structure in line with the best suited practices and statutory requirements as applicable.

d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

The factors taken into account for the annual review and revision in the variable pay and performance bonus are:

- The performance of the Bank
- The performance of the business unit
- Individual performance of the employee,
- Other risk perceptions and economic considerations

Further, the Bank has not identified any employee as "risk taker" for the purpose of variable pay under this compensation policy.

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.

- Where the variable pay constitutes a substantial portion of the fixed pay, i.e. 50% or more, an appropriate portion of the variable pay, i.e. 40% will be deferred for over a period of 3 years.
- In case of deferral arrangements of variable pay, the deferral period shall not be less than three years. Compensation payable under deferral arrangements shall vest no faster than on a pro rata basis.
- The Board may adopt principles similar to that enunciated for WTDs/CEOs, as appropriate, for variable pay-timing, malus/clawback, guaranteed bonus and hedging.
- Employee Stock Option Scheme/Employee Stock Option Plan as may be framed by the Board from time to time in conformity with relevant statutory provisions and SEBI guidelines as applicable will be excluded from the components of variable pay.

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

Variable pay means the compensation as fixed by the Board on recommendation of the Committee, which is based on the performance appraisal of an employee in that role, that is, how well they accomplish their goals. It may be paid as:

- Performance Linked Incentives to those employees who are eligible for incentives.
- Ex-gratia for other employees who are not eligible for Performance linked Incentives.
- Bonus for those staff members who are eligible for bonus under the Payment of Bonus Act, 1965.

Quantitative disclosures

Number of meetings held by the Remuneration Committee during the year ended 30.09.2014	5
Remuneration paid to its members.	₹0.24 Million as sitting fees.
Number of employees having received a variable remuneration award during the financial year.	1
Number of sign-on awards made during the financial year.	-
Total amount of sign-on awards made during the financial year.	-
Details of guaranteed bonus, if any, paid as joining / sign-on bonus.	-
Details of severance pay, in addition to accrued benefits, if any.	-
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	-
Total amount of deferred remuneration paid out in the financial year.	-
Breakdown of amount of remuneration awards for the year ended 31.03.15	(₹ in Millions)
- Fixed	6.58
- Variable	1.64
- Deferred	-
- Non - Deferred	8.22
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	-
Total amount of reductions during the financial year due to ex-post explicit adjustments.	-
Total amount of reductions during the financial year due to ex-post implicit adjustments.	-

NOTICE

NOTICE is hereby given that the 87th Annual General Meeting of the shareholders of The South Indian Bank Ltd. ("the Bank") will be held at Casino Cultural Auditorium Ltd., T. B. Road, Thrissur - 680 001, on Wednesday, July 15, 2015 at 10 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Bank's Audited Balance Sheet as at 31st March, 2015 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.

2. To declare a dividend.

3. To appoint Statutory Central Auditors and to authorize the Board to fix their remuneration and, if thought fit, to pass the following resolution as Ordinary Resolution:-

   RESOLVED that pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the underlying rules viz. Companies (Audit and Auditors) Rules, 2014 as may be applicable and the Banking Regulation Act, 1949, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, from time to time and subject to approval from the Reserve Bank of India and such other regulatory authorities, as may be applicable, M/s. Deloitte Haskins & Sells, Chartered Accountants, Chennai, in place of the retiring auditors M/s S. R. Batliboi & Associates LLP, Chartered Accountants, be and are hereby appointed as Auditors of the Bank for the period commencing from the conclusion of this Annual General meeting until the conclusion of the Ninety First Annual General Meeting of the Bank, subject to annual approval of Reserve Bank of India and ratification by Members every year on such remuneration as shall be decided by the Board of Directors or any Committee thereof.

4. To appoint a Director in the place of Mr. Cheryan Varkey (DIN-06884551), who retires by rotation under Section 152 of Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED that in accordance with the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Smt. Ranjana S. Salgaocar (DIN-00120120), who was appointed as a Director pursuant to Sections 149 & 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Bank has received a notice in writing, proposing her candidature for the office of director, be and is hereby appointed as an Independent Director of the Bank in the Minority Sector for a period of five (5) years from July 15, 2015 not liable to retire by rotation."

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED that in accordance with the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, Section 10A and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Sri Parayil George John Tharakan (DIN-07018289), who was appointed as a Director pursuant to Sections 149 & 161(1) of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Bank has received a notice in writing, proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Bank in the Majority Sector, for a period of five (5) years from July 15, 2015, not liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Section 139 and Section 143(8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, Board of Directors be and is hereby authorised to arrange

NOTICE

for the audit of the Bank's branches for the financial year 2015-16 and to appoint and fix the remuneration of branch auditors in consultation with the Central Statutory Auditors for the purpose."

8. To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India, (RBI) the provisions of the Companies Act, 2013 and the rules made thereunder, Clause 95 and 122 of Bank's Articles of Association and subject to the approval of Reserve Bank of India, the approval of the Bank be and is hereby accorded to revise the remuneration of Sri Amitabha Guha, (DIN-02836707) Part-time Non-executive Chairman with effect from April 1, 2015, brief particulars whereof have been set out in the annexed Explanatory Statement, as recommended by the Board of Directors of the Bank vide Resolution No.SEC/S-20/15-16 dated May 5, 2015."

9. To consider and if thought fit, to pass, with or without modification, the following resolutions as a Special Resolution:

"'RESOLVED THAT pursuant to the provisions of Section 62(1)(c) and all other applicable provisions, if any, of the Companies Act,2013 and rules made thereunder including any statutory modification or re-enactment thereof for the time being in force ("the Act"), the Banking Regulation Act, 1949 as amended, Foreign Exchange Management Act, 1999 ("FEMA"), as amended, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended, the Depository Receipts Scheme, 2014, as amended, Rules, Regulations, Guidelines, Notifications and circulars, if any, prescribed by the Government of India, Reserve Bank of India, Securities and Exchange Board of India("SEBI") including the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended (the "ICDR Regulations") or any other competent authority, whether in India or abroad, from time to time, to the extent applicable including the applicable provisions of listing agreements ("Listing Agreement") entered into with the stock exchanges where the equity shares of the face value of Re. 1 each ("Equity Shares") are listed ("Stock Exchanges") and in accordance with the relevant provisions of the Memorandum and Articles of Association of the South Indian Bank Ltd (the "Bank") and subject to all necessary approvals, consents, permissions and / or sanctions of the Ministry of Finance (Department of Economic Affairs) and of Ministry of Industry (Foreign Investment Promotion Board/Secretariat for Industrial Assistance) Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Stock Exchanges (SEs), financial institutions, lenders and all other appropriate and/or relevant / concerned authorities in India and other applicable countries (herein after referred to as the "Requisite Approvals") and subject to such conditions and modifications as may be prescribed by any of them while granting any such approvals and sanctions and which may be agreed to by the Board of Directors of the Bank (the "Board") (which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its power including the powers conferred on the Board under this resolution), the consent, authority and approval of the shareholders of the Bank, be and is hereby accorded to the Board to create, offer, issue and allot (including with provision for reservation on firm allotment and/or competitive basis of such part of issue and for such categories of persons as may be permitted by law then applicable) from time to time in one or more tranches with or without a green shoe option, by way of a rights issue to the existing members of the Bank whether resident or non-resident, rights -cum-public issue, public issue, private placement, preferential issue, Qualified Institutional Placement (QIP), in Indian and/or International markets or combination thereof of Equity Shares or through an issuance of Global Depository Shares (GDSs)/ Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Foreign Currency Convertible Bonds (FCCBs) representing Equity Shares and/ or Debentures or Bonds convertible into equity shares whether fully or partly and whether compulsorily or at the option of the Bank or the holders thereof and/or any security linked to equity shares and/or all or any of the aforesaid securities with or without detachable or non-detachable warrants, (hereinafter collectively referred to as the "Securities") to all eligible investor, including resident Indian individuals, bodies corporate, societies, trusts, non-residents, Qualified Institutional Buyers (QIBs), stabilisation agents, foreign investors (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/ or otherwise), Foreign Institutional Investors (FIIs), Foreign Corporate Bodies (FCBs)/Companies/Mutual funds/ Pension Funds/ Venture Capital Funds/ Banks, whether Indian or foreign and such other persons or entities whether or not such investors are members of the Bank, to all or any other category of investors who are authorized to invest in equity shares of the Bank as per extant regulations/guidelines or any combination of the above as may be deemed appropriate by the Bank through one or more offer prospectus and /or letter of offer or circular or such other document and/or on private placement basis, at such time or times, at such price or prices and on such terms and conditions considering the prevailing market conditions and other relevant factors wherever necessary, for amount in nominal value not exceeding in the aggregate ₹20 crore (Rupees Twenty crore only) or its equivalent amount in such foreign currencies as may be necessary with any premium and Green Shoe Option attached thereto, in one or more tranches, as may be deemed appropriate by the Board or Committee of Directors in such form and manner and on such terms and conditions like price or prices, premium, interest or additional interest, number of

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securities to be issued, face value, number of equity shares to be allotted on conversion/redemption/extinguishment of debt(s), rights attached to the warrants, period of conversion, fixing of record date or book closure terms of green shoe options, if any, exercised by the Bank and where in and all other connected matters".

"RESOLVED FURTHER THAT the securities issued in foreign markets shall be deemed to have been made abroad and/or in the market and/ or at the place of issue of the Securities in the international market and may be governed by applicable foreign laws".

RESOLVED FURTHER THAT in case of issue and allotment of Securities by way of Qualified Institutions Placement ("QIP") to Qualified Institutional Buyers ("QIBs") in terms of Chapter VIII of the SEBI ICDR Regulations:

i. the allotment of the Equity Shares, or any combination of the Equity Shares as may be decided by the Board shall be completed within 12 months from the date of this resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time.

ii. the Equity Shares issued shall rank pari passu in all respects including entitlement to dividend with the existing Equity Shares of the Company in all respects as may be provided under the terms of issue and in accordance with the placement document(s).

iii. the relevant date for the purpose of pricing of the Equity Shares to be issued, if issued pursuant to Chapter VIII of the SEBI ICDR Regulations and/or other applicable regulations, shall be the date of the meeting in which the Board or Committee of Directors duly authorized by the Board decides to open the proposed issue of Equity Shares, subsequent to the receipt of members' approval in terms of provisions of Companies Act, 2013 and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of the Equity Shares;

iv. The Board may, at its absolute discretion, issue Equity Shares at a discount of not more than five percent or such other discount as may be permitted under applicable regulations to the floor price as determined in terms of the SEBI (ICDR) Regulations, 2009, subject to the provisions of Section 53 of the Companies Act, 2013.

v. The issue and allotment of Equity Shares shall be made only to QIBs within the meaning of SEBI Regulations, such Equity Shares shall be fully paid-up on its allotment, which shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may allowed by the SEBI Regulations, from time to time;

vi. the allotment to each Qualified Institutional Buyer (QIB) in the proposed QIP issue will not exceed 5% of the post issue paid-up capital of the Bank.

vii. The Equity Shares shall not be eligible to be sold for a period of 1 year from the date of allotment, except on a recognized stock exchange or except as may be permitted from time to time by the SEBI ICDR Regulations;

viii. The total amount raised in such manner should not, together with the over allotment option exceed five times the net worth of the Bank as per the audited Balance Sheet of the previous financial year".

"RESOLVED FURTHER THAT without prejudice to the generality of the above and subject to applicable laws and subject to Requisite Approvals including any conditions as may be prescribed while granting such approval or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional Securities."

RESOLVED FURTHER THAT, subject to compliance of all applicable provisions of the Companies Act, 2013, the applicable provisions of the Companies Act, 1956, the Foreign Exchange Management Act, 2000, and the rules, circulars and guidelines issued thereunder from time to time, including the Foreign Exchange Management (Transfer or Issue of Security to a person resident outside India) Regulations, 2000, as amended, the Consolidated FDI Policy Circular of 2015, as amended, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, from time to time, Securities Contracts (Regulation) Act, 1956 ("SCRA"), the SEBI ICDR Regulations, the regulations, guidelines, circulars issued by the Reserve Bank of India, the Listing Agreements and any other applicable provisions of law if any, the Board, any of the Directors, any member of the duly authorized committee, Managing Director & CEO and Chief Financial Officer are jointly and severally authorised, on behalf of the Bank to make necessary applications, letters, filings to any Regulatory Authority, including the Reserve Bank of India, Foreign Investment Promotion Board, as may be required for the purpose of giving effect to the foregoing;

"RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing and without being required to seek any further consent or approval of the members of the Bank, the members shall be deemed to have given their approval thereto expressly

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by the authority of this resolution to the Board or Committee of Directors and the Board or Committee of Directors be and is hereby authorized for and on behalf of the members of the Bank:

a) To appoint, enter into and execute all such arrangements, as the case may be, with any lead managers, merchant bankers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, registrars, transfer agents, custodians, trustees, lawyers, chartered accountants, company secretaries, experts in banking industry, consultants, book runners and such other intermediaries ("the Agencies") as may be necessary and to remunerate any of the agencies in any manner including payment of commission, brokerage or fee for their services or otherwise and reimburse expenses that may be incurred by them in relation to their services to the Bank.

b) To issue, directly or through any agency duly authorised depository receipt(s) / certificates of shares or other securities to afford a proper title to the holder thereof and to enable such holder to trade in the securities or underlying securities as such person may require to the extent lawfully permitted in India or in any other country where the securities have been issued subject to statutory regulations in India or in any other country and in accordance with the norms and practices prevailing in India or any other country.

c) To issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such further equity shares ranking pari passu with the existing equity shares of the Bank in all respects except provided otherwise under the terms of issue of such securities and in the offer document.

d) To approve offer document, circulars, notice and such other documents (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead managers, underwriters, and/or advisors in accordance with applicable laws, rules, regulations and guidelines and to take decisions to open the issue, decide bid opening and closing date, the issue price, the number of Equity Shares to be allotted and the basis of allotment of Shares.

e) To dispose of the unsubscribed portion of the shares or securities to such person(s) and in such manner and on such terms as the Board may in its absolute discretion think most beneficial to the Bank, including offering or placing them with resident or nonresident/foreign investor(s) (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/or otherwise) / Foreign Institutional Investors (Flls) / Mutual Funds / Pension Funds / Venture Capital Funds / banks and/or Employees and business associates of the Bank or such other person(s) or entity(ies) or otherwise, whether or not such investors are members of the Bank .

f) To retain over subscription upto such percentage as may be permitted by the applicable regulations and by relevant authorities.

g) To obtain listing of all or any of its new shares / existing shares or other securities in any stock exchange in India or elsewhere in the world including the New York Stock Exchange, London Stock Exchange, Dubai International Financial Exchange, Singapore Stock Exchange, Luxembourg Stock Exchange, NASDAQ or any other Stock Exchanges subject to such statutory compliances as may be necessary in India or in such other country and further subject to such conditions as the stock exchanges may require.

h) To do such acts, deeds, matters and things as it/they may at its/their discretion deem necessary or desirable for such purpose, including without limitation, if required, filing a Registration Statement and other relevant documents with United States Securities and Exchange Commission, or such other regulatory authority as may be necessary for listing the Securities on the Luxembourg Stock Exchange or New York Stock Exchange ("NYSE") and/or NASDAQ or such other international stock exchanges and the entering into of depository arrangements in regard to any such issue or allotment.

i) To agree to and make and accept such conditions, modifications and alterations stipulated by any of the relevant authorities while according approvals, consents or permissions to the issue as may be considered necessary, proper and expedient.

j) To do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, banking and custodian arrangements and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Bank to settle all questions, difficulties, doubts that may arise in regard to such offer(s) or issue(s) or allotment(s), as it may, in its, absolute discretion, deem fit and with power on behalf of the Bank to settle any questions, difficulties or doubts that may arise in regard to any such issue(s) /offer(s) or allotment(s) or otherwise.

k) To delegate from time to time, all or any of the powers conferred herein upon the Board or Committee of Directors or the Director/s or any other Officer/s of the Bank"

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10. To consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolutions:
"RESOLVED THAT pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 ("the SEBI Regulations") issued by the Securities and Exchange Board of India ("SEBI") and as amended from time to time and in terms of Clause 9.10 of The South Indian Bank Employees Stock Option Scheme-2008 (SIB ESOS-2008) and further subject to the applicable provisions of the Companies Act, 2013 and other applicable Rules, Regulations, Guidelines, provisions of Memorandum and Articles of Association of the Bank and further subject to necessary approval of the stock exchanges and other appropriate authorities, consent of the Bank be and is hereby accorded to vary and amend SIB ESOS-2008 which was approved by the shareholders at the 80th Annual General Meeting held on 18th August, 2008 and further amended by shareholders vide their resolution at the 85th Annual General Meeting of the Bank held on 28th June, 2013, such that the options already granted but yet to be exercised and options to be granted to the Eligible Employees, present and future, including Directors of the Bank under SIB ESOS -2008 shall be governed by amended terms and conditions of SIB ESOS-2008 as set out hereunder.

A. The following Paras of the SIB ESOS-2008 shall be substituted in the place of the corresponding existing Paras as detailed hereunder:

Para No.	Para Head	Substituted Para
4.	INTERPRETATION	(d) "Compensation Committee" or "CC" shall be a committee of such members of the board of directors of the Bank as constituted under Section 178 of the Companies Act, 2013, as amended or modified from time to time. (e) "Director" means a member of the Board of Directors of the Bank, whether a Whole-time Director or not but shall not include an Independent Director and a Director of the Bank who either by himself or through his Relative or through any body corporate directly or indirectly holds more than 10% of the outstanding equity capital of the Bank. (f) "Eligible Employee" means a permanent employee of the Bank, including a Director (whether Whole time Director or not) other than an Independent Director, who qualifies as per the selection criteria of CC for issue of Options under this Scheme. (p) "Market Price" means the latest available closing price on a recognized stock exchange on which shares of the Bank are listed on the date immediately prior to Relevant Date.
7.	ADMINISTRATION OF THE SCHEME	The sixth term under 7(a) shall be substituted as under: • Determining Exercise Price on the basis of Market Price or on such other basis in compliance of Para 13 herein, prior to the date of meeting of the CC in which options are recommended to the Board for grant; The seventh term under 7(a) shall be substituted as under: • Determining Exercise Price on the basis of Market Price
9.5	EXERCISE OF OPTIONS	The clause (a) shall be substituted as under: The CC shall fix the Exercise Price for the Options granted under the Scheme based on Market Price or on such other basis in compliance of Para 13 herein, prior to the date of CC meeting recommending the grant of options.
13.	ACCOUNTING	The "Guidance Note on Accounting for Share Based Payments" (Guidance Note) or the relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein shall apply.

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B. The following Paras shall be modified/added in the SIB ESOS-2008 as detailed hereunder:

Para No.	Para Head	Paras modified/added
4.	INTERPRETATION	(n) "Independent Director" shall have the same meaning assigned to it in Clause 49 of the equity listing agreement as prescribed by Securities and Exchange Board of India. (r) "Regulations" means Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time. (s) "Relative" shall have the same meaning as defined under Section 2(77) of the Companies Act, 2013. (t) "Relevant Date" means – (i) in the case of Grant, the date of meeting of the Compensation Committee on which the Grant is made; or (ii) in the case of Exercise, the date on which the notice of Exercise is given to the Bank by the Grantee.
4.	-	All other expressions not defined herein shall have the same meaning as have been assigned to them under the Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, SEBI (Disclosure and Investors Protection) Guidelines, 2000, the Companies Act, 2013 and all statutory modifications or re-enactments thereof, as the case may be.

C. The following clauses under Para 4 (INTERPRETATION) shall be renumbered as under:

Existing para / clause number	New para / clause number
4(m)	4(l)
4(n)	4(m)
4(p)	4(o)
4(q)	4(p)
4(r)	4(q)
4(s)	4(u)
4(t)	4(v)
4(u)	4(w)
4(v)	4(x)

D. The existing clauses (l), (o) under Para 4 (INTERPRETATION) shall be deleted.

E. In the SIB ESOS-2008, the explanation or description falling with the meaning of the term "Market Price" or referring to the "Market Price" shall be substituted by the meaning of the term accordingly.

F. In the SIB ESOS 2008, the term "Compensation and Remuneration Committee of the Board or "CRC" used elsewhere in the SIB ESOS 2008 shall be renamed as "Compensation Committee" or CC, as the case may be, and substituted accordingly".

G. The terms "Chairman", "Managing Director", "Whole-time Directors", "Non-Executive Directors" used elsewhere in the SIB ESOS 2008 shall be substituted by the term "Directors"

"RESOLVED FURTHER THAT subject to the aforesaid variation of the terms the existing SIB ESOS-2008 shall remain in force and Board / Compensation Committee of the Board (CC), as the case may be, shall implement the same in accordance and in compliance of the terms of the SIB ESOS-2008."

"RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Bank to do all such deeds, matters and things as may be necessary or expedient including getting the shares issued upon exercise of Options listed in one or more Stock Exchanges and to sign up agreements with Depositories and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the members of the Bank in this regard, subject to the provisions of the Guidelines."

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"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Managing Director or anyone of the Directors of the Bank."

11. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and its underlying rules as may be amended from time to time, the consent of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Bank (apart from deposits accepted in the ordinary course of business, temporary loans repayable on demand or within six months from the date of the loan or temporary loans, if any, obtained from the Bank's bankers) may exceed the aggregate of the paid-up capital of the Company and its free reserves, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of ₹6000 crore (Rupees Six Thousand crore only)."

12. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 42 and other applicable provisions, if any, of the Companies Act, 2013, as amended, and the rules made there under, Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 including any amendment, the applicable provisions of the Banking Regulation Act, 1949, as amended, and the rules, circulars and guidelines issued by Reserve Bank of India ("RBI") from time to time (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) and all other relevant provisions of applicable law(s), the provisions of the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned Statutory Authority(ies) including RBI, the approval of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as "Board" and which term shall be deemed to include any Committee of the Board or any other persons to whom powers are delegated by the Board as permitted under the Companies Act, 2013) for borrowing/raising of funds in Indian/foreign currency by issue of debt securities including but not limited to non-convertible debentures, bonds (including bonds forming part of Tier I capital/Tier II Capital in accordance with and subject to the terms and conditions specified in the Basel III Capital Regulations prescribed by RBI, long terms infrastructure bonds or such other bonds as may be permitted by RBI from time to time) in domestic and/or overseas market, on a private placement basis and /or for making offers and /or invitations therefore and /or issue(s)/issuances therefore, on private placement basis, for a period of one year from the date hereof, in one or more tranches and /or series and under one or more shelf disclosure documents and/or one or more letters of offer and on such terms and conditions for each series / tranches including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board, as per the structure and within the limits permitted by RBI, of an amount not exceeding ₹1000 crore (Rupees One Thousand crore only), within the overall borrowing limits of the Bank, as approved by the Members from time to time."

RESOLVED FURTHER THAT the Board of Directors of the Bank or any Committee of the Board or such other persons as may be authorized by the Board, be and are hereby authorized to negotiate, modify and finalize the terms and conditions of the debt securities and sign the relevant documents/agreements in connection with the private placement of the debt securities, including without limitation, the private placement offer letter (along with the application form), information memorandum, disclosure documents, debenture subscription agreement, debenture trust deed and any other documents as may be required, in connection with the offering(s), issuance(s) and / or allotment(s) on private placement of debt securities by the Bank and to further delegate the above powers to any Committee of Directors or any personnel of the Bank to act on their behalf as they may deem fit and to do all such other acts and things and to execute all such documents as may be necessary for giving effect to this resolution.

By Order of the Board of Directors

Place : Nedumbassery, Kochi
Date : June 2, 2015

(JIMMY MATHEW)
COMPANY SECRETARY

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (AGM or the Meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of himself/herself and the proxy need not be a Member of the Bank. A person can act as proxy on behalf of Members up to and not exceeding fifty and holding in the aggregate not more than ten percent of the total

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share capital of the Bank. Further, a Member holding more than ten percent, of the total share capital of the Bank carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

2. The instrument appointing proxy should, however, be deposited at the Registered Office of the Bank not less than forty eight hours before the commencement of the Meeting.
3. An Explanatory Statement setting out of the material facts pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members/Proxies should fill the Attendance Slip for attending the Meeting and bring their Attendance Slips to the Meeting.
5. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. The Register of Members and Share Transfer Books of the Bank will remain closed from Thursday the 9th day of July, 2015, to Wednesday the 15th day of July, 2015 (both days inclusive). Dividend on equity shares as recommended by the Board for the year ended March 31, 2015, if declared at the meeting, will be paid on and from Monday, July 20, 2015:
   (a) In respect of shares held dematerialized mode, to all beneficial owners as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on Wednesday, July 8, 2015, and
   (b) to those members holding shares in physical form, whose names appear in the Bank's Register of Members at the close of business hours on Wednesday, July 15, 2015 after giving effect to all valid transfers in physical form lodged with the Bank and/or its Share Transfer Agents on or before Wednesday, July 8, 2015.
8. All documents referred to in the notice are open for inspection at the Registered Office of the Bank on all working days between 10.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
9. All dividends remaining unclaimed or unpaid including the balance in Dividend Account up to and including financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Any claim in respect of transferred amounts shall be made to the Registrar of Companies, Kerala, Company Law Bhavan, Bharath Matha College P.O., Kochi – 682 021. Members may kindly note that the unclaimed/unpaid dividend amounts for the years from 1995-96 to 2006-2007 have already been transferred to the Investors' Education and Protection Fund (the Fund) as required under Section 205(A) of the Companies Act, 1956 and that no claim can be made against the dividend amounts of the above mentioned years.
10. Members may please note that there is a facility for nomination, in the prescribed form, of any person to whom shares in the Bank held by such Member shall vest in the event of his / her death.
11. Shares of the Bank are traded in dematerialized form. Members may opt for availing the benefits of electronic holding/ transfer of shares held by them.
12. Members should notify the changes in their address immediately to the Transfer Agents/Depository Participants as the case may be, giving full details in block letters with Pin Code and Post Office along with address proof and photo identity proof.
13. Members may please note that, a copy of the PAN card of the transferee must mandatorily be submitted along with the transfer deed for registering transfer of physical shares.
14. Members described as "Minors" in the address but who have attained majority of age, may get their status in Register of Members corrected by producing proof of age.
15. Members holding (physical) shares in identical order of names in more than one folio are requested to write to the Share Transfer Agents to facilitate consolidation of their holdings in one folio.
16. A brief profile of the Directors, who are appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
17. In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 as amended, the Bank is providing the 'remote e-voting' (e-voting from a place other than venue of the AGM) facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Bank to enable them to cast their votes electronically, on the resolutions mentioned in the notice of the 87th Annual General Meeting of the Bank, dated June 2, 2015 (the AGM Notice). e-voting facility to its members holding share in physical or dematerialized form, **as on the cut-off date, being Wednesday, 8th July, 2015,** to exercise their right to vote by electronic means on any or all of the business specified in the accompanying Notice (the "Remote e-voting").
    The instructions for shareholders voting electronically are as under:

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i) The remote e-voting commence on Sunday, 12th July, 2015 at 10.00 a.m. (IST) and ends on Tuesday 14th July, 2015 at 5.00 p.m. (IST). During this period shareholders of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. July 8, 2015 may cast their votes electronically. The remote e-voting module shall be disabled by CDSL for voting after 5.00 p.m. (IST) on 14th July, 2015.

(ii) The shareholders should log on to the e-voting website: www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter the **6 digits Folio Number** registered with the Company as user id (for example user id of Folio No. SIB012345 will be '012345')

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user, follow the steps given below:

	For members holding shares in Demat Form / Physical Form
PAN	• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).
	• Members who have not updated their PAN with the company / Depository Participant are requested to use the first two letters of their name (excluding any special characters, prefix like Mr, Ms, Dr etc.) and the 8 digits of the sequence number (provided in the e-mail/printed on the attendance slip) in the PAN field. • In case the sequence number is less than 8 digits, enter the applicable number of 0's between the number and the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the Company records in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

Please enter DOB or Dividend Bank Details in order to login. In case both the details are not recorded with Depository or the Company, please enter the Registered folio number/DP ID & Client ID in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote. In this case, it would be The South Indian Bank Limited.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If you as a Demat account holder have forgotten the existing password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note: for Non-Individual Shareholders and Custodians:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

NOTICE

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to: helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an e-mail to helpdesk.evoting@cdslindia.com.

18. In terms of the recent amendment to the Companies (Management and Administration) Rules, 2014 with respect to the Voting through electronic means, the Bank is also offering the facility for voting by way of physical ballot at the AGM. The Members attending the meeting should note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote at the AGM through ballot for all businesses specified in the accompanying Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall not vote at the AGM. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Bank as on the cut-off date being Wednesday, 8th July, 2015, subject to the provisions of the Banking Regulation Act, 1949, as amended.

19. The Board of Directors has appointed Dr. K. S. Ravichandran, M.Com, LLB, FCS, Ph.D., practicing Company Secretary or failing him Mr. C. V. Madhusudhanan, B.Sc, B.L, FCS, Practicing Company Secretary as the Scrutinizer to scrutinize the voting and Remote e-voting process in a fair and transparent manner.

20. Any person, who acquires shares of the Bank and become member of the Bank after despatch of the notice and holding shares as of the Cut-off date i.e July 8, 2015 may obtain the login id and password by sending a request at btschennai@gmail.com or helpdesk@btsindia.co.in or helpdesk.evoting@cdslindia.com.

21. The Results on above resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Bank and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.

22. The Results declared along with Scrutinizer's Report(s) will be available on the website of the Bank (www.southindianbank.com) within two (2) days of passing of the resolutions and communication of the same to the BSE Limited and the National Stock Exchange of India Limited.

23. In support of the "Green Initiative" announced by the Government of India, electronic copy of the Annual Report and this Notice inter alia indicating the process and manner of e-voting along with Attendance Slip and proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to the Bank / Depository Participants unless member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of this Notice inter alia indicating the process and manner of e-voting along with attendance slip and proxy form will be sent to them in the permitted mode. Further, in terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, a company may give notice through electronic mode addressing to the person entitled to receive such e-mail as per the records of the company or as provided by the depository, provided that the company shall provide an advance opportunity atleast once in a financial year, to the member to register his e-mail address and changes therein and such request may be made by only those members who have not got their e-mail id recorded or to update a fresh e-mail id and not from the members whose e-mail ids are already registered.

    In view of the above, the Bank hereby requests the members who have not updated their e-mail IDs to update the same with their respective Depository Participant(s) or M/s BTS consultancy Services Private Limited, Registrar and Transfer Agent (R&T) of the Bank as applicable. Further, members holding shares in electronic mode also requested to ensure to keep their e-mail addresses updated with the Depository Participants/R&T of the Bank. Members holding shares in physical mode are also requested to update their e-mail addresses by writing to the R &T of the Bank quoting their folio number(s).

24. All communications/correspondence with regard to Equity Shares and dividend may be forwarded to the Share Transfer Agents at the address given below:

    M/s BTS Consultancy Services Pvt. Ltd.,
    M S Complex, 1st Floor, No. 8, Sastri Nagar, Near 200 Feet Road / RTO Kolathur,
    Kolathur, CHENNAI – 600 099
    Phone- 044-25565121, Fax No. 044-25565131
    E-mail: ramesh@btsindia.co.in, helpdesk@btsindia.co.in

NOTICE

Statement of material facts as required under Section 102(1) of the Companies Act, 2013 annexed to and forming part of the Notice dated June 2, 2015:

Item No. 05

Smt. Ranjana S. Salgaocar (DIN-00120120), appointed as Additional Director of the Bank w.e.f. October 1, 2014 pursuant to the requirement of Companies Act, 2013 and SEBI guidelines that each listed company shall have a Woman Director on its Board on or before March 31, 2015, holds office up to the date of this Annual General Meeting of the Bank and is eligible for appointment.

In terms of Section 160 of the Companies Act, 2013, the Bank has received a notice in writing along with a deposit of ₹1,00,000/- from a Member signifying his intention to propose the candidature of Smt. Ranjana S. Salgaocar for the office of Directors. Further, in terms of Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors has reviewed the declaration made by her that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that she fulfills the conditions specified in the Companies Act, 2013 and the rules made there under and is independent of the management.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years. Further, in terms of Section 10A(2A) of the Banking Regulation Act, 1949, no director of a banking company, other than its Chairman or whole-time director, by whatever name called, shall hold office continuously for a period exceeding eight years. Further, Smt. Ranjana S. Salgaocar's appointment is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949, and in the opinion of the Board also, she fulfills the conditions specified under the Companies Act, 2013 for such an appointment.

The detailed profile of Smt. Ranjana S. Salgaocar, Directorship and Committee position held by her in other Companies are included in the report on Corporate Governance forming part of the Annual Report.

Accordingly, the Directors recommend the Resolution for the appointment of Smt. Ranjana S. Salgaocar as Independent Director, not liable to retire by rotation, for a period of five years.

Save and except Smt. Ranjana S. Salgaocar, none of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the above Resolution

Item No. 06

Sri Parayil George John Tharakan (DIN-07018289), appointed as Additional Director of the Bank w.e.f. November 25, 2014 holds office up to the date of this Annual General Meeting of the Bank and is eligible for appointment.

In terms of Section 160 of the Companies Act, 2013, the Bank has received a notice in writing along with a deposit of ₹1,00,000/- from a Member signifying his intention to propose the candidature of Sri Parayil George John Tharakan for the office of Directors. Further, in terms of Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors has reviewed the declaration made by him that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that he fulfills the conditions specified in the Companies Act, 2013 and the rules made there under and is independent of the management.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years. Further, in terms of Section 10A(2A) of the Banking Regulation Act, 1949, no director of a banking company, other than its Chairman or whole-time director, by whatever name called, shall hold office continuously for a period exceeding eight years. Further, Sri Parayil George John Tharakan's appointment is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949, and in the opinion of the Board also, he fulfills the conditions specified under the Companies Act, 2013 for such an appointment.

The detailed profile of Sri Parayil George John Tharakan, Directorship and Committee position held by him in other Companies are included in the report on Corporate Governance forming part of the Annual Report.

Accordingly, the Directors recommend the Resolution for the appointment of Sri Parayil George John Tharakan as Independent Director, not liable to retire by rotation, for a period of five years .

Save and except Sri Parayil George John Tharakan, none of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the above Resolution.

NOTICE

Item No. 07

In accordance with the provisions of Section 139 and Section 143(8) of the Companies Act, 2013/RBI and other regulatory requirements the shareholders of the Bank may authorize its Board of Directors to appoint branch auditors for those branches, which are not proposed to be audited by the auditors of the Bank, in consultation with the Bank's Central Statutory Auditors.

Accordingly, your Directors recommend the adoption of the Resolution No. 7 of the Notice.

None of the Directors, Key Managerial Personnel or relatives thereof are, in any way, concerned or interested in this resolution.

Item No. 08

Sri Amitabha Guha (DIN-02836707), aged 66, having substantial experience in the Banking Industry and served in various verticals of the State Bank Group. He retired as the Dy. Managing Director of State Bank of India in November, 2008. Earlier he was Managing Director of State Bank of Hyderabad and State Bank of Travancore. He is a Post Graduate from Calcutta University. Sri Guha was appointed on the Board of the Bank on 31st August, 2010 as a Non-Executive Director and appointed as Part-time Non-Executive Chairman of the Bank for a period of 3 years w.e.f. 2nd November, 2010 on the recommendation of the Board and approved by Reserve Bank of India. He has been re-appointed as Part-time Non-Executive Chairman of the Bank for a further period of three years with effect from 2nd November 2013 on the terms and conditions of appointment approved by the shareholders of the Bank at the 85th Annual General Meeting held on 28th June 2013 and by Reserve Bank of India.

The Reserve Bank of India, vide its letter DBR. Appt.No.9820/08.51.001/2014-15 dtd. 1st January, 2015, in terms of Section 35B of the Banking Regulation Act, 1949 had fixed his monthly honorarium as ₹1,30,000/- per month as approved by the Board and Shareholders of the Bank.

During his association with the Bank, over last 4 years, as Non-Executive Chairman, he has contributed immensely to the progress of the Bank and has played a vital role in improving the functioning of the Bank. Considering his highly satisfactory performance, the Board of Directors at their meeting held on May 5, 2015 based on the recommendation of the Compensation & Remuneration Committee, have decided to recommend the following revision in remuneration effective from 1st April, 2015 subject to approval of the Reserve Bank of India.

1. Honorarium of ₹50,000/- (Rupees Fifty thousand only) per month and Sitting fees, fixed from time to time, for attending the meetings of Board and Committees of the Board.
2. Telephone Allowances : ₹5000 per month for domestic use and reimbursement of actual expenses for usage in outside India on official duty.
   - All other existing terms and conditions approved by shareholders of the Bank at 85th Annual General Meeting held on June 28, 2013 and RBI vide letter DBR. Appt.No.9820/08.51.001/2014-15 dtd. 1st January, 2015 shall remain continue.

Accordingly, your Directors recommend the Ordinary Resolution for the approval of the shareholders for above revision in remuneration payable to Sri Amitabha Guha, Part-time Non-Executive Chairman w.e.f. April 1, 2015 subject to the approval of Reserve Bank of India.

Save and except Sri Amitabha Guha, none of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the above Resolution

Item No. 09

The present authorized capital of the Bank is ₹250 crore and the Issued and Paid-up Capital of the Bank as on March 31, 2015 is ₹135.01 crore divided into 135,01,52,036 Equity shares of ₹1/- each. The Bank has implemented SIB Employees Stock Option Scheme (SIB ESOS 2008) for issue of 5% paid-up capital of the Bank at any point of time. When fully granted shares as on March 31, 2015 are exercised the issued, subscribed and paid up capital will be ₹137,49,19,026 divided into 137,49,19,026 Equity shares of ₹1/- each.

The Bank's Capital to Risk Weighted Assets Ratio (CRAR) as on 31.03.2015 stood at 12.01% under Basel III and 12.06% under Basel II, which was 12.42% and 12.53% respectively as on 31.03.2014 against the regulatory requirement/prescribed minimum of 9%. Owing to the growth in asset base during the year 2015-16, the CRAR has come down. Without infusing additional capital by March, 2016 the CRAR is to be expected to come down below 12%. Our business projection for the current year is ₹1,07,500 crore and we propose to maintain a capital adequacy ratio of above 12%.

As you may be aware, a banking Company requires adequate capital not only to meet the needs of growing business, but also to meet the regulatory requirements that apply. As business grows, capital requires to be augmented. The objective of every commercial enterprise is to grow. Added to the economic and regulatory factors, innovative technological banking methods to be introduced and such methods to be not only updated, but also have to be upgraded from time to time.

NOTICE

The bank has been continuing to grow organically and has shown steady growth during the last few years. The Bank foresees rise in demand for credit in various sectors and in Retail Banking market and success in availing a strong share in this business opportunity rests on the ability of the Bank to raise funds by way of Equity Shares during the financial year. As a proactive move to leverage the available business opportunities and for maintaining appropriate regulatory capitalization levels, the Bank proposes to increase the issued and paid-up capital up to the extent of ₹20 crore by issue of further Equity Shares of face value of ₹1/- each with such premium as the Board may decide.

The exact nature, proportion, size and timing of the issue of Securities will also be decided by the Board based on an analysis of the specific requirements after consulting all concerned.

Globalization has created a favourable investment climate and investors in the international markets look forward for good and viable investment opportunities. Thus it is considered prudent to raise additional funds through an issue of securities by way of a Qualified Institutional Placement (QIP) in Indian and/or International markets, of further equity shares and/or securities convertible into equity shares, including Global Depository Shares (GDSs) / Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Foreign Currency Convertible Bonds (FCCBs) and / or Debentures or Bonds convertible into equity shares whether fully or partly and whether compulsorily or at the option of the Bank or the holders thereof and/or any security linked to equity shares with or without detachable or non-detachable warrants.

The Resolution is proposed to be passed as a Special Resolution pursuant to Section 62(1) (c) and other applicable provisions of the Companies Act, 2013.

Section 62 (1) of the Companies Act, 2013, provides, inter alia, that where it is proposed to increase the subscribed share capital of the Bank by issue and allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Bank, in proportion to the capital paid-up on those shares as of that date. Such issue is generally known as the Rights Issue. The Listing Agreements also stipulate that unless the shareholders in a general meeting decide by way of a special resolution, shares cannot be issued except by way of a Rights Issue.

Since, the special Resolution proposed in the business of the Notice may result in the issue of Equity Shares of the Bank to persons other than shareholders of the Bank, consent of the shareholders is being sought pursuant to the provisions of Section 62(1) (c) and other applicable provisions of the Companies Act, 2013 as well as applicable rules notified by the Ministry of Corporate Affairs and in terms of the provisions of the Listing Agreements executed by the Bank with the stock exchanges where the Equity Shares of the Bank are listed.

The Special Resolution under this item seeks the consent of the shareholders to make an issue of securities. The proposal also seeks to confer upon the Board absolute discretion to determine the mode, structure, price, number of shares to be issued and timing of the issue(s). The Board will fix the detailed terms of the final size of the offering, mode, exact timing, pricing of the issue and other related aspects after careful analysis and in consultation with the merchant/investment bankers, book runners and/ or lead manager(s) and/or underwriter(s) and/or advisor(s) and/or such other person(s), keeping in view of the prevailing market conditions and in line with the extant guidelines issued by SEBI, RBI or any other statutory and/or other regulatory authorities.

In light of the proposed raising of capital and consequent listing of the Equity Shares, the foreign shareholding of the Bank may increase beyond 49% of the Bank's paid up Equity Share capital. Furthermore, in order to enhance the liquidity of the Equity Shares, and to permit eligible foreign investors to purchase the Equity Shares on the stock exchanges without breaching the existing foreign direct investment limits, the Bank may also make appropriate applications to the regulatory authorities of the Government of India for increase in the foreign direct investment limits after the passing of this resolution.

The pricing of the Securities that may be issued to qualified institutional buyers pursuant to a qualified institutions placement shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the ICDR Regulations and other applicable provisions. The Bank may, in accordance with applicable law, offer a discount of not more than 5% or such percentage as permitted under applicable law on the price determined pursuant to the ICDR Regulations. The "Relevant Date" for this purpose will be the date when the Board or the Committee of the Board decides to open the Qualified Institutional Placement for subscription.

The proposed offer is in the interests of the Company and the Directors recommend the passing of the resolution under this item as a special resolution.

None of the Directors or Key Managerial Personnel of the Bank or their relatives is in anyway interested or concerned in the bove resolution, except to the extent of the equity shares of the Bank held by him/her or their relatives.

NOTICE

Item No. 10

The Employees Stock Option Scheme (SIB ESOS 2008) was created in the year 2008 as an effective tool to attract, reward, retain and motivate the employees, after obtaining the approval of shareholders at the 80th Annual General Meeting held on August 18, 2008 and further amended by shareholders vide their resolution at the 85th Annual General Meeting of the Bank held on 28th June, 2013.

The Bank has up to March 31, 2015 granted an aggregate 5,68,43,600 options under 7tranches in terms of SIB ESOS 2008 to Eligible Employees aggregating 4.21% of the issued and paid-up Capital of the Bank as at March 31, 2015.

The Securities and Exchange Board of India (SEBI) promulgated SEBI (Share Based Employee Benefits) Regulations, 2014 (new Regulations) vide its Notification dated 28th October, 2014 which replaced the SEBI (Employee Stock Option Scheme and Employee Share Purchase Scheme) Guidelines, 1999 (Guidelines) under which the SIB ESOS 2008 was formulated. The SEBI had provided one year transition period for listed entities who have implemented under the erstwhile Guidelines to amend their schemes in tune with the new Regulations.

Accordingly, the Board at its meeting held on June 2, 2015 proposed certain amendments to SIB ESOS 2008 in line with the new Regulations which has the effect of varying the terms of the existing SIB ESOS 2008, details of which are provided in the resolution. The variation of the terms in the existing SIB ESOS 2008 can be summarized as under:

a. The term "Director" have been to exclude Independent Director from the scheme and accordingly Independent Directors are not entitled for grant of Options under SIB ESOS 2008.

b. The Compensation and Remuneration Committee under the SIB ESOS 2008 has been re-christened as "Compensation Committee" and it will be the Nomination and Remuneration Committee as provided under Section 178 of the Companies Act, 2013

c. The term Market Price has been amended to be linked to a "Relevant Date" which shall be the date of the meeting of the Compensation Committee convened to grant options and the market price of the shares of the Bank on that date will determine the price of the shares on the date of Grant. Similarly the market price of the shares on the date of exercise of options will determine the Exercise Price. Further the Compensation Committee has been provided the liberty to freely price the options.

In terms of Para 9.10 of the SIB ESOS 2008 read with the Regulations stipulates the following conditions:

- That the proposed variation to the scheme should not be detrimental to the interests of the employees
- That the company may by special resolution in a General Meeting vary the terms of SIB ESOS 2008 to govern the Options yet to be granted and Options granted but yet to be exercised under the said Scheme.

The proposed variation is of general nature and it applies to all present and future employees. It is not detrimental to the interests of employees. A copy of the scheme 'as amended' is available for inspection by members during working hours at the registered office of the Bank until the date of the Annual General Meeting.

Accordingly the resolution set as item No. 10 is being placed for the approval of shareholders as Special Resolution.

The Board of Directors recommends the Resolution as set out in item No.10 for the approval of the members.

The Directors and Key Managerial Personnel of the Bank may be deemed to be concerned or interested in the resolution, to the extent of the options/shares that may be offered to them under the scheme.

Item No. 11

In terms of Section 180(1)(c) of the Companies Act, 2013, borrowings by the Company (apart from the deposits accepted in the ordinary course of business by the Company, temporary loans repayable on demand or within six months from the date of the loan, and temporary loans, if any, obtained from the Company's bankers, other than loans raised for the purpose of financing expenditure of a capital nature), in excess of the paid-up capital of the Company and its free reserves, require the approval of the Members by way of special resolution.

The Shareholders of the Bank at their meeting held on June 28, 2013 had increased the borrowing powers of the Bank to ₹5000/- crore (Rupees Five Thousand crore) pursuant to the prevailing Section of 293(1)(d) of the Companies Act, 1956. In supersession of the said resolution passed under Section 293(1) (d), the members of the Bank at 86th Annual General Meeting held on July 16, 2014, by way of Special Resolutions and in pursuance of the provisions of Section 180(1) (c), authorized the Board of Directors to borrow monies as and when required in excess of the paid-up capital and free reserves of the Bank such that the aggregate borrowing of the Bank shall not at any time exceed ₹5,000 crore (Rupees Five Thousand crore Only).

Under Section 180 of the Act, the above powers of the Board are required to be exercised only with the consent of the company by a Special Resolution.

NOTICE

The Bank is eligible for drawing refinance from Reserve Bank of India and/or other institutions against certain types of advances. Moreover to maintain statutory reserves, the Bank may have to borrow monies from Reserve Bank of India and/or other banks in substantial sums. The Bank has issued unsecured subordinated bonds during earlier years in different tranches to augment its Tier II Capital and the Bank has further headroom for issuing various permitted debt securities. Further, considering the substantial growth in business and operations of the Bank, opportunity to raise attractive borrowings as per the recent guidelines of the Reserve Bank of India on Issue of Long Term Bonds by Banks for financing of Infrastructure and Affordable Housing, relaxation in Basel III guidelines on limit of Tier II capital to be considered for Capital Fund purpose, your approval is being sought to increase the borrowing limits from ₹5,000 crore (Rupees Five Thousand crore) to ₹6,000 crore (Rupees Six Thousand crore).

Further, the approval is being sought for ₹1,000 crore of borrowing/raising funds in Indian /foreign currency by issue of debt securities by the Bank in one or more tranches in item No. 12 of this Notice which will be within the overall borrowing limits of the Bank as proposed hereby and as may be approved by the Members, from time to time.

The Directors recommend the Resolutions at Item No. 11 of the accompanying Notice for the approval of the Members of the Company by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item No. 11.

Item No. 12

The Bank has been borrowing funds to meet the business requirements within the limits approved by the shareholders by way of issuance of various debt securities (bonds/debentures) as permitted by Reserve Bank of India ("RBI") and in accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, and other applicable laws, from time to time.

In terms of Section 42 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company can make private placement of securities subject to the condition that the proposed offer of securities or invitation to subscribe securities has been previously approved by the Members of the Company, by a special resolution, for each of the offers or invitations/ subscriptions. In case of offer or invitation for subscription of non-convertible debentures, it shall be sufficient if the Company passes a special resolution only once in a year for all the offers or invitation for subscription of such debentures during the year.

Further, considering the attractive features of the revised guidelines issued by RBI on issue of long term bonds/Basel III Tier I / Tier II bonds and the fact that these bonds will also assist the Bank in reducing asset-liability mismatches, the Board of Directors has proposed to obtain the consent of the members of the Bank for borrowing/ raising funds in Indian/ foreign currency by issue of debt securities pursuant to the relevant provisions of the applicable circulars or guidelines issued by RBI, upto ₹1000 crore (Rupees One Thousand crore only), in one or more tranches in domestic and /or overseas market, as per the structure and within the limits permitted by RBI and other regulatory authorities, to eligible investors on private placement basis, on such terms and conditions as the Board of Directors or any Committee(s) thereof or such other persons as may be authorized by the Board, from time to time, determine and consider proper and appropriate for the Bank. This would form part of the overall borrowing limits under Section 180(1)(c) of the Companies Act, 2013. The Resolution under Section 42 of Companies Act, 2013 shall be valid for a period of one year from the date of passing of this resolution.

The pricing of the debt securities referred above depends primarily upon the rates prevailing for risk free instruments, rates on other competing instruments of similar rating and tenor in the domestic or overseas markets, investor appetite for such instruments and investor regulations which enable investments in such instruments.

Further, debt securities would be issued for cash either at par or premium or at discount to the face value depending upon the prevailing market conditions, as permitted under the Laws.

Accordingly, the approval of Members is being sought by way of special resolution as set out at in Item No. 12 of this Notice for borrowing/raising funds in Indian/ foreign currency by issue of debt securities on private placement basis.

None of the Directors or Key Managerial Personnel and their relatives are in any way, concerned or interested in this resolution.

By Order of the Board of Directors

Place : Nedumbassery, Kochi
Date : June 2, 2015

(JIMMY MATHEW)
COMPANY SECRETARY

ATTENDANCE SLIP
THE SOUTH INDIAN BANK LIMITED

CIN: L65191KL1929PLC001017

Regd. Office: SIB House, T. B. Road, Mission Quarters, Thrissur – 680 001

87th Annual General Meeting

Wednesday, July 15, 2015 at 10.00 a.m.

Members Folio/DP ID & Client ID No.	
Name and Address of the Member	

I/We hereby record my/our presence at the Eighty Seventh Annual General Meeting held at Casino Cultural Auditorium, Thrissur.

…….. ……

Member's/ Proxy's name In Block Letters Member's/Proxy's Signature

Note:

1. Please complete the name, Sign this Attendance Slip and hand it over at the Attendance verification counter at the Entrance of the Meeting Hall.
2. Members are requested to bring this slip along with them as duplicate slips will not be issued at the venue of the meeting.

Note: PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING

SOUTH INDIAN Bank
Experience Next Generation Banking

PROXY FORM

THE SOUTH INDIAN BANK LIMITED

CIN: L65191KL1929PLC001017

Regd. Office: *S I B House, Mission Quarters, T B Road, Thrissur 680 001, Kerala, India*

website: www.southindianbank.com Tel: +91 487 2420020 e-mail: head@sib.co.in, ho2006@sib.co.in

87th Annual General Meeting

Wednesday, July 15, 2015 at 10.00 a.m.

I/We being the member(s), holding ……..……. shares of the above named Company hereby appoint:

(1) Name: ……

Address: ……

E-mail Id: ……..Signature: ……..……, or failing him/her;

(2) Name: ……

Address: ……

E-mail Id: ……..Signature: ……..……..……..

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 87th Annual General Meeting of the Company, to be held on Wednesday July 15, 2015 at 10.00 a.m. at Casino Cultural Auditorium, Thrissur and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions		Optional*	
No.	Ordinary Business	For	Against
1.	To Adopt Financial Results for the year ended 31st March, 2015.		
2.	To declare a dividend		
3.	To Appoint M/s Deloitte Haskins & Sells, as Statutory Central Auditors of the Bank and fixing their remuneration.		
4.	To appoint Sri Cheryan Varkey, who retires by rotation and being eligible offers himself for re-appointment		
	Special Business		
5.	To appoint Smt. Ranjana S. Salgaocar as an Independent Director (in minority sector)		
6.	To appoint Sri Parayil George John Tharakan as an Independent Director (in majority sector)		
7.	To appoint Branch Auditors in consultation with Statutory Auditors.		
8.	To revise the remuneration payable to Sri Amitabha Guha, Part-time Non-executive Chairman with effect from April 1, 2015		
9.	To Augment the paid up share capital of the bank by further issue of shares.		
10.	To modify SIB ESOS 2008 in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014		
11.	To increase the borrowing power of the Bank pursuant to Section 180(1)(c) of the Companies Act, 2013.		
12.	To Approve the borrowing / raising funds in Indian /foreign currency by issue of debt securities upto ₹1,000 crore on private placement basis		

Signed this…….. day of…….. 2015.

Signature of Proxy holder(s) ……

Affix Revenue Stamp not less than Re. 1

Signature of the Shareholder

Note: (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Bank, not less than 48 hours before the commencement of the Meeting.

(2) For Resolutions, Explanatory Statements and Notes, please refer to the Notice of 87th Annual General Meeting.

(3) It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

(4) Please complete all details including details of member(s) in above box before submission.

FORMAT FOR REGISTERING EMAIL ID

To

M/s BTS Consultancy Services Pvt. Ltd.
Unit: South Indian Bank Ltd.
MS Complex, 1st Floor, No. 8, Sastri Nagar
Near 200 Feet Road / RTO Kolathur
Kolathur, CHENNAI – 600 099
Tel : 044 - 2556 5121
Fax : 044 - 2556 5131
Email : helpdesk@btsindia.co.in

FOR SHARES HELD IN PHYSICAL MODE

Please complete this form and send it to
M/s BTS Consultancy Services Pvt. Ltd., Chennai

SHAREHOLDERS HOLDING SHARES IN DEMAT MODE

Should inform their DPs directly

Sub: Registering of e-mail address for service of documents through e-mail

I hereby request the Bank to register my e-mail address given below and give consent for service of documents including the notice of shareholders' meeting and Postal Ballot, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report etc. through e-mail;

1. Folio No. :
2. Name of the 1st Registered Holder :
3. E-mail address :

Signature of the 1st registered holder as per
the specimen signature with the company

Name :

Place :

Date : ___/___/___

SOUTH INDIAN Bank
Experience Next Generation Banking

ECS MANDATE FORM

To

M/s BTS Consultancy Services Pvt. Ltd.
Unit: South Indian Bank Ltd.
MS Complex, 1st Floor, No. 8, Sastri Nagar
Near 200 Feet Road/RTO Kolathur
Kolathur, CHENNAI – 600 099
Tel: 044-2556 5121
Fax: 044-2556 5131
email: helpdesk@btsindia.co.in

FOR SHARES HELD IN PHYSICAL MODE

Please complete this form and send it to
M/s BTS Consultancy Services Pvt. Ltd., Chennai

SHAREHOLDERS HOLDING SHARES IN DEMAT MODE
Should inform their DPs directly

I hereby consent to have the amount of dividend on my equity shares credited through the Electronic Clearing Service (Credit Clearing) – (ECS). The particulars are :

1) Folio No. : _____

2) Name of the 1st Registered Holder : _____

3) Bank Details :
   - Name of the Bank : _____
   - Full Address of the Branch : _____
     _____
   - Complete Account Number : _____
   - Account Type : (Please tick the relevant box for Savings Bank A/c, Current A/c or Cash Credit A/c)

☐ 10-Savings	☐ 11-Current	☐ 12-Cash Credit

   - 9 Digit Code Number of the Bank and Branch appearing on the MICR Cheque issued by the Bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number).

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I will not hold the company responsible.

_____
Signature of the 1st Registered holder as per the specimen signature with the Company

Name : _____

Date:__/___/ 2015

Address: _____

Note:

1. This form should be submitted to our Share Transfer Agents at the address given above to reach them on or before July 8, 2015 for receipt of dividend declared, if any, for the financial year 2014-15.
2. This form is meant for shareholders holding shares in physical mode.
3. Shareholders holding shares in Demat mode should register their ECS particulars with their Depository Participants (DPs).

TOP PERFORMERS MEET IN RUSSIA

Top Performers Meet held in Russia. His Excellency P. S. Raghavan, Indian Ambassador to Russian Federation felicitated the winners in the presence of Sri. Amitabha Guha, Chairman, Dr. V.A. Joseph, erstwhile MD & CEO, Sri. V.G. Mathew, MD & CEO and Sri. Abraham Thariyan, Former Executive Director of the Bank.

BEST BANK (PRIVATE SECTOR) IN THE BFSI AWARDS – 2015

Sri. A. G. Varughese, Senior Vice President (Operations) receives the 'Best Bank (Private Sector) in the BFSI (Banking, Financial Services and Insurance) Awards 2015', instituted by ABP News from Sri. Geoffrey Lorigan, Founder and Director, Institute for Strategic Leadership, New Zealand in the presence of Sri. Benoy Varghese, General Manager, South Indian Bank.

OUTSTANDING BEST PRACTICES AWARD 2014

Sri. V.L. Paul, General Manager (Admin) receiving the Outstanding Best Practices Award 2014 instituted by Banking Frontiers from Sri. C.P. Giri Shankar, CEO – GS ventures in the presence of Sri. Murali N.A., General Manager – Treasury, Sri. Benoy Varghese, General Manager, Ms. Anjali Byce, Director, HR-SKF, Mr. Vinit Goenka, National Convener, IT Cell, BJP and Mr. Allen Pereira, Former Director, NIBM.

LAUNCH OF NEW MASTERCARD VARIANT

Sri. V.G. Mathew, MD & CEO and Sri. Vikas Varma, MasterCard Worldwide's South Asia Area Head jointly launch the new MasterCard variant in the presence of Sri. Rajesh Singh, MasterCard Worldwide's VP-Business Development, Sri. Joseph George Kavalam, Senior Vice President (Admin), Sri. A. G. Varughese, Senior Vice President (Operations), Sri. Raphael T.J., GM – Marketing, Sri. John Thomas, GM – Information & Communication Technology, Sri. Sony A., DGM – IT & Marketing.

BANKING TECHNOLOGY EXCELLENCE AWARD

Sri V.G. Mathew, MD & CEO receiving the 'Banking Technology Excellence Award' from Dr. Raghuram Rajan, RBI Governor, in the presence of Sri. R. Gandhi, RBI Dy. Governor and IDRBT Chairman and Sri. John Thomas, GM – Information & Communication Technology.

RELEASING OF THE COFFEE TABLE BOOK

Sri. Oommen Chandy, Hon. Chief Minister, Govt. of Kerala releasing the Coffee Table book 'A Southern Odyssey – The Story of South Indian Bank' by handing over the first copy to Padmasree M. A. Yousaf Ali, MD of Lulu Group of Companies in the presence of Sri. K. M. Mani, Finance Minister, Govt. of Kerala, Sri. Hybi Eden, MLA, Sri. Thomas Chandy, MLA, Dr. V.A. Joseph, erstwhile MD & CEO, Sri. V.G. Mathew, MD & CEO and Sri. Abraham Thariyan, Former Executive Director of the Bank.

SOUTH INDIAN Bank

Experience Next Generation Banking

The South Indian Bank Ltd.,
Regd. Office, SIB House
T.B. Road, Mission Quarters, Thrissur-680 001, Kerala, India.
Telephone Nos: +91-487-2420020, 2420058, 2420113
Email: ho2006@sib.co.in, Website: www.southindianbank.com
CIN : L65191KL1929PLC001017

South Indian Bank is a member of BCSBI and is committed to treat customers in a fair, transparent and non-discriminatory manner.