SOUTH INDIAN Bank

REF. No. : SEC/ST.EX.STT/ ২৭৭ /2018-19 June 16, 2018

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

SCRIP CODE: SOUTHBANK

Dear Sirs,

Sub: Intimation of 90th Annual General Meeting of The South Indian Bank Ltd.

We wish to inform you that the 90th Annual General Meeting of the shareholders of The South Indian Bank Ltd. will be held at Casino Cultural Auditorium Ltd., T. B. Road, Thrissur – 680 001, on Wednesday, July 11, 2018 at 10 a.m.

The agenda of the AGM inter alia includes the following:-

1. Raising of funds by way of issuance of equity capital uptoRs.20 crores in one or more Tranches on such terms and conditions as it may deem fit, subject to approval of the Shareholders. The Board of Directors could consider and approve proposals for issuance of equity capital including but not limited through rights-cum public issue, public issue, private placement, preferential issue and/ or Qualified Institutions Placement (QIP) or any other international offering like Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs)/ Foreign Currency Convertible Bonds (FCCBs) or any other appropriate route subject to applicable regulatory approvals, if any.

2. To increase borrowing power from the present limit of Rs.10,000 Crores (Rupees Ten Thousand Crores) to Rs.12,000 Crores (Rupees Twelve Thousand Crores)pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 subject to the approval of Shareholders in the ensuing Annual General Meeting.

3. Raising of funds in Indian/ foreign currency by way of issuance of debt securities including but not limited to non-convertible debentures, Bonds (including bonds forming part of Tier I/ Tier II capital in accordance with and subject to the terms and conditions specified in the Basel III Capital Regulations prescribed by RBI, long-term infrastructure bonds or such other securities as may be permitted by RBI from time to time) up to Rs.500 crores by the Bank, 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, as per the agreed structure and within the limits permitted by RBI and other regulatory authorities, to eligible investors, subject to approval of the Shareholders (in terms of Section 42 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the SEBI LODR Regulations and other applicable laws, if any, subject to regulatory approvals, as may be required).

We enclose herewith copy of the 90th AGM Notice and the Annual Report for the FY 2017-18 .

These documents are also made available on the website of the bank, www.southindianbank.com.

We request you to take the above information in record.

Yours faithfully,

(JIMMY MATHEW)
COMPANY SECRETARY

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NOTICE is hereby given that the 90th 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 11, 2018 at 10 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Bank's Audited financial statements, including audited Balance Sheet as at 31st March, 2018 and 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 dividend.
3. To appoint a Director in the place of Sri Achal Kumar Gupta (DIN: 02192183) who retires by rotation under Section 152 of Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. **To appoint Statutory Central Auditors and to authorize the Board to fix their remuneration:**

   "RESOLVED that pursuant to the provisions of Sections 139, 141, 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 ("RBI") and such other regulatory authorities, as may be applicable, M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai (Firm Regn. No. 301003E/E300005), 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 next Annual General Meeting of the Bank on such remuneration as shall be decided by the Board of Directors or any Committee thereof."

SPECIAL BUSINESS:

5. **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 for the audit of the Bank's branches for the financial year 2018-19 and to appoint and fix the remuneration of branch auditors in consultation with the Central Statutory Auditors for the purpose."

6. **To consider and if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:**

   "RESOLVED that pursuant to the provisions of Sections 152 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 reenactment(s) thereof for the time being in force) and the rules, circulars and guidelines issued by the Reserve Bank of India, Mr. Salim Gangadharan (DIN: 06796232) who was appointed as a Director pursuant to Section 149 and other applicable provisions, if any of the Companies Act, 2013 be and is hereby appointed as a Director of the Bank, liable to retire by rotation."

7. **To consider and if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:**

   RESOLVED that pursuant to 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, (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force), 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, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) read with provisions of the Articles of Association of the Bank, Sri V. J. Kurian (DIN: 01806859), who was appointed as an Additional Director pursuant to Section 161(1) of the Companies Act, 2013 on 23rd March, 2018 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, for the purpose of Section 149 of the Companies Act, 2013 for a period of five (5) years, not be liable to retire by rotation."

8. **To consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolution:**

   "RESOLVED that pursuant to the provisions of Sections 149 Schedule IV 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, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) read with provisions of the Articles of Association of the Bank, Dr. John Joseph Alapatt (DIN: 00021735), in respect of whom the Bank has received a notice in writing, proposing his candidature for the office of director, be and is hereby re-appointed as an Independent Director of the Bank with effect from 1st April, 2019 and that he shall hold office up to 23rd September, 2020, not be liable to retire by rotation."

9. **To consider and if thought fit, to pass, with or without modification, the following resolution as Special Resolution:**

   "RESOLVED that pursuant to the provisions of Sections 149 Schedule IV 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, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) read with provisions of the Articles of Association of the Bank, Mr. Francis Alapatt (DIN: 01419486), in respect of whom the Bank has received a notice in writing, proposing his candidature for the office of director, be and is hereby re-appointed as an Independent Director of the Bank with effect from 1st April, 2019 and that he shall hold office up to 31st October, 2021, not be liable to retire by rotation."

10. **To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:**
    "RESOLVED that in supersession of the resolution passed by the Members of the Bank on 11th July, 2017 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Bank, the consent of the Members 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 be deemed to include any Committee thereof or any other person(s) for the time being exercising the powers conferred on the Board by this Resolution and as may be authorized by the Board in that behalf) to borrow such sum of money in any manner, from time to time, upon such terms and conditions as they may think fit, notwithstanding that the money to be borrowed 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 bankers of the Bank) may exceed the aggregate of the paid-up share capital of the Bank and its free reserves & securities premium, that is to say, reserves not set apart for any specific purposes, and determine, fix, arrange or agree to the terms and conditions of all such monies borrowed/to be borrowed from time to time, provided that the total amount so borrowed by the Board and outstanding at any time shall not at any time exceed the limit of ₹12,000 Crore (Rupees Twelve Thousand Crore only) and/or in any other equivalent foreign currency."

    RESOLVED FURTHER that the Board be and is hereby authorized to take, from time to time, all decisions and steps as the Board may deem fit, necessary or expedient or proper to give effect to this Resolution and give such directions as may, in its absolute discretion, deem fit or necessary and to settle any question that may arise in this regard."

11. **To consider and if thought fit, to pass, with or without modification, the following resolution 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, amendments thereto, and rules made thereunder including any statutory modification and/or re-enactment thereof for the time being in force (the "Act"), the Banking Regulation Act, 1949 as amended, the Securities and Exchange of Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI LODR Regulations"), the Foreign Exchange Management Act, 1999 ("FEMA"), as amended, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 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, the Reserve Bank of India, the Securities and Exchange Board of India ("SEBI") including the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended ("SEBI ICDR Regulations") or any other competent authority, whether in India or abroad, from time to time and in accordance with the relevant provisions of the Memorandum of Association and Articles of Association of The South Indian Bank Limited (the "Bank") and subject to all necessary approvals, consents, permissions and/or sanctions of the Ministry of Finance (Department of Economic Affairs), the Department of Industrial Policy & Promotion, Government of India ("GoI"), the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), the stock exchanges on which Bank's equity shares or any other securities are listed (the "Stock Exchanges"), lenders and all other appropriate and/or relevant/concerned authorities/third parties 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

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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 and/or combination thereof of equity shares of the Bank ("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 "Securities") to all eligible investor(s), 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 portfolio investors (FPIs), 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 of ₹20.00 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, in such form and manner and on such terms and conditions as may be deemed appropriate by the Board like price or prices, premium, interest or additional interest, number of 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 QIPs to 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 Bank 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 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 issue of securities made by way of a QIP shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI (ICDR) Regulations. The Board may, however, 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 applicable SEBI Regulations, from time to time;
vi. the allotment to each 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

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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, 2017, as amended, the Consolidated FDI Policy Circular of 2017, as amended, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, from time to time, the 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, Ministry of Finance, 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 by the authority of this resolution to 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 non-resident/foreign investor(s) (whether institutions and/or incorporated bodies and/or individuals and/or trusts and/or otherwise)/foreign portfolio investors (FPIs)/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 up to 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.

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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".

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 thereunder, 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 statutory authority(ies) concerned, 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 securities 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 the RBI, of an amount not exceeding ₹500.00 Crore (Rupees Five Hundred 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

Place : Nedumbasserry
Date : June 6, 2018

(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 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. MEMBERS/PROXIES SHOULD FILL THE ATTENDANCE SLIP FOR ATTENDING THE MEETING AND BRING THEIR ATTENDANCE SLIPS TO THE MEETING.

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4. 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.
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 5th day of July, 2018, to Wednesday the 11th day of July, 2018 (both days inclusive). Dividend on equity shares as recommended by the Board for the year ended March 31, 2018, if declared at the meeting, will be paid on and from Tuesday, July 17, 2018 to Saturday, July 21 2018:
   a) In respect of shares held in 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 4, 2018, 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 11, 2018 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 4, 2018.

   Further, letters were sent in April, 2018 to shareholders whose dividend amount for FY 2010-11 as well as subsequent dividend warrants issued upto FY 2016-17 were outstanding indicating a timeline to claim the outstanding dividend amounts. In terms of Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, members may please note that if the dividends have been unpaid or unclaimed for seven consecutive years or more the underlying shares shall be transferred to the IEPF Demat Account maintained with depositories. Upon transfer of such shares to IEPF account, all benefits (eg. bonus, spilt, etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. The members/clamants whose shares, unclaimed dividend etc. have been transferred to IEPF authority may claim the shares or apply for refund by making an application to IEPF authority as per the procedure prescribed in the IEPF Rule.
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 1996 – 97 to 2009 – 2010 have already been transferred to the Investors' Education and Protection Fund (the Fund) as required under Section 125 of the Companies Act, 2013.
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 both the transferor and 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 updated by producing proof of age.
15. NRI shareholder who is permanently settled in India can change their status from 'NRI' to 'Resident' by submitting proof of the same and copy of Resident Account opened.
16. 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.
17. Brief profile and other required information about the Directors proposed to be appointed/re-appointed, as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Notice.
18. **E-Voting:**
    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 90th Annual General Meeting of the Bank, dated June 6,2018 (the AGM Notice). E-voting facility to its members holding share in physical or dematerialized form, as on the cut-off date, being Wednesday, 4th July, 2018, 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.").

NOTICE

The instructions for shareholders voting electronically are as under:

i. The remote e-voting commence on Sunday July 8, 2018 at 10.00 a.m. (IST) and ends on Tuesday July 10, 2018 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 4, 2018 may cast their votes electronically. The remote e-voting module shall be disabled by CDSL for voting after 5.00 p.m. (IST) on July 10, 2018.

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:

PAN	For members holding shares in Demat Form/Physical Form
	• 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 sequence number (printed on the attendance slip) in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)#	Enter the Dividend Bank Details OR Date of Birth in (dd/mm/yyyy) format as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the Registered folio number/DP ID & Client ID in the Dividend Bank details field as mentioned in instruction (iv).

There are 2 fields provided. Any one details to be entered.

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 South Indian Bank Limited' 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 and enter the details as prompted by the system.

xviii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xix. 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 Corporate and Custodians respectively.
   - 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 linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

NOTICE

- 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.

xx. 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 email to helpdesk.evoting@cdslindia.com. or contact Mr. Rakesh Dalvi – Manager, Central Depository Services (India) Limited, Regd. Office: Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel, Mumbai 400013 or call on toll free No.: 1800-200-5533.

19. 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 venue e-voting/physical ballot. 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 via electronic means/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, July 4, 2018, subject to the provisions of the Banking Regulation Act, 1949, as amended.
20. The Board of Directors has appointed Mr. Sivakumar P., FCS, CMA,CMA (USA), Practicing Company Secretary (Managing Partner SVJS & Associates, Company Secretaries) or failing him Mr. P. D. Vincent, LLB, MBA, FCS, Practicing Company Secretary (Senior Partner SVJS & Associates, Company Secretaries) as the Scrutinizer to scrutinize the voting and Remote e-voting process in a fair and transparent manner.
21. Any person, who acquires shares of the Bank and become member of the Bank after the cut-off date for despatch of the notice (i.e., after June, 1 2018) and holding shares as of the cut-off date for e-voting (i.e., July, 4, 2018) 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. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.
22. The Results on above resolutions shall be declared by Chairman/MD & CEO 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.
23. 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.
24. 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 at least 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 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).
25. 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

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 6, 2018

Item No. 05

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. 5 of the Notice.

None of the Directors, Key Managerial Personnel or relatives thereof are, in any way, concerned or interested in this resolution.

NOTICE

Item No. 06

Sri Salim Gangadharan (DIN: 06796232), Non-Executive part-time Chairman of the Bank, was originally appointed as Additional Director of the Bank on 16.01.2014 and regularized as Independent Director for a period of 5 years w.e.f. 1st April, 2014 at the 86th AGM held on 16.07.2014 in compliance with the provisions of Companies Act, 2013. Further, he was designated as Non-Executive part-time Chairman of the Bank w.e.f 2nd November, 2016 for a period of 3 years (till 1st November, 2019) as approved by Reserve Bank of India. The Bank reclassified Mr. Salim Gangadharan as Non Executive Non Independent Director w.e.f. 2nd November, 2016 to comply with the provisions of Section 149(6)(c) of Companies Act, 2013.

The detailed profile of Mr. Salim Gangadharan, Directorship and Committee position held by him in other Companies is included in Corporate Governance Report forming part of the Annual Report and the same be deemed to have been included herein and forms an integral part of this explanatory statement. Accordingly, the Directors recommend the Resolution for the appointment of Mr. Salim Gangadharan as Non Executive Non Independent Director, liable to retire by rotation. Based on the performance evaluation of Mr. Salim Gangadharan, done by the Nomination and Remuneration Committee and Board of the Bank, the performance was found to be good.

Save and except Mr. Salim Gangadharan, none of the Directors nor Key Managerial Personnel or relatives thereof are, in any way, concerned or interested in the above Resolution.

Item No. 07

Mr. V. J. Kurian (DIN: 01806859), appointed as Additional Independent Director of the Bank w.e.f. March 23rd, 2018 and 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 from a Member signifying his intention to propose the candidature of Mr. V. J. Kurian 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, Mr. V. J. Kurian'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 Mr. V. J. Kurian, Directorship and Committee position held by him in other Companies are included in the report on Corporate Governance forming part of the Annual Report the same be deemed to have been included herein and forms an integral part of this explanatory statement. The Nomination and Remuneration Committee and Board of the Bank has done his performance evaluation and the performance was found to be good.

Accordingly, the Directors recommend the Resolution for the appointment of Mr. V. J. Kurian as Independent Director, not liable to retire by rotation, for a period of five years.

Save and except Mr. V. J. Kurian none of the Directors nor Key Managerial Personnel or relatives thereof are, in any way, concerned or interested in the above Resolution.

Item No. 08

Dr. John Joseph Alapatt (DIN: 00021735), was inducted to the Board w.e.f. September 24, 2012 and was appointed as an Independent Director of the Bank for a period of 5 years w.e.f. 1st April 2014 vide shareholders' resolution dated July 16, 2014 in terms of the provisions of the Companies Act, 2013. His term of appointment would come to an end on 31st March 2019. 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. 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. Accordingly his term will expire on 23rd September, 2020.

In terms of Section 160 of the Companies Act, 2013, the Bank has received a notice in writing from a Member signifying his intention to propose the candidature of Dr. John Joseph Alapatt 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 declarations 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 fulfill the conditions specified in the Act and the rules made there under and is independent of the management.

Further, Dr. John Joseph Alapatt'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.

NOTICE

The detailed profile of Dr. John Joseph Alapatt, Directorship and Committee position held by him in other Companies is included in Corporate Governance Report forming part of the Annual Report and the same be deemed to have been included herein and forms an integral part of this explanatory statement.

Based on the performance evaluation of Dr. John Joseph Alapatt, done by the Nomination and Remuneration Committee and Board of the Bank, the performance was found to be good.

Save and except Dr. John Joseph Alapatt none of the Directors nor Key Managerial Personnel or relatives thereof are, in any way, concerned or interested in the above Resolution.

Item No. 09

Mr. Francis Alapatt (DIN: 01419486) was inducted to the Board of the Bank w.e.f. 01.11.2013 and was appointed as an Independent Director of the Bank with effect from April 1, 2014 for a period of five (5) years vide shareholders' resolution dated July 16, 2014 in terms of the provisions of the Companies Act, 2013. His term of appointment would come to an end on 31st March, 2019. 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. Hence approval of Shareholders of the Bank is accorded for the reappointment of Sri Francis Alapatt for a further term. 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. Accordingly his term will expire on 31st October, 2021.

In terms of Section 160 of the Companies Act, 2013, the Bank has received a notice in writing from a Member signifying his intention to propose the candidature of Mr. Francis Alapatt 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 declarations 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 fulfill the conditions specified in the Act and the rules made there under and is independent of the management.

Further, Mr. Francis Alapatt'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 Mr. Francis Alapatt, Directorship and Committee position held by him in other Companies is included in Corporate Governance Report forming part of the Annual Report and the same be deemed to have been included herein and forms an integral part of this explanatory statement.

Based on the performance evaluation of Mr. Francis Alapatt, done by the Nomination and Remuneration Committee and Board of the Bank, the performance was found to be good.

Save and except Mr. Francis Alapatt none of the Directors nor Key Managerial Personnel or relatives thereof are, in any way, concerned or interested in the above Resolution.

Item No. 10

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 & securities premium, require the approval of the Members by way of special resolution.

The Shareholders of the Bank at their meeting held on July 11, 2017 had increased the borrowing powers of the Bank to ₹10,000/- crore (Rupees Ten Thousand crore). 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 ₹10,000 crore (Rupees Ten Thousand crore only).

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 ₹10,000 crore (Rupees Ten Thousand crore) to ₹12,000 crore (Rupees Twelve Thousand crore). 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.

Further, the approval is being sought for ₹500 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. 10 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. 10.

NOTICE

Item No. 11

The present authorized capital of the Bank is ₹250 crore and the Issued and Paid-up Capital of the Bank as on March 31, 2018 is ₹180.88 crores divided in to 180,88,31,080 Equity shares of ₹1/- each. The Bank has implemented SIB Employees Stock Option Scheme ("SIB ESOS 2008") for issue of Equity shares of ₹1/-, up to 5% of the paid-up capital of the Bank as on March 31, 2013, which when fully granted exercised would increase the issued, subscribed and paid-up capital to ₹1,84,71,21,156 divided into 1,84,71,21,156 Equity shares of ₹1/- each.

The Bank's capital to risk weighted Assets Ratio (CRAR) as on March 31, 2018 stood at 12.70% under Basel III as against the regulatory requirement/prescribed minimum of 10.875%. The capital position as on March 31, 2017 was 11.82% as against the minimum requirement of 10.25%. A banking company requires adequate capital not only to meet the needs of growing business, but also to meet the applicable regulatory requirements. 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 are to be introduced and such methods to be not only updated, but also have to be upgraded from time to time.

The Bank has been growing organically and has shown steady growth during the last few years. The Bank foresees significant increase 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 adequate 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 rights-cum public issue, public issue, private placement, preferential issue, 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.

Basis or Justification of Price: 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 SEBI ICDR Regulations. 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 floor price determined pursuant to the SEBI ICDR Regulations (not be less than the average of the weekly high and low of the closing prices of the equity shares quoted on a stock exchange during the two weeks preceding the 'Relevant Date', less a discount of not more than 5%) or such other discount as may be permitted under applicable law. The 'Relevant Date' for this purpose will be the date when the Board or the Committee of the Board decides to open the qualified institutions placement for subscription. The Equity Shares allotted would be listed on one or more stock exchanges in India and in case of ADR/GDR, internationally. The offer/issue/allotment would be subject to the availability of the regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations.

As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures/intimation will be made to the stock exchanges as may be required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") and other applicable laws.

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 Regulations 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 issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. 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.

NOTICE

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.

The Directors, Key Managerial Personnel of the Bank and their respective relatives may be deemed to be concerned or interested in the passing of resolution to the extent of securities issued/allotted to them or to the Companies in which they are director or member. Save as aforesaid, none of the Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

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.

Accordingly, the Bank had obtained the approval of Members at the AGM held on July 11, 2017 for borrowing/raising funds by issue of debt securities pursuant to the relevant provisions of the applicable circulars or guidelines issued by RBI, up to ₹500 crore (Rupees Five hundred crore only), in one or more tranches. Pursuant to the said approval, the Bank has raised ₹490 Crores by way of issue of Bonds till March 31, 2018.

In order to facilitate the raising of funds by way of issue of debt securities, it would be necessary to have the fresh approval of members in place. Accordingly, the Board of Directors, after assessing its fund requirements, 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 including but not limited to non-convertible debentures, bonds, etc., pursuant to the relevant provisions of the applicable circulars or guidelines issued by RBI, up to ₹500 crore (Rupees Five hundred 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

Place : Nedumbasserry **(JIMMY MATHEW)**
Date : June 6, 2018 COMPANY SECRETARY

Additional information on Directors seeking appointment/ re-appointment in the Annual General Meeting scheduled on July 11, 2018, as required under SEBI (Listing Obligations and Disclosure Requirements) and Secretarial Standard - 2 issued by the Institute of Company Secretaries of India.

1. Sri Achal Kumar Gupta

Name of the Director	Sri Achal Kumar Gupta (DIN: 02192183)
Date of Birth and age	27.11.1953 (64 Years)
Date of first appointment on Board	11th January, 2017
Qualifications	M.A. CAIIB
Brief Resume including experience	Sri Gupta retired as the Deputy Managing Director of IFCI Ltd. after serving for a period of 3 years from 12.12.2013 to 11.12.2016. He started his career at Syndicate Bank and thereafter joined State Bank of India in September, 1977 and retired as Managing Director of State Bank of Patiala on 30.11.2013. He is having over 40 years of varied experience in the areas of Banking and Finance such as credit appraisal and administration, retail banking, treasury management, branch banking, agriculture banking, NRI services and risk management, besides being controller of branches as Regional Manager in SBI. He was the CEO of two important subsidiaries of SBI-one banking (State Bank of Patiala) and one non-banking (SBI Funds Management Pvt. Ltd.). During his 3 year tenure with IFCI Ltd. he was responsible for the growth and development of the business of the Company as also overall administration. He was also on the Board of other 8 companies-subsidiaries/associates of IFCI. These associates/subsidiaries are engaged in varied activities like real estate development, equity/ commodity trading, technical consultancy and skill training etc.
Nature of his expertise in specific functional area	Sri Gupta has varied experience in the areas of Banking & Finance, Credit appraisal, administration, retail banking, treasury management, branch banking, agriculture banking, NRI services and risk management.

NOTICE

Directorship in other Companies	Capital India Finance Limited and Canara Robeco Asset Management Company Limited
Membership of Committees in Public Limited Companies	Capital India Finance Ltd. 1. Audit committee - Member 2. Nomination & Remuneration Committee - Member 3. Investment Committee - Chairman 4. Risk Management Committee - Chairman Canara Robeco Asset Management Ltd. 1. Audit Committee- Member 2. CSR Committee - Chairman
Shareholding in the bank as on 31st March, 2018	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
Details of the remuneration last drawn	Sitting fees of ₹13,25,000.00 for attending the Board and Committee meetings
Number of Meetings of the Board attended during the year	10
Chairman/member of the Committee of the Board of Directors of this Company	Audit committee - member Management committee - member NPA Review committee - Chairman Risk Management committee - Chairman Committee To Prevent and Review Frauds in the Bank - Member
Terms and conditions of appointment/ reappointment including remuneration	Appointed as Non-Executive Director liable to retire by rotation and is eligible for sitting fees for attending the Board and its Committee Meetings as approved by the Board subject to the provisions of the applicable laws

2. Sri Salim Gangadharan

Name of the Director	Sri Salim Gangadharan (DIN: 06796232)
Date of Birth and age	13.10.1953 (64 Years)
Date of first appointment on Board	16th January, 2014
Qualifications	M.A. Economics, CAIIB
Brief Resume including experience	Sri Salim Gangadharan is an exemplary scholar having substantial exposure in Banking Sector. He has over 36 years varied experience in Reserve Bank of India. He retired as Principal Chief General Manager and Regional Director, Reserve Bank of India, Trivandrum in October, 2013. During his career in the Reserve Bank of India, he worked in various operational departments, particularly in the areas of Bank Supervision, Currency Management, HR and Financial markets. He was the Regional Director for West Bengal, Sikkim and A&N Islands and had also headed the Foreign Exchange Department, Mumbai. He was a member of faculty in the Banker's Training College of the Reserve Bank of India, for Five years and handled several seminars and conferences on Risk Management, Payment Systems, Treasury Management, Credit Administration etc. He was on secondment to the Central Bank of Oman for five years. He is also a consultant of the IMF and UNDP. He was part of several internal working group in Reserve Bank of India/ Government of India. In the past, he was representing the Reserve Bank of India and Government of India on the Boards of Catholic Syrian Bank, Syndicate Bank and Central Bank of India. He has been on the Board of the Bank since January 16, 2014.
Nature of his expertise in specific functional area	Sri Gangadharan, has substantial exposure in the fields of Banking, Currency Management, HR, Payment Systems, Treasury Management and Financial markets
Directorship in other Companies	The National Securities Clearing Corporation Ltd. (NSCCL) - Director Northern Arc Capital Ltd – Director Kerala Infrastructure Investment Fund Board
Membership of Committees in Public Limited Companies	The National Securities Clearing Corporation Ltd. (NSCCL) 1. Risk Management - Chairman 2. Independent Directors - Member 3. Disciplinary Action - Member 4. SEBI Inspection - Member 5. Independent Oversight Committee of the Governing Board for Member Regulation Function- Member 6. Public Interest Directors - Member 7. IT Strategy Committee - Member Northern Arc Capital Ltd. 1. Risk Management (Member) 2. Audit Committee Member
Shareholding in the bank as on 31st March, 2018	16,510
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
Details of the remuneration last drawn	Honorarium – ₹6,00,000.00 Sitting fee – ₹16,65,000.00 for attending Board and committee meetings
Number of Meetings of the Board attended during the year	11
Chairman/member of the Committee of the Board of Directors of this Company	Management Committee - Chairman Nomination and Remuneration Committee - Member Risk Management Committee - Member IT Strategy Committee - Member Committee To Prevent and Review Frauds in the Bank - Member Capital Planning and Infusion Committee, and of the Bank - Chairman Customer Service Committee - Member
Terms and conditions of appointment/ reappointment including remuneration	As approved by RBI vide approval letter dated October 26, 2016

3. Sri V. J. Kurian

Name of the Director	Sri V. J. Kurian (DIN: 01806859)
Date of Birth	23.02.1957 (61 Years)
Date of first appointment on Board	23rd March, 2018
Qualifications	IAS
Experience	Sri V. J. Kurian, is retired from the Indian Administrative Service (IAS) official of 1983 batch in Kerala Cadre. He retired as Additional Chief Secretary, Water Resources. Government of Kerala in February 2017. During the tenure of services, Sri Kurian held the positions of Managing Director in various companies for a total period of 22 years. Presently, Mr. Kurian is the Managing Director of Cochin International Airport Ltd., CIAL Infrastructures Ltd. & CIAL Duty Free and Retail Services Ltd.
Nature of his expertise in specific functional area	Mr. Kurian has substantial exposure in the areas of IT, CSR and Human Resources.

NOTICE

Directorship in other Companies	Managing Director in: Cochin International Airport Limited. CIAL Infrastructure Limited. CIAL Duty free and Retail Services Limited. Director in: Air Kerala International Services Limited. Cochin International Aviation Services Limited. Kerala Waterways and Infrastructures Limited.
Membership of Committees in Public Limited Companies	Cochin International Airport Limited 1. Corporate Social Responsibility Committee – Member 2. Share Transfer Committee – Member
Shareholding in the bank as on 31st March, 2018	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
Details of the remuneration last drawn	Sitting fees of ₹40,000.00 for attending Board meeting
Number of Meetings of the Board attended during the year	1
Chairman/member of the Committee of the Board of Directors of this Company	Audit Committee - Member Corporate Social Responsibility Committee - Member IT Strategy Committee - Chairman Capital Planning & Infusion Committee in the Bank - Member
Terms and conditions of appointment/ reappointment including remuneration	Appointed as Non-Executive Independent Director and is eligible for sitting fees for attending the Board and its Committee Meetings as approved by the Board subject to the provisions of the applicable laws

4. Dr. John Joseph Alapatt

Name of the Director	Dr. John Joseph Alapatt (DIN: 00021735)
Date of Birth	26.11.1953 (64 Years)
Date of first appointment on Board	24th September, 2012
Qualifications	MBBS, DLO
Experience	Dr. John Joseph Alapatt holds a Bachelor of Medicine and Bachelor of Surgery degree as well as a Post-Graduate diploma from Bangalore University. He is an industrialist having several years of experience in managing a small scale industry unit. Dr. Alapatt has been the Director of our Bank for 16 years, with his first term from February 1, 1986 to January 25, 1994 and his second term from February 12, 2002 to February 12, 2010.
Nature of his expertise in specific functional area	Dr. John Joseph Alapatt is an industrialist having several years of experience in managing a small scale industry unit. He is also an expert having knowledge in the areas of agriculture banking and HR.
Directorship in other companies	Janakshemam Kuries Pvt. Ltd.
Membership of Committees in Public Limited Companies	Nil
Shareholding in the bank as on 31st March, 2018	2,77,292 Equity shares
Details of the remuneration last drawn	Sitting fees of ₹14,40,000.00 for attending Board and committee meetings
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
Number of Meetings of the Board attended during the year	11
Chairman/member of the Committee of the Board of Directors of this Company	Capital Planning and Infusion Committee - Member Management Committee - Member Nomination and Remuneration Committee - Chairman NPA Review Committee - Member Stake Holders Relationship Committee - Member
Terms and conditions of appointment/reap-pointment including remuneration	Appointed as Non-Executive Independent Director and is eligible for sitting fees for attending the Board and its Committee Meetings as approved by the Board subject to the provisions of the applicable laws

5. Sri Francis Alapatt

Name of the Director	Sri Francis Alapatt (DIN: 01419486)
Date of Birth	10.07.1952 (65 Years)
Date of first appointment on Board	1st November, 2013
Qualifications	B.Sc.
Experience	Mr. Francis Alapatt alias Palathingal Antony Francis holds a bachelor's degree in science. He is a director of M/s CII Guardian International Ltd.
Nature of his expertise in specific functional area	Mr. Francis Alapatt is a person having substantial expertise in the areas of CSR and corporate governance. He is also an eminent business man.
Directorship in other Companies	CII Guardian International Limited Alapatt Properties Private Limited
Membership of Committees in Public Limited Companies	CII Guardian International Limited 1. CSR Committee (Chairman)
Shareholding in the bank as on 31st March, 2018	220000 Equity shares
Details of the remuneration last drawn	Sitting fees of ₹8,10,000.00 for attending Board and committee meetings
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
Number of Meetings of the Board attended during the year	09
Chairman/member of the Committee of the Board of Directors of this Company	NPA Review Committee - Member Premises Committee - Chairman Customer Service Committee - Member Stake Holders Relationship Committee - Member Corporate Social Responsibility Committee - Chairman
Terms and conditions of appointment/ reappointment including remuneration	Appointed as Non-Executive Independent Director and is eligible for sitting fees for attending the Board and its Committee Meetings as approved by the Board subject to the provisions of the applicable laws.

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PROXY FORM (Form No. MGT 11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

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: ho2006@sib.co.in

90th Annual General Meeting

Wednesday, July 11, 2018 at 10.00 a.m.

Name of the member:.....

Registered address : .....

Email ID: .....

Folio/DP ID & Client ID No:.....

I/We ..... being the member(s), holding .....shares of the above named bank 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 90th Annual General Meeting of the Company, to be held on Wednesday, July 11, 2018 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 Statements for the year ended 31st March, 2018		
2	To declare dividend		
3	Reappointment of retiring director, Sri Achal Kumar Gupta (DIN: 02192183), who retires by rotation under Section 152 of Companies Act, 2013 and being eligible, offers himself for re-appointment		
4	To Appoint Statutory Central Auditors of the Bank and fixing their remuneration		
	Special Business		
5	To appoint Branch Auditors in consultation with Statutory Auditors		
6	Approval for appointment of Sri Salim Gangadharan (DIN: 06796232) as a Director, liable to retire by rotation		
7	To appoint Mr. V. J. Kurian (DIN: 01806859) as an Independent Director		
8	To appoint Dr. John Joseph Alapatt (DIN: 00021735) as an Independent Director		
9	To appoint Mr. Francis Alapatt (DIN: 01419486) as an Independent Director		
10	To pass a special resolution for exercising the borrowing powers of the Bank pursuant to Section 180(1)(c) of the Companies Act, 2013		
11	To Augment the Paid-up Capital of the Bank by further issue of shares		
12	To Approve the borrowing/raising funds in Indian/Foreign currency by issue of debt securities upto ₹500 Crore on private placement basis		

Signed this..... day of ..... 2018.

Signature of Shareholder(s) .....

Signature of Proxy holder(s) .....

Affix Revenue Stamp not less than ₹1

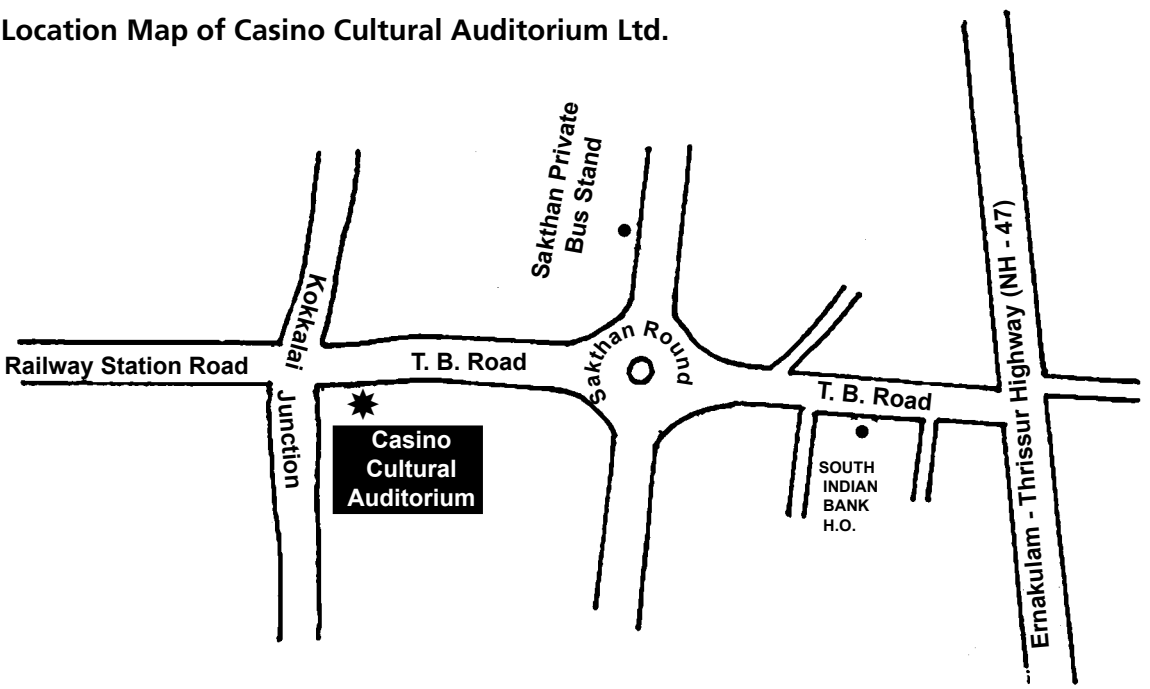
Signature of the Shareholder

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 90th 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.

Venue of the 90th Annual General Meeting of SOUTH INDIAN BANK Limited to be held on Wednesday, July 11, 2018 at 10:00 A.M.

Venue Address :
Casino Cultural Auditorium Ltd., T. B. Road, Thrissur – 680 001

Location Map of Casino Cultural Auditorium Ltd.



ATTENDANCE SLIP
THE SOUTH INDIAN BANK LIMITED

CIN: L65191KL1929PLC001017

Regd. Office: SIB House, T. B. Road, Mission Quarters, Thrissur – 680 001

90th Annual General Meeting

Wednesday, July 11, 2018 at 10.00 a.m.

Members Folio/DP ID & Client ID No.	
Name and Address of the Shareholder	

I/We hereby record my/our presence at the Ninetieth 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

90th ANNUAL REPORT

2017 - 2018

SOUTH INDIAN Bank

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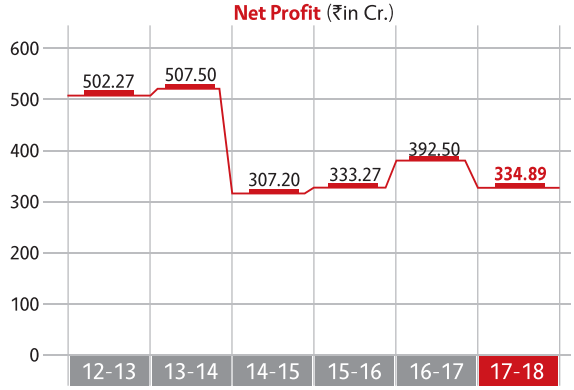
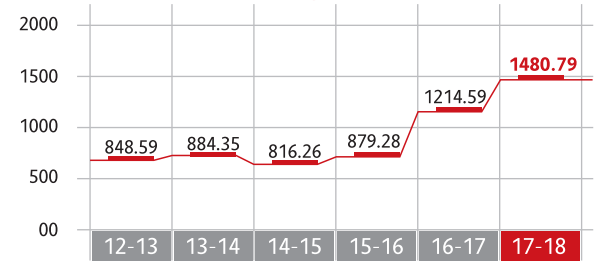
GROWTH INDICATORS

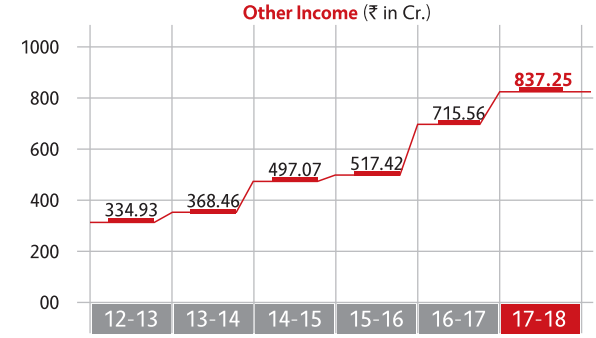
Net Profit (₹in Cr.)



Operating Profit (₹ in Cr.)



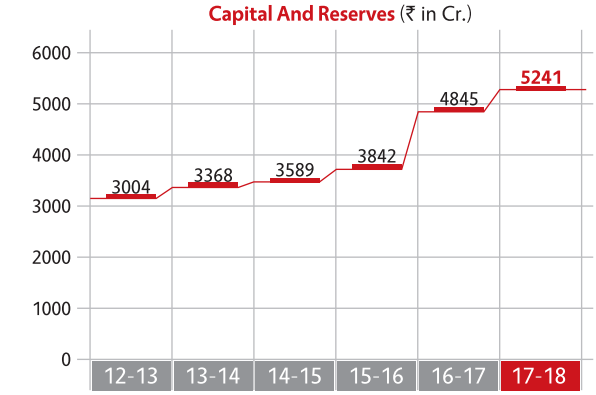
Other Income (₹ in Cr.)



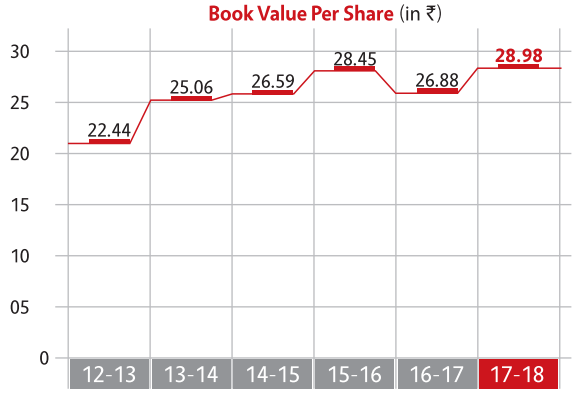
Capital Adequacy (%)

*Basel-III Norms

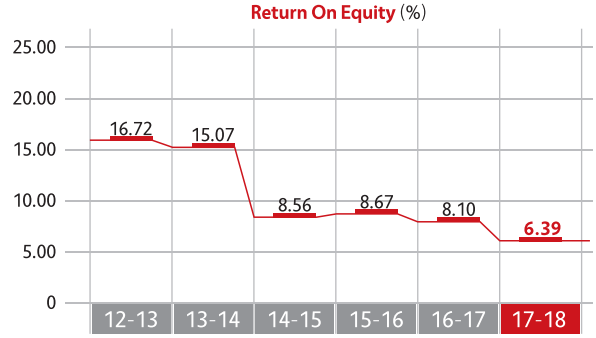
Capital And Reserves (₹ in Cr.)



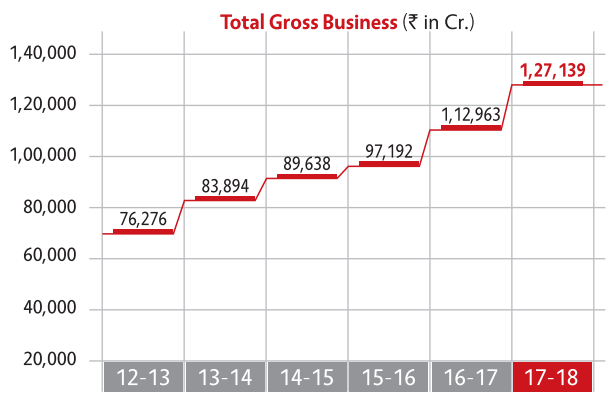
Book Value Per Share (in ₹)



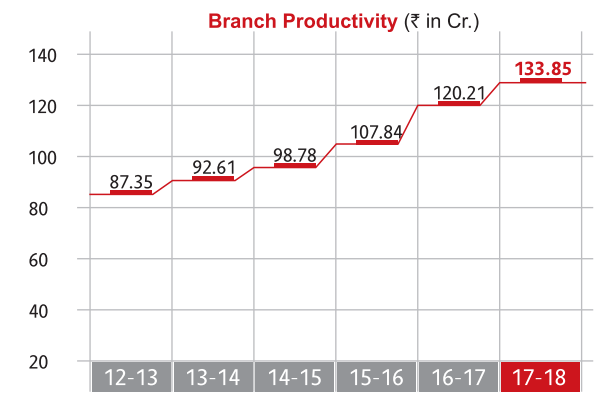
Return On Equity (%)



Total Gross Business (₹ in Cr.)



Branch Productivity (₹ in Cr.)



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.

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The Board of Directors

Mr. Achal Kumar Gupta
Non-Executive Director

Mr. Parayil George John Tharakan
Independent Director

Dr. John Joseph Alapatt
Independent Director

Mr. Salim Gangadharan
Chairman

Mr. V. G. Mathew
Managing Director & CEO

Mr. K. Thomas Jacob
Independent Director

Mr. Francis Alapatt
Independent Director

Mrs. Ranjana S. Salgaocar
Independent Director

Mr. V.J.Kurian
Independent Director

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Chairman's Communique

Dear Shareholders

It gives me immense pleasure in placing before you the key highlights of your Bank's performance during the financial year 2017-18.

Details of the achievements made and initiatives taken by your Bank during the year are provided in the enclosed Annual Report. We have been fairly successful in spotting sustainable and profitable business opportunities and in responding promptly to our customers, thereby providing them a different and superior banking experience.

The global economic activity is gaining momentum with expansion of global trade with the gradual improvement in global demand. Conditions for investment have generally improved, amid low financial volatility, reduced banking sector fragilities, recovery in commodity sectors and a more solid global macroeconomic and political outlook. Financing costs generally remain low, and spreads have narrowed in many emerging markets, reflecting an uptick in risk appetite and consequent decline in risk premium. This has supported rising capital flows to emerging markets, including a rise in cross-border lending, and stronger credit expansion in both developed and developing economies. World GDP growth as estimated by the IMF (International Monetary Fund in April 2018) touched 3.8% in 2017, the fastest since 2011. With financial conditions expected to remain supportive, global growth is expected to tick up to 3.9% both in 2018 and 2019. Emerging and developing Asia is expected to grow at around 6.5% over 2018–19, broadly the same pace as in 2017. The region continues to account for over half of world growth. India's macroeconomic fundamentals continued to improve last year on the back of significant policy initiatives by the Government, supported by a stable monetary policy. After lagging for five consecutive quarters, economic growth in India is turning around. India has emerged as the fastest growing major economy in the world. India's GDP is estimated to have increased 6.7% in 2017-18 and is expected to grow by 7.4% in 2018-19. Looking forward, the economic growth is expected to gather momentum.

"The Retail banking continues to be the core focus of the Bank to fulfill its 2020 Vision of becoming a 'Retail Banking Power House'."

Indian financial markets witnessed diverse trends across various segments. The money market, which witnessed excess liquidity in the first half of the year, saw the liquidity turning to deficit by February 2018. On the bond market, the 10-year G-sec yield rose by 72 bps to 7.40% during the course of FY18. The equity markets, which witnessed new highs on the back of aggressive buying by domestic mutual funds and foreign portfolio investors gave

way to bearish correction trend by February 2018, mainly on account of the Union Budget proposal of Long Term Capital Gain (LTCG), sharp increase in US bond yields, the announcement of protectionist tariffs by the US, geopolitical developments, and revelations of large value frauds in some domestic banks. Over the course of FY18, the Indian Rupee weakened marginally by 0.5% and closed the year at Rs 65.18 vis-a-vis the US dollar. The implementation of the Goods and Service Tax (GST) along with demonetisation and digitisation efforts will significantly assist in formalisation of the Indian economy. Focusing on the banking sector, the coming year will test the effectiveness of the much awaited Insolvency and Bankruptcy Code (IBC). Successful resolution of cases admitted in National Company Law Tribunal (NCLT) is crucial to the banking sector, considering the large amount of stressed assets. Considering the sticky Non Performing Assets (NPA) menace, the Reserve Bank of India (RBI) laid out conservative asset classification norms . Though the RBI norms will cause short-term pain to the banking industry in terms of sector profitability and capital adequacy, the same would force banks to clean up their balance sheets. In addition to the NPA trouble, the recently discovered large value frauds in banks dented the image of Indian banks as flag bearers of financial prudence, conservatism and judicious lending. During the year under review, the Reserve Bank of India has initiated various measures to ensure that the system, operational processes, cyber security and risk management for the banking sector are sound, safe and healthy.

Looking ahead, the outlook for 2018-19 appears to be quite bright due to various factors, such as:

a) The demonetisation and implementation of Goods and Services Tax reforms pointed towards formalization of policies and process. These structural reforms accelerate the transition of business and people from informal to formal economy.

b) The inherent economic growth on account of projected secular growth in consumption economy has resulted in increased wealth and greater demand for goods and services, making India a fast growing market.

c) The RBI's Vision 2018 document which envisages promotion of electronic payments and Government policies encouraging digital banking will increase the usage of digital banking services. The transactions executed through digital means provide ease and convenience to customer and increased efficiency, productivity and profitability to banks.

d) The technological upgradation and adoption of new age technologies such as Block Chain, Artificial Intelligence, etc. will help the banks with increased operational efficiency, productivity and profitability.

e) The Financial inclusion roadmap provided by the RBI to banks provides immense opportunity to tap the under banked rural masses.

During the year, the Bank recorded a total gross business of ₹1,27,139 crore- comprising total deposits of ₹72,030 crore and gross advances of ₹55,109 crore as on March 31, 2018, whereas the net profit of the bank decreased to ₹334.89 crore as compared to ₹392.50 crore in the preceding year. The Bank widened its network gainfully across India with 854 Branches, 55 Extension Counters and 1,331 ATMs and 51 CDMs/CRMs.

854 Branches	**55** Extension Counters	**1,331** ATMs	**₹ 1,27,139 crore** Total Gross Business as on March 31, 2018
₹ 72,030 crore Total Deposit as on March 31, 2018		**₹ 55,109 crore** Gross Advances as on March 31, 2018	

We remain committed to provide outstanding services and quality experience to our customers in the coming years and will take various initiatives at strategic and operational level to enhance the sustainability of the same. We have been upgrading to cutting-edge technology platforms and continuously evolving our own digital channels. Bank's IT Vision is to enable technology as a strong strategic support to the Bank, providing value in key organisational initiatives to achieve business goals, offer excellent customer service and to ensure sound internal controls and regulatory compliance. Our robust risk management systems help us ensuring long-term sustainability and steady growth. We constantly work towards achieving financial stability and enhancing stakeholders' value. This is accomplished with our proactive and improved risk management policies and practices.

The management team, led by the Managing Director & CEO has charted out a clear and sustained growth plan. The path is based on well-defined risk appetite and risk management policies and practices, optimal capital allocation framework and compliance. Retail banking continues to be the core focus of the Bank to fulfill its 2020 Vision of becoming a 'Retail Banking Power House'. Our quality of leadership talent is nurtured and well-placed to execute the Bank's new growth strategies. I am confident that the coming years will help the Bank to maintain and enhance its strengths and optimally tap the diverse growth opportunities that our country presents.

We thank you for your continued goodwill, support and trust. We eagerly look forward to your valuable suggestions, as it helps us serve you better. Our capital base, robust growth aspects, wider network and leadership in technology, position us very well to leverage the growth opportunities across the economy. I look forward to your continued support in this journey. With the continued support and patronage of all, I am confident that your Bank wilzl reach greater heights during the coming years. I humbly thank all our shareholders for their continued faith in our strength and capabilities, members of the Board, Government of India and Reserve Bank of India, and other agencies for their valuable support and guidance, customers for their continued support and trust and our employees for their tireless efforts and hard work towards realising our ambitious goals.

Best Wishes,

Salim Gangadharan

MD and CEO's Message

Dear Shareholders

As we enter our 90th year of operations, it is a matter of pleasure and privilege for me to share the Financial results for the year 2017-18 on behalf of the South Indian Bank Limited's Board of Directors and Management Team.

The financial year 2017-18 was a defining year for the Indian economy. India's economic reforms continued in the year with the roll out of significant initiatives such as Goods and Services Tax (GST) regime, Insolvency Resolution Scheme and Bank recapitalization. These structural reforms have struck at the core of long-festering problems around taxation and asset quality. NITI Aayog is directly working with States to bring about a transformation in the Agriculture sector by initiating a series of reforms. All these measures have received validation and approval from investors, both domestic and overseas. The growth and development of banking domain opened up a new set of opportunities along with fresh challenges. We, at South Indian Bank, have strongly responded to the opportunities and accepted the challenges by maintaining our strong connect with our esteemed customers. This has enabled us to explore and capture various business opportunities in line with the vision and mission of the Bank.

The Financial Year 2017-18 presented a challenging environment for the Banking Sector. Primary among them was the unfolding scenario of stressed assets which continued to deteriorate across various sectors and made a severe dent on the capital position and profitability of the banks. In addition to this the recently discovered frauds across various banks presented a new set of challenges to the Indian banks. Our Bank has been careful in proactive recognition of corporate stress and maintaining high standards of operational control and management.

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 evaluated and benchmarked against the best practices followed in the industry. Through continuous refinement / improvement of the risk measurement / management systems, including automation of feasible processes, the Bank aims to ensure regulatory compliance as well as better

return on and utilization of capital in line with the business objectives.

Information Technology, an area of prime focus for our Bank, has maintained its strides towards technological excellence. Leveraging on the latest version of Core Banking Solution(CBS) form Infosys we have implemented several initiatives to provide enhanced banking operations . Our Internet Banking platform (Sibernet) and Mobile Banking platform (SIB Mirror Plus) have been well received across different segments of customers. The centralisation initiatives of the Bank have progressed further during FY 2017-18. Apart from centralised processing of all liability side operations and Retail Assets, we have now completed centralisation of International Banking operations and Trade Finance. The processing of credit proposals across all verticals has also been centralised through the Wholesale Banking Credit Processing Centre, Mid-corporate Credit Processing Centre and the Retail Assets Credit Processing Centre. Further, the Centralised Credit Monitoring Cell monitors all credit exposures of ₹5.00 crore and above. The Collection Hub follows up all potential defaults in Retail Loans through telecalls and text messaging. The Bank has a very rich technology framework at the forefront and back end which caters to all requirements of the retail and corporate customers alike and provides very quick turnaround time.

Let me now share an overview of Last Year's financials:

- The operating profit has gone up from ₹1214.60 crore in 2016-17 to ₹1480.79 crore, registering a growth of 21.92 %.
- The Net profit of the Bank for the year has decreased from ₹392.50 crore during the FY 2016-17 to ₹334.89 crore during 2017-18, registering a decrease of ₹57.61 crore (14.68%).
- The Earnings per share and Book value per share for the year ended March 31,2018 stood at ₹1.86 and ₹28.98 respectively.
- The capital plus reserves of the Bank moved up from ₹4,845.47 crore to ₹5241.22 crore on account of exercise of options and plough back of profits during the year.
- The non corporate advances (62.91 % of total advances) grew by 18.80% during FY 2017-18 in line with the Bank's focus on Retail business.
- During the year, there was an excess achievement in the Priority sector and Agriculture sector over and above the regulatory prescription. The total Priority Sector advances (net of PSLC) as at the end of the financial year stood at ₹21,757.12 crore constituting 46.89% of the Adjusted Net Bank Credit (ANBC) as against mandated 40%.
- The Bank has successfully widened its network across India with 854 branches , 55 extension counters and 1331 ATMs and 51 CDMs /CRMs. The Bank has opened 10 new outlets (4 Branches and 6 Extension Counters), 60 ATMs and 4 CRMs across the country during the financial year 2017-18.

The year 2017-18 saw the Bank being honoured with significant Institutional recognitions, awards and accolades.

- Received the 'Best Bank Award for Digital Banking among Small Banks' and 'Best Bank Award for High Performance IT Ecosystem among Small Banks' in the thirteenth edition of the IDRBT Banking Technology Excellence Awards 2016-17.
- Won five technology awards during the Indian Banking Association (IBA) Technology Awards 2018.
- Won the Celent Model Bank 2018 Award for Trade Finance and Supply Chain .
- Won Digital India Excellence Award 2017 for innovation in mobile app 'Digital e-lock' in the 5th PAN-IIM World Management Awards 2017.

Looking forward, the Indian banking industry is facing an array of challenges which includes the success/ effectiveness of the resolution process under the Insolvency and Bankruptcy Code (IBC). Successful resolution of cases admitted in National Company Law Tribunal (NCLT) is crucial to the banking sector considering the large amount of accumulated stressed assets . With a view to arresting the Non Performing Assets (NPA) menace, Reserve Bank of India has been progressively tightening the regulation covering Asset Quality. Though the RBI stance will cause a short term pain to banking industry in terms of sector profitability, it would finally lead to clean up of the Bank balance sheets.

We strongly believe that your Bank is agile as an organisation and is alive to the challenges and opportunities in the environment. Even in the current challenging scenario, your Bank is standing on a strong wicket. It is upon us to collectively take action to overcome the challenges and grab the opportunities. Our focus is on capitalising on growth opportunities while at the same time taking meaningful steps to address challenges in the environment. Our strong customer support and loyalty together with staff with enduring commitment is sure to improve the Bank's performance during the current year .

I take this opportunity to thank the Board members, Government of India, RBI, SEBI, other regulatory authorities, various financial institutions , banks and correspondents in India and abroad for their valuable and continued support and guidance . I thank all our shareholders for reposing their confidence and faith in us. I also thank all our esteemed customers for their continued co- operation and backing. I would also like to register my appreciation of the dedication and commitment shown by our staff members ; they have enabled the Bank to expand and reach new heights of performance and profitability in a very challenging environment.

Best Wishes ,

V .G Mathew

Management Team

Mr. Thomas Joseph K.
Executive Vice President

Mr. Sivakumar G.
Executive Vice President

Mr. Reghunathan K.N.
Executive Vice President

Mr. **Raphael T. J.**
SGM & CIO

Mr. **John Thomas**
SGM, Country Head-
Business Development

Mr. **Paul V.L.**
SGM, Administration

Mr. **Benoy Varghese**
SGM, Country Head-
Wholesale Banking

Mr. **Anto George T.**
GM, Inspection & Vigilance

Mr. **Sanchay Kumar Sinha**
GM, Country Head-Retail Banking

Joint General Managers*

Mr. Gireesh C. P.
Mr. Shelly Joseph
Mr. Reddy N.J.
Mr. Balakrishnan K.N.
Mr. Ramesh K.
Mr. Satheesh Kumar K.S.

Deputy General Managers*

Mr. Jacob E.A.
Mr. Jose P.Varghese
Mr. Nandakumar G.
Mr. George Paul
Mr. Shibu.K.Thomas
Mr. Sivaraman K.
Mr. Ajit Chacko Jacob

Mr. Rajeevu M.A.
Mr. Sony A.
Mr. Paul Thaliath
Mr. Saravanan M.
Ms. Chithra H.
Mr. Sreekumar Chengath

Mr. Mohan T. M.
Mr. Shashidhar Y.
Mr. Joly Sebastian
Mr. Joby M.C.
Mr. Sibi P. M.
Mr. Peter A.D.

Mr. Jose M.T.
Mr. Madhu M.
Ms. Minu Moonjely
Mr. John C.A.
Mr. Job P.M.
Mr. Jojo Antony

Mr. Vijith S.
Ms. Biji S. S.
Mr. Paul Antony Maliakal
Capt. Arvind Kumar Kamboj
Ms. Lakshmi Prabha T. M.
Mr. Biju E Punnachalil

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S.R. Batliboi & Co. LLP
Chartered Accountants
14th Floor, The Ruby, 29 Senapati Bapat Marg
Dadar (West) Mumbai - 400 028,

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CHIEF FINANCIAL OFFICER
Mr. Gireesh C.P., FCA

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

**As on 31.03.2018*

DIRECTORS' REPORT TO THE SHAREHOLDERS

To the Members,

The Board of Directors is pleased to place before you, the 90th Annual Report of the Bank along with the Audited Balance Sheet as at March 31, 2018, Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2018.

PERFORMANCE OF THE BANK

The performance highlights of the Bank for the financial year ended March 31, 2018 are as follows:

Key Parameters	₹in crore	
	2017-18	2016-17
Deposits	**72029.59**	66117.49
Gross Advances	**55108.99**	46845.69
Total Gross Business	**127138.58**	112963.18
Operating Profit	**1480.79**	1214.59
Net Profit	**334.89**	392.50
Capital & Reserves	**5241.22**	4845.47
Capital Adequacy (%) - Basel-III	**12.70**	12.37
Earnings Per Share (EPS)* :		
(a) Basic EPS (in ₹) [face value ₹1/-]	**1.86**	2.61
(b) Diluted EPS (in ₹) [face value ₹1/-]	**1.85**	2.61
Book Value per Share (in ₹) [face value ₹1/-]	**28.98**	26.88
Gross NPA as % of Gross Advances	**3.59**	2.45
Net NPA as % of Net Advances	**2.60**	1.45
Return on Average Assets (%)	**0.43**	0.57

FINANCIAL PERFORMANCE

Profit

The Net Operating Income (Net Interest Income and other income) of the Bank increased by ₹411.78 Crore (17.22%) from ₹2390.99 crore to ₹2802.77 crore. The growth in Non Interest Income was ₹121.69 crore (17.01%) during the year.

The Operating Profit for the year under review was ₹1480.79 crore before taxes and provisions as against ₹1214.59 crore for the year 2016-17. The Net profit for the year was ₹334.89 crore as compared to a net profit of ₹392.50 crore during the previous year and the profit available for appropriation was ₹690.55 crore as per details given below:

		[₹in crore]
Profit before depreciation, taxes and provisions		1480.79
Less: Provision for NPI	(7.14)	
Provision for Non-Performing Assets	693.46	
Provision for FITL	(6.08)	
Provision for Depreciation on Investments	316.11	
Provision for Income Tax	165.00	
Provision for Standard Assets	7.38	
Provision for Restructured Assets	(4.68)	
Provision for General Others	(39.47)	
Provision for Other Impaired Assets	21.25	
Provision for Un-hedged Forex Exposure	1.03	
Provision for Non Banking Asset Provision	(0.96)	1145.90
Net profit		**334.89**
Brought forward from previous year		355.66
Profit available for appropriation		**690.55**
Appropriations		(₹in crore)
Transfer to Statutory Reserves		83.73
Transfer to Capital Reserves		29.88
Transfer to General Reserves		50.00
Transfer to Special Reserve		86.55
Dividend Paid for FY 16-17		72.14
Tax on Dividend Paid for FY 16-17		14.22
Balance carried over to Balance Sheet		354.03
Total Appropriation		**690.55**

Dividend

The Board of Directors recommended a dividend of 40% (tax-free in the hands of shareholders other than Individuals whose dividend income is above ₹10 lakh), i.e., @ ₹0.40 per Equity Share of face value of ₹1/- per share.

EXPANSION PROGRAMME

The Bank had been successful in widening its network across India with 854 Branches, 55 Extension Counters, 1331 ATMs and 51 CRMs/CDMs. The Bank has opened 10 new outlets (4 Branches and 6 Extension Counters), 60 ATMs and 4 CRMs across the country during the financial year 2017-18. The branch network now covers 27 States and 3 Union Territories.

The Bank plans to open a maximum of 10 new outlets (Branches and Extension Counters) and 50 ATMs/CRMs during the financial year 2018-19.

CAPITAL & RESERVES

The Bank's issued and paid up capital increased to ₹180.88 crore as on March 31, 2018.

During the Financial Year 2017-18, equity shares granted under the Employee Stock Option Scheme (59,95,121 stock option) were exercised by eligible employees.

The capital plus reserves of the Bank has moved up from ₹4,845.47 crore to ₹5,241.22 crore on account of exercise of options, credit back pertaining to charging off of deferred charges/provision on shortfall in sale of assets and fraud accounts which was drawn from reserves during the FY 16-17 and plough back of profits during the current financial year.

THE CAPITAL TO RISK WEIGHTED ASSETS RATIO (CRAR)-BASEL-III

The Capital to Risk Weighted Assets Ratio (CRAR) of the Bank as on March 31, 2018 according to Basel III guidelines is 12.70 as against the statutory requirement of 10.875 (including Capital Conservation Buffer). Tier I CRAR constitutes 10.41% while Tier II CRAR works out to 2.29%.

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 all the Stock Exchanges for the year 2018-19.

BUSINESS ACHIEVEMENTS

The Bank has achieved a Total Business of ₹1,27,138.58 crore, consisting of Deposits of ₹72,029.59 crore and Gross Advances of ₹55,108.99 crore as on March 31, 2018.

Deposits

The Total Deposits of the Bank increased from ₹66,117.49 crore as on March 31, 2017 to ₹72,029.59 crore as on March 31, 2018 registering a growth of 8.94%.

The break-up of the deposits as on March 31, 2018 is as under:-

	Amount (₹ in crore)	% to total Deposits
Current Deposits	3,057.63	4.25
Savings Deposits	14,084.11	19.55
Term Deposits	54,887.85	76.20
Total	**72,029.59**	**100.00**

The Bank during the year focused on Advances & CASA.

CASA has grown from ₹15,746.34 crore as on March 31, 2017 to ₹17,141.74 crore as on March 31, 2018, with a growth of 8.86%. The savings Bank deposits grew by 11.08% and current deposits grew by 8.39% on a year on year basis.

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

Advances

During the year, the gross advances of the Bank registered a growth of 17.63%, to touch ₹55,108.99 crore. In spite of subdued general economic activity, the Bank could do well in the retail segment including MSME. The Bank is now focusing on growing the retail lending segment with a view to transforming the Bank into a Retail Power House by 2020. Accordingly, the thrust is given to retail loan products, such as housing loan, vehicle loan, gold loan and MSME loans. The Bank has taken various steps to achieve the projected growth without compromising on quality of advances including centralisation of credit processing and tighter credit underwriting and monitoring standards.

During the year, the Bank has exceeded the regulatory prescription on the Priority sector and Agriculture sector. Hence it was resolved to trade the excess portfolio through Priority Sector Lending certificates (PSLC). As a result of trading in PSLC for an amount of ₹4,000.00 crore in general Priority Sector and ₹1,300.00 crore in Agriculture, an Income of (net) ₹52.15 crore was generated. The total Priority Sector advances (net PSLC) as at the end of the financial year stood at ₹21,757.12 crore constituting 46.89% of the Adjusted Net Bank Credit (ANBC) as against mandated 40%. Exposure to agriculture sector(net PSLC) amounted to ₹9029.81 crore forming 19.46% of ANBC as at the end of the financial year as against mandated 18%.

Break-up of exposure under Priority Sector as on March 31, 2018 is furnished below:

	Amount (₹in crore)
Agriculture & Allied activities (including investments in RIDF) (Net PSLC)	9,029.81
MSME	14,406.78
Other Priority Sector	2,320.53
Total Priority Sector	25,757.12
PSLC (General PS)	4,000.00
TOTAL PS (Net PSLC)	**21,757.12**

Another major improvement was the implementation of Committee approach in credit sanctioning. On account of the same, any credit proposals above ₹10.00 crore will be discussed and a collective credit decision is taken by a four member Committee. This eliminates individual bias and ensures involvement of a group of executives in the collective decision making process.

Roll out of a centralised credit monitoring mechanism was another milestone in the improvement of credit administration, which has resulted in continuous monitoring of accounts above ₹5.00 crore.

Yet another milestone was the setting up of a centralised "collection hub", which ensures continuous follow up of

potential impairments, follow up through SMS, telecalls, etc. to enable the Bank to be more proactive in the retail segment.

INVESTMENT

Bank`s gross investment portfolio stood at ₹18,363.08 crore as on March 31, 2018 compared to ₹19,429.68 crore as on March 31, 2017, shown a decline of 5.49%. Investment Deposit ratio moved from 29.40% as on March 31, 2017 to 25.50% as on March 31, 2018. This came on the backdrop of cut in SLR requirement from 20.00% to 19.50% and portfolio readjustment for hardening interest rate scenario.

Profit on sale of investment for the FY 2017-18 stood at ₹179.96 crore. Total interest income from investment for the year was ₹1269.50 crore. Yield on Investment (Profit + interest earned to average investments) during the FY 17-18 was 7.64%. Profitability from investment portfolio moderated during the year on the backdrop of hardening yield for reasons mentioned below.

US Federal Reserve has hiked the policy rate by 75 bps during the financial year 2017-18 and has initiated gradual contraction in its balance sheet size. With further strength in US economy, global investors are concerned about possible increase in inflation forcing US Fed to faster pace of rate hike. This has led to hardening of bond yield in major advanced economies.

On Domestic front, recent data indicates pick up in inflationary trend which has led to pause in accommodative monetary policy. Central Government has readjusted fiscal deficit path to stimulate the economy and of late, there are concerns on supply of Government securities exceeding demand. Resurgent crude oil prices would have negative impact on fiscal deficit, current account deficit and inflation trajectory. This has led to significant hardening in G-Sec Yield.

Rising commodity prices and depreciation of Rupee against US Dollar and increase in the repo rate by 25 bps to 6.25% on June 6, 2018 by MPC, which may lead to higher G-Sec and other Bond yields in the medium term.

NON-PERFORMING ASSETS (NPA)

During the year 2017-18, as a result of focused and sustained efforts for 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, asset sale to ARC, etc., Bank could recover NPAs to the extent of ₹659.55 crore (recovery including up-gradation ₹215.09 crore), as against the target of ₹400.00 crore. Special thrust was given to selection and underwriting of credit, effective 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 ₹1,149.01 crore as on March 31, 2017 to ₹1,980.30 crore as on March 31, 2018 and Net NPA increased from ₹674.56 crore as on March 31, 2017 to ₹1,415.80 crore as on March 31, 2018. Inspite of the prompt and effective recovery measures, the fresh slippages of Q4 alone stood at ₹614.00 crores of which major accounts where from the corporate sector, which eventually resulted in the increase of gross NPA to ₹1,980.30 crore. In terms of percentages, the GNPA increased from 2.45 as on March 31, 2017 to 3.59 as on March 31, 2018 and Net NPA increased from 1.45 as on March 31, 2017 to 2.60 as on March 31, 2018.

DIGITAL AND INFORMATION TECHNOLOGY ENABLED SERVICES

Digital Innovation has brought about tremendous changes across the world in diverse business domains. Banking in India, is now at the cusp of a digital revolution. Bank's IT Vision is to enable technology as a strong strategic support to the Bank, providing value in key organizational initiatives to achieve business goals, offer excellent customer service and to ensure regulatory compliance.

To provide constant focus on customer digital initiatives and emerging technologies, the Bank streamlined its Information Technology organization structure by setting up Digital Banking Department and IT Operations Department. While Digital Banking Dept. focuses on various customer touch points and emerging technologies in the digital landscape, IT Operations Dept. runs all the internal applications. Today, the Bank has a very rich technology framework at the front and back end which caters to all requirements of the retail and corporate customers alike and provides very quick turnaround time.

Retail Customers:

The Bank offers the best of class technology services to cater to the diverse requirements of Bank's retail clientele. The technology stack includes well designed customer touch points, and robust back end systems.

- Full Fledged enterprise level systems.
  - Internet Banking – Sibernet.
  - Mobile Banking – Mirror +.
  - All variants of VISA, Mastercard&Rupay Debit Cards are offered.
  - ATM, Cash Recyclers (CRM) other Value added services.
  - Call Centre Solution catering to customers 24/7.
  - CRM solution providing 360degree view of customers.
  - Business Process Management (BPM) to enable centralization.
  - Technology backed Branch Infrastructure.
  - Latest version of Core Banking Solution(CBS) from Infosys, viz. Finacle 10.
  - Enterprise Risk Management Solution.
- ATM network that spread across the country, which supports Mastercard, VISA and Rupaycards allowing customers quick access to money. All ATMs are interoperable.
- Mobile Banking(with support for other bank money transfer through IMPS, P2A, P2M (issuer), USSD, UPI and Bharat QR.
- Missed call services for retrieving balance through SMS etc.
- Online investment in primary and secondary markets offered

to customers through ASBA, e-trade and e-mutual fund modes.

- Portfolio Investment Scheme for NRIs, allowing them to invest in Indian equity market.
- IMPS Facility to Exchange Houses for Foreign Remittance - For international client exchange houses/banks, the Bank has introduced IMPS based fund transfer on a 24*7 basis in addition to NEFT.
- Fraud Risk Management (FRM) Solution for channel transactions.
- Kiosk based Financial Inclusion Solution to enable the Bank to reach nook and corner of the country, even in remote villages using technology enabled tools.
- Payment Options such as Automated Clearing House (NACH) Payment Service, Cheque Truncation System (CTS), RTGS/NEFT etc.
- Account Opening for NRI/MSME directly through Bank's website.
- Instant QR code payments at merchant locations using Bharat QR, where Customers can use debit card (VISA/ Mastercard/Rupay) as virtual card inside Mirror +.
- Introduction of Interoperable Cash Deposit (ICD) Machines to facilitate remittance through recyclers to other bank accounts and vice versa.
- Enhancement in Security Operation Centre Operations.
- Data Center and DR Enhancement/initiatives [DR Management, Disk based Backup solution at DC, Net backup Migration at DC and DR, Solaris OS Migration at DC & DR and Data Center certification].
- Automation of procurement and payments.
- Robotic Process Automation.
- Application Program Interface (API) banking.
- Artificial Intelligence based banking services such as bots.
- Central Plan Scheme Monitoring System (CPSMS), which links to the DBT (direct beneficiary transfer) for instant receipt of Govt. subsidies to the beneficiaries of various Govt. schemes.
- Tab based Aadhaar e-KYC instant account opening for individual Savings Accounts.

Corporate Customers

- The Bank has Internet Banking facility, from Infosys which provides all the workflow capabilities required for each corporate. Moreover, it offers the security of Digital certificate integration thereby balancing convenience with security
- The Bank also offers Host to Host Integration facility ("Hi-Hi Banking") which will handle fund transfer in a seamless fashion by real time interface with ERP solutions of corporates. This facility is available for 365*24*7 and the clients can securely access the system from anywhere
- Supply Chain Management Solution caters to the dealer/ vendor financing requirement of corporates
- The Bank has started offering business debit cards to the business customers
- On the business acquiring capabilities the Bank has full suite of payment acquiring including POS terminals, Bharat QR, UPI QR etc. which gives the merchants a whole host of accepting payments instantly from their customers.

Digital/Technology initiatives/solutions embarked during the year

Services/solutions that the Bank has launched during the year,

- Full-fledged implementation of GST in the CBS. GST collection and flow of invoices from the Bank to the GSTN network is done in a seamless manner
- e-Academia allows parents to remit fees online using Debit Card/Credit Card/Net Banking without waiting in a long queue to remit the fees of their children
- FEEBOOK - online event based fund management/collection portal, with a tagline 'You Decide You Collect' allows organizations/institutions/associations conducting any number of events with fees involved in it to create their own payment portals, do any modifications on their payment portal, and view the payment reports as and when required. Payments can be made through Payment Gateway solution offered by the Bank
- Supply Chain Finance Scheme, the Bank has introduced (1) Vendor Finance Scheme to address financing the vendors/suppliers of raw-materials, components etc. to manufacturing companies (referred to as corporate) and (2) Dealer Finance Scheme to finance dealers of the products manufactured by corporate.
- Migrated on premise e-mail solution to the cloud based email solution
- Optimizing infrastructure using Virtual Machines
- The Bank has implemented second factor authentication in CBS for branch user login. This is to strengthen the user level login security with efforts to curb the practise of credential sharing among employees
- Implementation of Straight Through Processing (STP) between CBS and SWIFT. All types of SWIFT messages are automated and inward processing of SWIFT messages has also been brought into the purview of STP.
- Implementation of automated DR management solution -Ensures that applications can be resumed from DR site during any disaster as per the defined RTO (Recovery Time Objective)
- LOS (Loan Origination System) was introduced in the Bank in phased manner for Retail & SME loans, for scaling up of loan volumes and quick processing of loan application from centralized hubs with reduced TAT
- Implementation of Process Automation Solution – Automation solution for converting Non STP processes to STP to ensure Secure, seamless and automated Data Transfer across different nodes
- Aadhaar linking/seeding enabled across all customer touch points
- Implemented NACH H2H automation mechanism by which

mandate management & ACH processing is happening via STP process

- SIB is the first Bank to be certified as EMV enablement as Issuer on ATMs.
- Anti skimming solution in ATMs to safeguard ATMs and especially ATM customers from loss and fraud
- Introduced MasterCard Business Debit Cards
- Dynamic Currency Conversion Support for MasterCard International Transactions- Foreign MasterCard card holders will be able to withdraw money from Bank's ATMs by knowing the transaction value in their home currency
- Introduction of Payment Gateway Service in tie-up with M/s Worldline has become an important tool for acquiring float funds and new business relationships
- Bharat Bill Payment Systems – BBPS which will offer integrated and interoperable bill payment services to customers across geographies with certainty, reliability and safety of transactions
- NETC – National Electronic Toll Collection – which helps the vehicles with a RFID tag to pass through the toll plazas across the country, seamlessly
- Bharat QR issuing and acquiring- QR based transactions by making use of debit cards and UPI
- Enabled GST Payment ,Online Loan against deposit opening, IT Retuns – efiling, Online Mutual Fund Service, Funds Transfer to Virtual Accounts through Internet Banking
- Block Chain Based Cross Border Remittance Solution, an important technology set to completely improve the remittance system and potentially assist and improvise the existing bank settlement system, and active participation on other block chain consortiums focusing on different implementation projects.
- Digital Onboarding – CASA and Insurance. In addition to tab banking and quick opening in branches based on Aadhaar, the Bank has also introduced end to end digital on boarding for insurance products of Bank's partners.

Awards and Certifications received on Technology front

- South Indian Bank has won five technology awards during the Indian Banking Association (IBA) Technology Awards 2018.
  1. Winner- Best Technology bank of the Year
  2. Winner- Best payment initiatives
  3. Winner- Best use of Digital and Channel technologies
  4. Runner Up- Best Financial Inclusion initiatives
  5. Runner Up- Best IT risk and Cyber Security initiatives
- Digital India Excellence Award 2017 for its innovation in mobile app 'Digital e-lock' in the 5th PAN-IIM World Management Awards 2017.
- 'Best Bank Award for Digital Banking among Small Banks' and 'Best Bank Award for High Performance IT Ecosystem among Small Banks' in the thirteenth edition of the IDRBT Banking Technology Excellence Awards 2016-17.
- The Bank is one of the seven banks in the "India Trade Connect"consortium set up jointly with Edgeverve (wholly owned subsidiary of Infosys) to run a project on domestic trade finance. This project was awarded the **CelentModel Bank 2018** Award for the Trade Finance and Supply Chain this year.

IT Training

During the year, many training programmes had been attended by the Bank's officers in premier institutions such as IDRBT, NIBM, IBA, UIDAI to keep themselves abreast with the advancements in IT, Information Security, CRM, Databases, Operating Systems, Virtualization, Network, Mobile banking etc.

Information Security and Risk Management

- As banks adopt sophisticated technology to roll-out the best banking solutions to customers, 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 assets and to ensure that related risk management systems and processes are strengthened for smooth and continuous banking operations.
- IT Departments including Data Centre and DR Site are ISO 27001 certified for the implementation of Information Security Management System (ISMS). As a part of ISMS implementation, the Bank has prepared IS Security Policy and related IT risk management procedures.
- The Bank also ensures that all cyber security requirements as per statutory/regulatory guidelines and best industrial practices are implemented on priority basis.
- The organization structure is revamped with setting up of CISO Office for surveillance on the security architecture/ infrastructure and for coordinating security incident-response activities. Information Security Committee, IT Strategy Committee and the Board of Directors periodically review the cyber security posture of the Bank. The Bank has formulated Cyber Security Policy and Cyber Crisis Management Plan to provide guidance in addressing various cyber threat scenarios. The Bank has also identified various types of IT risks and the required preventive, detective and corrective cyber security controls are being implemented.
- The Bank has also ensured that Security Operation Centre (SOC) does 24*7 surveillance and keeps itself regularly updated on the latest nature of emerging cyber threats.
- The Bank has implemented advanced security solutions to manage any type of cyber-attacks.
- Employees are updated with the latest security threats and the best security practices.
- The Bank provides cyber security awareness to its customers on a continuous basis through various channels like SMS/ Email/Website/Social media etc.

Gopalakrishna Committee Recommendations Management Philosophy & Measures for the effective implementation of Cyber Security Framework

- 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. Information Security policy is revamped incorporating various guidelines and stipulations mentioned in the report. In addition, other IT Policies such as IT Operation Policy, IT Governance Policy and IT Outsourcing Policy are also enforced.

- IT Strategy Committee of the Board, IT Steering Committee and Information Security Committee are in place. Cyber security preparedness of bank is reviewed by Information security Committee, IT Strategy Committee of Board and Board of Directors on a quarterly basis.

TRANSACTION BANKING DEPARTMENT [TBD]

Transaction Banking Department, which has come in to being in August 2015, undertakes the following functional operations in centralized environment with a view to bring standardization of process and procedures, scalability in line with business expansion and compliance to regulatory and statutory requirements, besides enforcement of internal controls.

Functional Division	Functional Operations Covered
Retail Liability Operations (CPC)	Opening of CASA – SB,CD, NRI Creation of Customer Customer Modifications – Retail & Customer Unification of Customer
Retail Asset Operations (CDMC)	Opening of Loan Accounts (FB and NFB limits) Renewals and Enhancements NPA Upgrading Capturing Risk rate/score Ensuring Collateral entries (SGMS) Income Leakage Identification & Recovery
Payment & Settlement Operations (PSD)	RTGS/NEFT PFMS – Aadhaar Mapping PFMS -DBT PFMS- WPS (Wage Protection System) CTS Operations NACH Operations
Service Operations	Debit Card Internet Banking Mobile Banking Post Open Welcome Kit (POWK)
Support Operations	Channel Reconciliation (Debit Card, Internet Banking, IMPS, UPI, Prepaid Cards) Customer Support Center Operations
Audit & Compliance Function	Concurrent Audit (Channel Reconciliation and CPC functions) rectification
Ancillary Operations	ATM cash replenishment outsourcing operations RLO outsourced operations under BC Model Door Step Banking Operations

Consolidation of functional operations under TBD with increased operational efficiency is being carried out to make it as Centre of Excellence. For TBD functions, Kochi will be the primary operation centre with Coimbatore as the BCP centre. CTS functions will get consolidated at CHENNAI.

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.

BUSINESS DEVELOPMENT DEPARTMENT

In order to strengthen the focus on business growth, exclusive full-fledged Business Development Dept. has been formed in Jan, 2016.

Business Development Department is providing continuous mentoring for both the Deposit and Advance portfolio of the Bank, review of daily/weekly business position of all ROs/ Branches, conducting of conference & meetings to promote Business Growth, Compilation of Business Strategy Document of the Bank & follow up for compliance, Providing potential customer leads to Regions and Branches, mentoring of Green channel branches (Potential branches for advances growth), loss making branches & low advance base branches, Mentoring of Business campaigns etc.

Salient strategies of the Bank as per Business strategy plan (FY 2017-18 to FY 2021-22).

In compliance with the recent SEBI circular, the Business strategy plan of the Bank inter-alia, includes the following:

- To grow in credit portfolio at a considerable level per annum
- To give more focus on growth in CASA.
- Garnering of more business from Retail, Agri. & MSME sectors, rather than focus on large corporate advances.
- Introduction of alternative business channels such as BCs, DSAs & DSTs with special emphasis on CASA, Retail, Agri. & MSME advances.
- Ensuring that expected recoveries are taking place, by deploying effective collection, monitoring & recovery mechanism.
- Opening of more branches in Regions in state where branch network is less.
- Multiple tie ups for third party product business growth, thereby to improve fee based income.
- Promoting Digital on-boarding.
- Usage of latest technologies such as Chat bots, Block chain, Cloud computing etc. for creation of digital products with better features.
- Gradually increase the size of equity portfolio of performing sectors for better treasury profits.
- Introduction of Forex Business Development Officers for improvement of Forex business.

- More focused efforts in improving the quality of training programmes and effective utilization of training budget for reducing the skill gaps of the staff.

BUSINESS INTELLIGENCE AND ANALYTICS

The Business Intelligence & Analytics Department was formed in April 2018 with the prime objective to provide valuable insights to the various stake holders of the Bank by using industry best practices in data analytics and leverage predictive & prescriptive data science tools to improve the Business, Customer Relationship, Operational efficiency, Strengthen the reporting systems. A single Centralized Data Repository with data collaborated both from internal systems as well from external sources facilitates to better understand and monitor the customer behaviour thus enabling personalized products and targeted marketing and thereby increasing the revenue and profitability.

RISK MANAGEMENT

Risk is an integral part of banking business. Risk Management underscores the fact that the survival of an organization depends heavily on its capabilities to anticipate and prepare for the change rather than just waiting for the change and react to it. The objective of risk management is not to prohibit or prevent risk taking activity, but to ensure that the risks are consciously taken with full knowledge, purpose and clear understanding so that it can be measured and mitigated. The essential functions of risk management are to identify, measure and more importantly monitor the profile of the Bank. Managing risk is fundamental to banking and is the key to sustained profitability and stability. Management of risk aims to achieve best trade-off between risk and return and to ensure optimum Risk Adjusted Return on Capital (RAROC). Sound risk management is critical to a bank's success. Business and revenue growth have therefore to be aligned with Risk appetite in the context of the risks embedded in the Bank's business strategy and balance sheet. 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 risks continue to be key focus areas 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 evaluated and benchmarked against the best practices followed in the industry. Through continuous refinement/improvement of the risk measurement/management systems, including automation of feasible processes, the Bank aims to ensure regulatory compliance as well as better return on and utilization of capital in line with the business objectives. While Non Performing Assets are the legacy of the past in the present, Risk Management System is the pro-active action in the present for the future.

Risk Appetite

Risk appetite of the Bank refers to the level of risk that the banking organization is prepared to accept in pursuit of its financial and strategic objectives, before action is deemed necessary to reduce the risk. It is determined through the assessment of risk taking capabilities of the Bank in the form of sound risk mitigation techniques and capital base. Risk Appetite forms a key input to the business and capital planning process by linking business strategy to risk appetite. Risk appetite of the Bank is defined by the Board of Directors through the Risk Appetite Framework which encompasses the general risk appetite of the Bank as well as risk appetite with respect to specific categories of risks. Qualitative and quantitative measures, risk tolerances as well as targeted limits for various categories of risks are included within the risk appetite and are monitored on a quarterly basis. The framework ensures that aggregate risk exposure of the Bank is always within the desired risk bearing capacity.

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 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), to integrate 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, pension obligation risk etc. The Bank has adopted a common framework for additional disclosures under Pillar III for adhering to market discipline norms 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 consistent and comprehensive manner.

The Bank has taken progressive measures for upgrading its systems, policies and procedures to achieve preparedness in implementation of advanced approaches prescribed by Basel/RBI for credit, market and operational risks. The Bank leverages its

Enterprise Wide Integrated Risk Management (EWIRM) solution for measurement and monitoring of capital requirements under standardised/advanced approaches. Further EWIRM solution accelerates the Bank's ability to meet qualitative requirements of advanced approaches such as conduct of RCSA, development of VaR models/B-scorecards etc. in an effective manner.

INTERNATIONAL BANKING

The total forex business turnover for the year ended 31st March 2018 was ₹3,99,151.48 Crore (comprising Merchant Turnover ₹14,992.28 crore and Interbank Turnover ₹38,4159.20 crores) recording an increase of 49.57% as compared to the previous financial year. Bank earned an exchange profit of ₹31.63 crores for the FY 2017-18.

At present the Bank is having Rupee inward remittance arrangement with 4 Banks and 34 Exchange Houses and turnover for the year ended March 2018 was ₹8,481.60 crores. The Bank has concluded speed remittance arrangement during the FY 2017-18 with the following Exchange Houses:

- PFG Forex Pty. Ltd., Australia
- International Exchange Co. (S) Pte. Ltd., Singapore
- Unikremit Financial Services, Hong Kong
- Noor Ahalia Exchange, AbuDhabi

The Bank has continued providing managerial support to M/s Hadi Express Exchange, UAE. The Bank has presently deputed 12 officers of the Bank to manage the operations of Hadi Express Exchange. Considering the scope in improving the remittance business through arrangements with EH's, the Bank has deputed eight officers to UAE with UAE Exchange Centre, Al Ansari Exchange, Al Ahalia Money Exchange Bureau, Hadi Express Exchange and Al Fardan Exchange, three officers to Qatar with City Exchange, Doha, Qatar, Al Dar For Exchange Works and M/s AlFardan Exchange LLC, Doha Qatar and one officer to UAE Exchange Centre W.L.L., Kuwait.

In order to provide more thrust on Trade Finance as a business portfolio, an exclusive centralized operation wing has been formed under TBD named as Centralized Trade Finance Operation Branch and the same has become operational w.e.f. 01.01.2018. Hence all forex operations are now being handled by CFTOB and IBD functions will be more focussed to compliance, policy and business development and nostro vostro relationships.

By centralized trade finance operations at a single location, deploying talented sources, Bank will be able to impart professional services to its customers ensuring strict FEMA/ RBI guidelines. Presently all inward remittances, outward remittances and import transactions have been centralized and centralization of export bills is in progress.

NRI PORTFOLIO

The NRI deposits constitute **26.21**% of the total deposits and NRI CASA is **23.31**% of total CASA portfolio. The Bank is having a separate NRI Division exclusive for NRI related services, at Retail Banking Department, Kalamassery, Kochi, headed by Assistant General Manager and its functions and working are monitored by Joint General Manager and Country Head Retail Banking. Dedicated officers and staff working in NRI Division are rendering exemplary support and assistance to Bank's NRI's and in turn all the branches give impetus to the growth of NRI business of the Bank. The Branch level NRI Relationship Officers and the NRI Desk functioning in major NRI Business Branches are giving special care and attention to Bank's NRI clientele.

The first Representative Office of the Bank has started functioning in Dubai since 25.04.2018 which is headed by Chief Representative Officer. Presently the Bank has 12 NR Relationship Managers deputed in 3 different countries viz. UAE, Qatar and Oman who are reporting to Representative Office at Dubai. Apart from this, the Bank is giving managerial support to M/s Hadi Express Exchange from 2006 onwards which is presently headed by Scale V officer. 11 Officers of the Bank are deputed to M/s Hadi Express Exchange House in UAE which is having 8 branches in UAE.

South Indian Bank is authorized by RBI to administer the Portfolio Investment Scheme for NRIs for which the Bank has a PIS Cell under Retail Banking Department. The Bank has tie-up with M/s Geojit BNP Paribas Financial Services Ltd. for the broking side. Ernakulam NRI branch (0307) is the RBI designated branch for offering PIS facility.

The Bank is providing a wide array of Third party products like Mutual Fund, Life insurance, Health Insurance, National Pension Scheme and Demat facility to NRI Clientele. Customers can avail online banking facility e-invest to open/invest/Redeem in Mutual Funds. PFRDA, a statutory body established by Govt. of India, has designated the Bank as POP agent, authorised to collect and invest in National Pension Scheme.

Bank's mobile application 'SIB Mirror Plus' created a wide impact among NRI Customers as its beauty has increased with the addition of IMPS facility. Opening of Fixed Deposit and Recurring Deposit through online mode has also made banking much easier for NRI Patrons. Loans against Fixed Deposit can be availed online through Internet Banking platform. The Bank is providing executive transit stay facility to our HNI NRI Customers, in major cities.

In order to have an intimacy and personal interaction, with HNI NRI's, NRI Meets were conducted at various centres in Kerala & selected Overseas Centres like Kuwait City and Muscat during the FY 17-18. The NRI Meets was a great opportunity for Bank's top executives to interact with beloved HNI NRI customers. All these efforts coupled with the service and efforts of each and every SIBIAN working all over India and abroad resulted in achieving 12.06% growth in the total NRI Deposit during the financial year 2017-18 and helped in achieving another milestone of crossing ₹18,500.00 crores of NRI Deposit.

TRAINING

The Bank accords utmost importance to skill enhancement of staff members. Training Programme is conducted at SIB Staff Training College (SIBSTC), Thrissur and at 7 Regional Training Centres (RTCs) for development of professional skills. Training programmes are designed to develop competency of operating personnel while imbibing the SIBIANS' spirit and culture through an effective learning process. The success of these programmes reflects on the enhanced organizational productivity. SIBSTC and the RTCs identify skill gaps in the personnel and provide support for qualitative improvement. Staff members are also nominated to external training centres for being trained in specialized areas as well as to have higher exposure. During the financial year 2017-18, the Bank has imparted training to 4,240 officers, 1,689 clerks and 279 sub staff in various aspects of banking operations. A total of 6,405 personnel were trained during the FY 17-18, which is about 81% of total staff strength of 7,946 as on March 31, 2018. This is in consonance with the Bank's priority of 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. In addition to six RTCs located at Delhi, Mumbai, Kolkata, Hyderabad, Chennai & Bangalore, one more RTC at Coimbatore has started functioning during the Financial Year 2017-18.

RETAIL BANKING DEPARTMENT

The Retail Banking Department focuses primarily in increasing retail business for the Bank through customer acquisition and retention. The Retail Banking Department has two verticals Retail Liabilities & Retail Assets. The Liability vertical constitutes the entire retail liability portfolio of the Bank including Core Deposits, CASA, NRI Business, Marketing of Third Party and Digital Products. Apart from the above the department also plays a vital role in ensuring continued product development and promotion by creating awareness on products and by driving customer-centric campaigns.

Technology Products of the Bank

Digital technology is transforming the way customer interacts with the Bank. Demonetization has brought in a wave of digitalization in the country. In coherence with the changes in the industry, the Bank has also strengthened the digital banking space. 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' digital banking experience from branch banking to anytime, anywhere banking. Bank has set up a separate Digital Banking Department to take care of product development and process improvement of all technology products.

- **SIB ATM cum Debit Cards:** The Bank is offering Visa, Master and RuPay debit cards to its customers. For the premium segment the bank is also offering NFC Cards which utilizes the latest technology enabling the Tap & Pay feature. Bank has introduced **Business Debit cards** Exclusively for SME customers with tailor made offers for the business segment.
- Bank has **prepaid cards** in RuPay platform and these cards can be used similar to Debit cards for Online/POS transactions. These cards can be preloaded and are being used by customers as a preferred gifting option. This product has also gained its position in the corporate segment wherein this is used for employee/client gratification.
- The **Co-Branded Credit Card** launched in association with one of the major players in Indian Credit Card industry, M/s SBI cards has gained popularity across the country. Under this arrangement the bank offers two of the most sought after variants - Simply SAVE Credit Card and Platinum Credit Card.
- The **Co-branded Foreign Currency Travel Card** launched in association with Axis Bank is specifically designed for customers who travel abroad. This Travel Card can be loaded in 16 currencies (USD, EUR, GBP, SGD, AUD, CAD, JPY, CHF, SEK, THB, AED, SAR, HKD, NZD, ZAR, DKK) and make payments while travelling to multiple countries.
- **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. In addition to NEFT/RTGS and within bank fund transfer facility, the Bank has implemented IMPS (Immediate Payment Service) facility which offers 24x7 fund transfer facility to all including NRI customers. The Bank has also facilitated various online investment options such as opening of Recurring Deposits (RD), Fixed Deposits (FD) & facility to avail Online Loan against Deposits (FSLD). More investment options such as online Mutual Fund is also incorporated which provides added benefits to the customers. The Bank has also introduced Bill Pay & Recharge service to help the customers to make payment towards their various bill payment from a single platform. SIBerNet is also enabled with Tax payments including GST Payment and e-Filing of income tax and thereby enables customers to conduct their tax payments and filing of returns at the comfort of their homes/offices.
- **Mobile Banking:** Bank has introduced its new mobile banking application SIB Mirror+ to provide a next generation digital banking experience. The new app, which is available to both Domestic and NRI customers, is loaded with features such as Self Registration facility, E-statement, Bill Payment module, within bank, NEFT, IMPS & UPI 24X7 fund transfer, e-lock, Mobile/DTH Recharge, Social Money and Scan & Pay option using **BHARAT QR** and UPI etc. Mobile Banking app is also further enhanced with SiberMart (Online Shopping Portal) & FeeBook (Online Collection Portal).
- Mobile Banking also has innovative feature, **e-Lock**, in mobile banking apps which secures the customer account

from any kind of fraudulent or unauthorized transaction. The Bank is the first bank in the country to introduce such a product and many in the industry have been bringing out similar products since then.

- **Unified Payment Interface (UPI)**, "Future of payments" is transforming the digital payment space. The Bank has introduced UPI features in Bank's mobile banking application SIB Mirror+ (BHIM UPI Pay). SIB is the first Bank to upload UPI app in Google Play store. The UPI module is having features such as send money to virtual address, collect money, Aadhaar fund transfer, scan and pay, etc. Bank has also launched a Mobile application for merchants, UPI-POS for accepting payments through UPI channel. UPI has gained wide acceptance among the customers.
- **Point of Sale (POS):** The Bank is offering three types of POS terminals - PSTN (wired terminal), GPRS (wireless) and M-Pos (Mobile Pos) in association with M/s Atos Worldline India Pvt. Ltd., the market leader in India in this segment. During demonetisation, the Bank could reach out to valuable customers by providing ample number of terminals and thereby mitigating the shortage of cash.
- **FASTag:** South Indian Bank implemented NETC FASTag (in association with National Highways Authority of India (NHAI) and National Payments Corporation of India (NPCI)) in the month of February 2018 offering, hassle-free movement of vehicles through toll plazas. Any vehicle with a FASTag (RFID) tag can cruise through the Toll gates wherein the toll payment is made digitally. SIB NETC FASTags are available for both SIB Customers and Non-customers.
- **SiberMart:** The Bank has introduced an online shopping portal that enables customer to compare prices between different market places like Amazon, Flipkart, Tatacliq etc. This gives an added advantage to the customer in ensuring the Best Buy.
- **Payment Gateway:** Internet Payment gateway service provides a platform for the online e-payment transaction between a shopper/client and merchant. Payment Gateway can be integrated in the website of the merchant and customer/client can directly pay the amount using Debit Card, Credit Card, Internet Banking, E- Wallets etc.
- **Feebook:** FeeBook is an event based fund management/ collection portal, which can be customized by the organization/merchant all by themselves. FeeBook, comes with a tagline, ***'YOU DECIDE, YOU COLLECT'***. In Fee Book, the organization has the flexibility of deciding & customizing the entire collection cycle. This can be integrated to the existing Website of the Client or can be provided as a separate Portal.
- **Hi-Hi Banking:** This is a Host to Host fund transfer application facilitating seem less transfer of funds between accounts that can be initiated by the client from his host system without Banks intervention. This can be integrated to the customers ERP system.
- **Remote Cheque Printing:** This facility enables corporates to process the bulk issuance of cheques/dividend warrants etc. through a system driven model affixing the facsimile signature of the authorised signatory.
- **Social Media & Digital Marketing:** The Bank has made its presence in all major social media platforms like Facebook, Twitter, Instagram, Linked In, YouTube etc. The Bank has been instrumental in utilizing these channels in creating better engagement and awareness among customers about its innovative products and services. The latest digital marketing models are being adopted to reach out to customers across the globe in the most cost effective and sought after means.

Third Party Products

Insurance: As per the approvals received from IRDAI the Bank has opted for Multiple Corporate Agency Model with effect from 1st April, 2016. As per this model the Bank is allowed to tie-up with three partners in Life, Health and General Insurance streams. The Bank has tied-up with Kotak Mahindra Life Insurance Co. Ltd. and SBI Life Insurance Co. Ltd. in addition to the existing partner Life Insurance Corporation of India for soliciting life insurance. As the second partner for General Insurance in addition to Bajaj Allianz General Insurance Co. Ltd. the Bank has tied-up with The New India Assurance Co. Ltd. The Bank has also tied-up with Max Bupa Health Insurance Co. Ltd. and Cigna TTK health Insurance Co. Ltd. for sourcing health insurance business. FY 2017-18 was very fruitful for insurance business and income worth 12.62 crores was generated Vs 3.4 crores for financial year 2016-17.

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 tied up with 15 leading Mutual Fund companies thereby offering a variety of mutual fund products to customers. Bank's AMFI Registration Number is 3845. Asset Under Management (AUM) of the bank is ₹60 Crores as on March 2018. With the aim of increasing mutual fund business and thereby increasing third party income, the Bank has launched a new online mutual fund platform '***SIB e-Invest'*** to facilitate online purchase & sale of mutual funds has been introduced for branches. Customers approaching branches can create investment account and perform purchase/sales of mutual funds through this platform. After the successful launch of ***'SIB e-Invest'*** – the Online Mutual Fund platform in branches, the Bank has extended the facility for all single/individually operated retail SiberNet users also.

Bonds: The Bank has been 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 Financial Services Ltd. & M/s Religare Securities Ltd. Customers are also having the option of trading through mobile application at their comfort zone where the Demat Account and Bank account will be with us and the trading account will be with either M/s Geojit Financial Services Ltd. or 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 issue etc. by marking a lien on the account instead of actual debit at the time of applying, which is more beneficial for the customers. The Bank has participated in 150 issues (including IPO/FPO/NCD/Rights Issue) in FY 17-18.

Portfolio Investment Scheme (PIS) – An extensive share trading facility for 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. An additional tax benefit of ₹50000/- under Sec. 80 CCD (1B) was introduced for NPS contributions. APY was introduced by Govt. of India in place of NPS Lite providing minimum assured pension from ₹1,000/- to ₹5,000/- to subscribers is also available to Bank's customers.

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 4 companies - TVS Credit Services, Sundaram Finance Ltd. Shriram City Union Finance and Bajaj Finance Ltd.

BUSINESS CORRESPONDENTS

The Bank has started the Corporate Business Correspondent model in the Bank with effect from April 2017. Two vendors M/s Fino Paytech Ltd. and M/s Basix Sub-K iTransactions (later withdrew themselves from the project) were selected as the Corp BCs. The Corp BC provides the BC sub agents who are deployed to various branches, to canvass SB and CD accounts and retail loans, for increasing the CASA portfolio of the Bank. The Bank has started the BC model in Ernakulam region and now it is extended to Mumbai, Pune, Chennai, Bangalore and Ahmedabad.

Customer Support Centre (Call Centre)

As per the Bank's vision to become a retail powerhouse, the customer support centre (call centre) has been elevated to form a customer Experience Group (CEG) to enhance the customer satisfaction. Now, with a focused approach to generate business and thereby to improve customer product ratio, the CEG is expected to become more of a profit centre rather than just a support team.

Liability

CASA Initiatives

- The Bank is among the pioneers in offering Mahila Savings Accounts with unique feature of insurance. Based on the market study the Bank had revamped the existing Mahila Plus scheme adding more customized features for women. In essence, bank is aiming to penetrate more among the women folk and yield a certain amount of revenue by offering comprehensive package and strengthen CASA portfolio. The salient features and offers of Mahila Delight are comprehensive insurance coverage at a nominal cost, concession in locker rent & loan processing fee and much more.
- Trader Smart current accounts are introduced during the FY with lot of free facilities and exemptions in cash handling charges to greater extend. The account is embedded with features like sweep in, sweep out, Doorstep banking, POS facilities etc. The account is designed keeping in mind the requirements of Traders in general and the performance in

the first year is encouraging w.r.t. the average balances in the account.

- During the FY the Bank has launched SIB Elite Senior and Mahila Elite for catering to the needs of pensioners and Senior citizens in particular. The accounts are having very attractive features like sweep in, sweep out, Door step banking, Unlimited ATM free facility etc. the Bank had conducted regional level launch program at 20 Regional offices.
- During the FY the Bank has revamped the existing GSS Accounts and introduced GSS Smart & Executive for salaried class of people. Being a salary saving account, this account has got features of both saving account and salary account, which is basically a Zero – balance account. Salary OD is an attractive feature of this account along with other benefits like concession in loan processing, locker rent, free internet banking, mobile banking, demat account opening and many more.
- **Government Business Cell** was formed two years before with a focus on canvassing Government accounts and for the liaising with Government departments. The Cell was able to canvass substantial fresh CASA in the last financial year and able to bring good number of government accounts in the kitty. In order to scale up the government business portfolio of the Bank to further heights, many new initiatives are being implemented.
- **Priority Banking Service** – South Indian Bank Prime Platinum and Prime are exclusive Priority Banking Services offered to the customers who make their relationship with the bank mutually rewarding with benefits and offerings that enhance the privileges enjoyed by them. As a Priority Banking Customer, they have the advantage of enjoying customized benefits that recognize their total relationship with the Bank and have been tailored to suit their individual needs.

  The privileges of SIB Prime Platinum and SIB Prime are not exclusively limited to the customers alone: some of those benefits also get extended to their families as well. As a Priority Banking client, the customer would have access to Red Carpet treatment at SIB Branches across the country. Also with the launch of Priority Banking, it is envisaged to create a comprehensive Personal Economy Management Solution to maintain and diversify the customers' wealth.

Business Development Officers

- The Bank started the retail business model through Business Development Officers (BDOs) in May 2016 with 72 BDOs. Today BDO stands as a strong arm of the Bank bringing in new Business to the Bank. Moreover, the intensive grass root level experience and learning have helped the BDOs to develop themselves as more confident and promising officers. With concentrated and focused approach, there has been steady improvement in the performance of BDOs which has laid a strong foundation for the vertical.
- Now, in order to make the vertical stronger and to get the desired results for a substantial growth in retail business, the Bank has redeployed the BDOs under the following categories:

Liability BDOs	Savings Account Group (SAG)
	Current Account Group (CAG)
	Corporate Salary Group (CSG)
	GBG/TASC Group

- In the Financial Year 2017-18 the BDO vertical could source 11085 accounts with total AMB amounting to ₹51.97 Crores, retail advances advance of ₹229.96 Crores and Insurance amount of ₹9.5 Crores.

BUSINESS CORRESPONDENTS

The Bank has started the Corporate Business Correspondent model in the Bank with effect from April 2017. The Corp BC provides the BC sub agents who are deployed to various branches, to canvass SB and CD accounts and retail loans, for increasing the CASA portfolio of the Bank. The Bank has started the BC model in Ernakulam region and now it is extended to Mumbai, Pune, Chennai, Bangalore and Ahmedabad.

Visibility Enhancement Initiatives during FY 2017-18

The Bank had undertaken many brand promotion initiatives in various media like Newspaper, Television, Radio, Outdoor and Online media.

- Through effective PR strategy, major events and financial results pertaining to the bank were promoted globally across all the media platforms. The Bank had held major Press conferences, in connection with Quarterly results and during the launch of SIB SCHOLAR-II, a prestigious CSR initiative by the Bank. Regular press releases were made in connection with the various CSR initiatives, financial inclusion, product launch, social associations and various arrangements in connection with the foreign remittance. Advertisement campaign was done in Malayala Manorama and Vanitha. On occasion of Onam, Bank had undertaken an advertisement campaign in the major Malayalam newspapers and dailies.
- As part of Casual Advertisement, the Bank has partnered with Mathrubhumi (for International Book Festival, Indian Luxury Expo), Deepika (20th Anniversary), The Hindu & Asianet (Budget Talk Show), TMA (Annual Convention), KMA (Annual National Management Convention), XLRI (Maxi Fair) etc., which fetched us good responses.
- The Bank has associated with M/s Maxus – GroupM Media Pvt. Ltd. for promoting the Gold Loan through Road Shows in Coimbatore and with M/s Junction K. (Malayala Manorama Group) for the promotion of Digital e-lock through caravan across cities of Kerala.
- The Annual National Management Convention hosted by

Kerala Management Association (KMA), was partnered by the Bank at Kochi that had witnessed the gracious presence of prominent business houses of the state.

- The Bank had also associated with Dhanam Magazine's Retail summit and Award nite at Kochi that had attracted a lot of entrepreneurs. Patronizing literature and arts, the Bank had supported Kerala Literature Festival conducted by DC Kizhekkamuri Foundation at Kozhikode.
- In order to inculcate the concept of healthy life style, Bank had partnered with Thrissur Round Table 88 for a Mini Marathon at Thrissur – "Run Thrissur Run" which attracted a lot of public and sports lovers.
- With a view to make Bank's presence felt in foreign countries, the Bank had undertaken some NRI campaigns. The Bank had associated with NTV UAE (Snehasandya 2017), AD & M International Advertising LLC (Radio Campaign), Thrissur Association of Kuwait (TRASSK Maholtsav), Kuwait Engineers Forum (SMASH – Badminton Competition) etc.
- As part of Bank's Radio promotions, the Bank had aired advertisements on Gold Loan, GSSA, SIB Scholar – II etc. in national and regional basis.
- Outdoor brandings were concentrated in major cities like Mumbai, Chennai, Coimbatore and Kochi through bus shelters and hoardings. The Bank had forayed into the digital product promotion on Volvo buses at Mumbai. The Bank had also undertaken a bus shelter campaign at Coimbatore city, which fetched us with good response. The Bank has undertaken a national level Arch Campaign at selected branches in connection with the 90th year anniversary celebrations. In order to increase the brand visibility, the Bank had undertaken hoarding campaign at major cities like Bangalore, Goa and Kochi. Digital advertisement were also displayed at 6 major railway stations of Kerala. The Bank also undertook the branding of Aluva Muncipal Clock Tower and the Gandhi Statue with an aim to increase the brand visibility.
- The Bank has entered into an agreement with Kochi Metro Rail Limited (KMRL) for the Semi Naming and Branding of Kaloor Metro Station.
- SIB hosted a grand Award Nite – Mahila Achievers Day at Kochi Crowne Plaza and honoured three eminent woman personalities from three different fields, Ms. Meenakshi Gurukkal (Martial Arts), Ms. Anju Bobby George (Sports) and Ms. Sujatha Mohan (Music). The former Brand Ambassador of SIB Sri Bharat Mammootty and Ms. Beena Kannan were also present. The event also witnessed the launch of new credit product, Mahila Udyog.
- In visual media, the Bank has advertised its Digital e-lock commercial in major news and commercial channels. A national campaign was undertaken during the Union Budget period. Wide publicity was given to the CSR activities of the Bank. In Kerala Market, the Bank had associated with various Malayalam channels like Mathrubhumi, Mazhavil Manorama etc. for advertisement as well as the coverage of major events that had boosted Bank's publicity factor.
- As part of digital products YouTube campaign was initiated in order to promote Bank's Digital e-lock feature in SIB Mirror + app. The inauguration of the Plastic Recycler Machine at Kochi Metro was also aired live on Facebook.

HUMAN RESOURCE

Organizations are made of among others, Human Resources (HR) which is the most valuable asset in today's dynamic world. Indeed, it is the people and not organizations that constitute an organization. Achievement of organization's objectives depends on the individual and collective efforts put in by its work force. Highly motivated, loyal and satisfied employees represent the basis of all successful organizations. 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' aspirations and the organizational goals thereby. An adequate strategy is inevitable to develop and retain HR and also to attract more talents. To augment the manpower in line with the Bank's healthy & sustained growth and expansion of network, the Bank continued its initiatives of major talent acquisition and retention policies in the FY 2017-18 also.

Manpower

As on March 31st, 2018, the Bank had 7,946 personnel on its rolls. Cadre wise break up is as under:

Cadre	Men	Women	Total
Officers	2767	1455	**4222**
Clerk	1502	1563	**3065**
Peon	381	25	**406**
Part-time employees	62	191	**253**
Total	**4712**	**3234**	**7946**

With the infusion of young personnel, the Bank was able to maintain the average age of employees as 34 years as on March 31, 2018.

Staff Members having professional Qualification as on 31.03.2018 are as under:

EDUCATIONAL STREAM	NUMBER OF STAFF
Management	1407
Post Graduation	1226
CA	64
CS	5
Engineering	1392
PHD	1
Legal	72
ICWA/CMA	43

MAINTENANCE OF PERSONNEL DATA

Maintenance of staff records were 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, the Bank has introduced new modules such as Auto credit of Staff Allowances, Provident Fund, Staff Attendance, Audit Compliance in addition to the existing modules like Transfers, Promotion Maintenance, HRA, Leave and LFC, Training, Online Annual Performance Appraisal of Officers, Service Record, Pension Maintenance, Marketing Excellence, Staff Medical Insurance, TA, and so on. The automation of attendance was successfully completed with the introduction of Biometric attendance marking linked to HRMSS.

Motivation 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 is offering ample opportunities to its employees for their growth and motivation. During this financial year, 301 clerical staff were promoted to Scale I, 160 officers to Scale II and 163 Officers to various senior cadres.

b) Training Programme: An employee is the pillar that an organization relies upon, for its success, growth and achievement. Effective trainings mould the employees to strive against the rising competition of the market and so, is very much necessary for the growth of the business. The Bank has been very keen in this regard. During the financial year, the Bank has provided training to 4249 Officers, 1689 Clerks and 279 Sub-staff in different facets of Bank's operations.

c) The Staff Welfare Study Support Scheme which was introduced in the FY 2016-17 for children of staff members has been successfully continued in the current financial year also. The scheme has proved to be effective in its implementation with the aim of encouraging the children of staff members to soar to greater heights.

d) This year 127 staff members availed the benefit of 'The South Indian Bank Staff Welfare Scheme' introduced in December 2008 for availing long leave with reason of child care after maternity, higher education, medical treatment and so on. The scheme ensures the Bank's employee friendly approach towards its employees and the concern for their family members.

e) Green Initiative: Healthy employees can have an equally positive impact on the productivity and effectiveness of a business. As a part of promoting greener and healthier work environment, the Bank has introduced an interest free Cycle Loan to staff members in all cadres of the Bank.

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 all-round growth and prosperity of the Bank and its employees. On account of the cordial industrial relations with both the associations, Bank has achieved considerable growth over the years. The management of the bank has signed internal settlement with the officers/award staff unions with certain improvements in the existing benefits/service conditions of staff members and the same have been implemented with effect from June 2017.

A jovial and employee friendly approach by the Bank is the only reason to have a very minimal attrition rate of 2.46% as compared to the industry attrition rate of 17.8% [data taken from KPMG's report on Average Voluntary Attrition (2017-18)].

EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the financial year 2008-09, the Bank 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.

Till March 2018, 5,36,76,080 stock options were vested, out of which 2,80,58,128 stock options were exercised by eligible employees. The money realized due to exercise of the said options was ₹41,04,05,495.77 and consequently 2,80,58,128 shares of ₹1/- each have been allotted to the concerned employees/legal heirs.

A Certificate of Auditors pursuant to Regulation 13 of SEBI (Share Based Employee Benefits) Regulations 2014 will be placed to the AGM for the scrutiny of Shareholders.

The total options granted under nine phases of SIB ESOS 2008 works out to 3.39% of the paid-up share capital of the Bank as at March 31, 2018. The scheme has generated intended motivation amongst the staff.

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 as Annexure A.

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 the Board members, executives and is also made available in SIB-Insight for the benefit of staff members.

E-Learning Tests

The Bank has completed 14 online tests through GIEOM Application during the year 2017-18 for staff members on various topics relevant to Banking. Toppers are recognized and their name published in Insight. The E-learning platform is being used increasingly for improving the knowledge level of the staff members.

Continuous Assessment Test for Prob. Officers

To facilitate updation for and continuous learning by the Prob.

Officers, tests are conducted on a monthly basis, covering products, procedures, instructions etc. through different modules.

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.

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. As on 31.03.18, 316 themes have been published since the first publication in December 1991. The objective of this venture is to kindle interest in economic affairs among the younger generation and also to provide a learning platform for the student community. The hard copies of the publication numbering about 3,100 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 2017-18 are – Insolvency and Bankruptcy Code, 2016 – Part I, Insolvency and Bankruptcy Code, 2016 - Part II, Prompt Corrective Action (PCA) by RBI, GST Part - I, GST Part - II, Priority Section Lending Certificate, Fintech, Ind AS Part - I and Part - II, Economic Survey 2017-18: Highlights, Union budget and Railway Budget 2018-19, Legal Entity Identifier. These themes are made available in the Bank's Website under the heading Student's Corner.

SIBLINK

A corporate magazine – 'SIBLINK' is published on a quarterly basis. During the Financial Year 2017-18, the Bank has published SIBLINK with the following themes - 'MSME', 'Fintech', 'IND AS' and 'Compliance in Banks'.

Awards and Accolades

The Bank has received following awards during the Financial Year 2017-18:

1. Dun & Bradstreet Award – Best Private Sector Bank Priority Sector (Agri)
2. IDRBT Best Bank Awards – Best Bank Award for Digital Banking among Small Banks' and Best Bank Award for High Performance IT Ecosystem among Small Banks
3. Banking Excellence Award 2017 for Private Sector Bank by State Forum of Bankers Club (Kerala)
4. Digital India Excellence Award for innovation in mobile app 'Digi e-lock'
5. FIEO Export Award 2015-16- Best Financial Services & Foreign Exchange Earner in Southern Region (Gold)
6. ASSOCHAM Award – Social Banking Excellence Award 2017 (Priority Sector Lending)
7. IBA Technology Awards 2018 –
   a. Winner – Best Technology Bank of the Year
   b. Winner – Best payment initiatives
   c. Winner – Best use of Digital and Channel technologies
   d. Runner up – Best Financial Inclusion initiatives
   e. Runner Up – Best IT risk and Cyber Security initiatives

ISO 27001:2013 Certification

The Bank has been awarded ISO 27001:2013 certification for its Information Security Management System (ISMS)

Achievement and milestones:

1. The Bank has started operations of Representative office at Dubai in UAE from 25.04.2018.
2. The Bank has started TAB Based Account opening by instant KYC verification.
3. The Bank has started instant account opening by biometric verification at branches.
4. The Bank has started "Bharat QR" to enable merchants to accept payments Digitally.
5. The Bank has started issuing "FASTAG" to vehicles enabling Toll payments Digitally without waiting at Toll Booths.
6. The Bank has implemented committee approach in credit sanctioning of proposals above ₹10.00 crore.
7. The Bank has Rolled out a centralised monitoring mechanism for continuous monitoring of accounts above ₹5.00 crore.
8. Yet another milestone was the setting up of a centralised "collection hub", which ensures continuous follow up of potential impairments, follow up through SMS, telecalls, etc.

Foreign Exchange Advisory Cell

The Bank has launched Foreign Exchange Advisory Cell to Provide advisory services by subject experts on FEMA rules and trade finance related issues to the general public. The complimentary service is available to all Foreign Exchange Trade Fraternity.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO SUB SECTION(3) (M) OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE (8) (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

The Bank ensures strict compliance with all statutory requirements and voluntarily undertakes several sustainable steps in order to contribute towards a better environment. 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 effective manner

for delivering quality customer service. As a next generation Bank, the Bank has deployed 'Technology' as a Strategic Business enabler – to build a distinct competitive advantage and to achieve superior standards of Customer Service. The Bank, 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 at the beginning of the financial year - Nil

Number of complaints filed during the financial year - Nil

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

Particulars of Employees

Information as required by the provisions of Section 197 of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, is given under:

Name, Qualification and Age (in years)	Designation	Remuneration		Experience (in years)	Date of of Employment	Nature of employment (Contractual/ otherwise)	Last Employment
		Gross (₹)	Net (₹)*				
V. G. Mathew, M.Sc., CAIIB (64 years)	MD & CEO	1,28,84,934	89,23,243	39	02.01.2014	Whole-Time	Chief General Manager, SBI
Reghunathan K. N., B.Com., CAIIB (60 years)	EVP	51,34,157	33,23,400	39	14.12.2015	Contractual	GM, Union Bank of India
Siva Kumar G., MBA (Finance), M.Sc., CAIIB, (62 year)	EVP	39,02,026	29,41,419	38	14.12.2015	Contractual	GM, State Bank of India
Thomas Joseph K., B.Sc., (Mechanical Engg.), Diploma in Management, CAIIB (59 years)	EVP	36,75,713	28,02,921	34	15.10.1984	Whole-Time	-
Sanchay Kumar Sinha PG Diploma in Management (50 years)	COUNTRY HEAD - RETAIL BANKING -GM	27,34,967	21,92,796	25	02.09.2017	Contractual	SVP - Head Liabilities and Client Engagement for Consumer Banking - Indusind Bank
John Thomas, B.Sc., MBA, CAIIB (59 years)	SGM	26,19,001	20,71,385	36	15.06.1981	Whole-Time	-
Anto George T. BA, CAIIB-1, MBA-HR (49 years)	GM	24,28,277	19,80,638	28	01.02.1996	Whole-Time	South Malabar Gramin Bank
Raphael T. J., B.Com., CAIIB (57 years)	SGM	22,83,368	19,03,035	34	16.11.1983	Whole-Time	-
Benoy Varghese, B.A., MBA, CAIIB (60 years)	COUNTRY HEAD-WHOLESALE BANKING - SGM	23,10,154	18,26,060	34	21.11.1983	Contractual (w.e.f.01.03.2018)	-
Paul V. L. M.A., JAIIB (59 years)	SGM	22,32,164	18,14,198	37	22.09.1980	Whole-Time	-

* Net of taxes paid

- None of the above employees holds together with his relatives two percent or more of the total voting power of the Company.
- The above mentioned personnel are not related to any Director of the Bank.

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 (Annexure B).

DIRECTORS' 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 to be undertaken.

South Indian Bank's CSR Policy

South Indian Bank is grateful to the society that has supported and encouraged the bank during its long journey of growth and development. The Bank believes that no organization can make sustainable development without the patronage of the society. The Bank is committed to integrate social and environmental concerns in its business operations. The Bank shall continue to have among its objectives, promotion and growth of national economy and shall continue to be mindful of its social and moral responsibilities to customers, shareholders and the society. The Bank is committed to financing the economic and developmental activities of the nation with concern for human rights and environment.

In line with the CSR Policy and in accordance with Schedule VII, Section 135 of Companies Act, Bank undertook various activities during FY 2017-18, which had significant impact on the society. These activities include:

- Promoting education, including special education and employment enhancing vocation skills
- Promoting healthcare including preventive healthcare and sanitation
- Training to promote nationally recognized sports
- Promotion of Swachh Bharat Mission of Central Government
- Setting up of old age homes
- Making available safe drinking water
- Hunger Eradication programs
- Women Empowerment programs
- Creating sustainable environment
- Promoting Financial Literacy

Web-Link to the CSR Policy

https://www.southindianbank.com/UserFiles/file/CSR_Policy.pdf

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. Sri Francis Alapatt (Chairman of the Committee)
2. Sri V. G. Mathew (MD &CEO)
3. Smt. Ranjana S. Salgaocar (Member)
4. Sri V. J. Kurian (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: ₹550.17 crore. Prescribed CSR expenditure (two percent of the amount as above): ₹11.00 crore.

Details of CSR spent during the Financial Year

a) Total amount to be spent for the Financial Year 2017-18 : ₹11,00,00,000

b) Amount not spent, if any : ₹3,72,25,562

c) Manner in which the amount spent during the financial year is detailed below:

Sector-wise utilization of CSR funds for FY 2017-18 (Amount in ₹)

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 Programmes was undertaken	Amount outlay (Budget) project or programme wise	Amount spent on the projects or programmes(1) Direct Expenditure on projects (2) overheads	Cumulative Expenditure up to Reporting Period	Amount Spent Direct or through Implementing Agency
1	Deploying Financial Literacy counselors	Financial Literacy	Other I All Districts, Kerala	590000	5658347	5658347	Direct
2	Erection of Ground/ Roof water harvesting systems & filteration plants	Making available safe drinking water	Other I Alleppy, Kerala & JadayamPalayam, Coimbatore	3511951	2471169	2471169	Direct
3	Providing Ambulances, Dialysis Machines , assistance for Coronary Artery Bypass Grafting (CABG)	Promoting healthcare, including preventive healthcare and sanitation	Other I Ernakulam, Trivandrum, Kerala I Thane, Maharashtra	25233743	24639434	24639434	Direct

4	Setting up digital class rooms, Assistance for Technical Skill Development, Providing School bus and renovation of school building	Promoting Education, including special education and employement enhancing vocation skills	Other I All Districts, Kerala Sawantwadi, Pune I Dona Paula, Goa I Uppal, Hyderabad	30668843	26709964	26709964	Direct
5	Assistance to construct a boarding home for accomodating psycho mental rehabilitation patients and old aged destitutes	Setting up old age homes	Other I Trivandrum, Kerala	2500000	2500000	2500000	Direct
6	Construction of individual house hold toilets, adoption of cleaning activities of 18th June Road	Swachh Bharat Mission	Other I Alapuzha, Kerala & Panaji, Goa	1469015	602607	602607	Direct
7	Financial assistance for training budding talents in foot ball, Setting up International Standard Shuttle Court Complex, Synthetic layering of Tennis Court	Training to promote nationally recognized sports	Local Area I Parappur, Thrissur Dist, Other I Ernakulam , Kerala	7143181	6018317	6018317	Direct
8	Financial assistance to erect 75 KW on grid solar plant	Environmental Sustainability	Local Area I Thrissur	3661804	3661804	3661804	Direct
9	Financial assistance to install one steam cooking unit to provide good quality food to general public free of cost	Eradicating Hunger	Other I Malappuram	462796	462796	462796	Direct
10	Financial assistance to purchase 10 number of sewing machines to promote women empowerment.	Women Empowerment	Other I Ambari, WB	50000	50000	50000	Direct
			TOTAL	75291333	72774438	72774438	

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

Reason for not spending the prescribed CSR Expenditure

South Indian Bank has always given top priority to fulfilling its obligations under Corporate Social Responsibility. Diversified Projects in the areas of healthcare, education, sports and sanitation that would benefit the society as a whole are identified and the Bank wholeheartedly supports such initiatives. In the Financial Year 2017-18, the Bank spent ₹7.28 crore towards CSR activities against ₹4.03 crore in the Year 2016-17. Apart from the above, an outlay of ₹9.50 crore has been sanctioned in various projects, pending disbursements as on 31.03.2018. The

Bank expects that this outlay will be positively spent during the forthcoming years. The Bank stays committed to its Corporate Social Responsibility and intends to increase the spend under CSR on Year on Year basis.

Responsibility Statement

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

Sd/-	Sd/-
V.G. Mathew	**Francis Alapatt**
MD & CEO	Chairman-CSR Committee

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. During the year 2017-18, the Bank has successfully migrated to Aadhaar Enabled Payment System (AePS) in existing KIOSK Model of Banking, from the earlier mode of customer ID payment service. Now AePS is the only mode by which transactions are taking place in Kiosk Banking solution.

Aadhaar Enabled Payment System (AePS)

Aadhaar Enabled Payment System is a payment service, empowering a bank customer to use Aadhaar as his/her identity to access his/her respective Aadhaar enabled bank account and perform basic banking transactions through a Business Correspondent/POS machine. National Payment Corporation of India (NPCI), an umbrella organisation for all retail payments are controlling AePS operations. AePS offers basic banking services such as Cash Withdrawal, Cash Deposit, Balance Enquiry, Aadhaar to Aadhaar Fund Transfer, MiniStatement, and Best Finger Detection. Customers can open new basic savings account (PMJDY) in Kiosk centres by Bio Metric authentication. The Bank has implemented Kiosk Banking Model in the state of Tamil Nadu through 66 Individual Business Correspondents.

Financial Literacy Centres

Financial Literacy is the ability to understand how money works in our day to day 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. 13 FLCs have been allotted to the Bank by SLBC in the state of Kerala to disseminate financial literacy to the people and it is functional through retired bank employees and educated youth. In addition to this the Bank has voluntarily adopted 5 blocks in Tamilnadu to emphasize the objectives of Financial Literacy. Bank's FLCs are now branded under the name "SIB JYOTHIS". Efforts are on to make them more efficient, responsive to the needs of the people. A board approved policy covering all aspects of Financial Literacy Centres has been formulated, giving due consideration to the revised guidelines on FLCs circulated by RBI. During the FY 2017-18, the Bank's FLCs have conducted 1,646 camps attended by 1, 08,432 participants.

Government of India Scheme - PMJDY

Pradhan Mantri Jan Dhan Yojana (PMJDY), is conceived as a national mission on financial inclusion initiated by Honourable Prime Minister on August 15, 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 was implemented in the Bank since August 18, 2014.

The Bank has opened 2,09,957 BSBD accounts as on March 31, 2018 under PMJDY and balance outstanding in those accounts exceeds ₹47.62 crore at present. RuPay Debit Cards are issued in PMJDY accounts providing customers with the benefit of accident insurance coverage of ₹1.00 Lac. Social Security schemes in insurance (PMJJBY and PMSBY), were also given high priority by the Bank resulting in enrolments for over 2Lac customers in FY 2017-18.

AADHAAR ENROLMENT STATION

Department of Financial Services (DFS) under Ministry of Finance, had directed banks to become Enrolment Registrars with UIDAI so as to set up AADHAAR enrolment stations at branch premises before 31.10.2017 under bank's own enrolment agency code. As per DFS advisory, at least l0% of branches should be facilitated for the Aadhaar enrolment facility.

In view of the same, 85 Branches across 7 states were identified as Aadhaar Enrolment Station (AES) to provide services in connection with Aadhaar enrolment and updation facility.

As on 31.03.2018, all the 85 Aadhaar Enrollment Stations identified were functional.

GREEN INITIATIVES IN CORPORATE GOVERNANCE

Despatch of documents in Electronic Form: 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 and in terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, the Bank may give notice through electronic mode including e-mail to those Members who have provided their e-mail address either to their Depository Participants (DPs) or to the Registrar/ Company.

Further, in terms of Regulation 36 of the Listing Regulations, the listed entity is required to send soft copies of its Annual Report to all those shareholder(s), who have registered their e-mail address for this purpose. Accordingly, the delivery of documents including the notice and explanatory statement of 90th Annual General Meeting, Annual Report of the Bank for the financial year 2017-18 including Audited Financial Statements, Directors' Report, Auditors' Report etc., for the year ended March 31, 2018, to the e-mail address registered with their Depository Participant (DP)/Registrar/Company. The e-mail addresses indicated in respective DP accounts which will be periodically downloaded from NSDL/CDSL will be deemed

to be their registered e-mail address for serving notices/ documents including those covered under Section 136 of the Companies Act, 2013. In case a Member, whose email address has changed, fails to update his/her new e-mail address, the said documents will be sent to the existing e-mail address and the said documents will be deemed to have been delivered, in compliance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the Listing Regulations. Member who have not yet registered their email address are requested to do so, at the earliest. In case of shares held in electronic form and in case of any change in the e-mail address, Member are requested to update the same with their DP and in case of shares held in Physical form, Members are requested to update the same with the Registrar/Company.

Please note that the said documents will also uploaded on the Bank's website www.southindianbank.com and copies thereof will be made available for inspection at the Registered Office of the Bank during business hours on all working days except 2nd and 4th Saturdays, Sundays, Bank Holidays and Public Holidays up to the date of ensuing AGM.

Shareholders have been requested on several occasions to update their e-mail IDs in their folio/demat a/c to help accelerate the Bank's migration to paperless compliances. The Bank seek your support to the said green initiatives, as it is designed to protect our fragile environment.

Further, as a part of green initiative by the Bank, all relevant agenda papers pertaining to the Board/Committee are being circulated well in advance to the Board of Directors through electronic mode to facilitate easy access of agenda on IPad which would provide sufficient time to the Board for reading and understanding the proposals placed in a meeting.

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 Bank has set up 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 has brought all branches under the CPC model during the Financial Year 2015-16.

The Bank had implemented UIDAI's e-KYC services for Aadhaar authentication, in all the branches. 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.

FATCA-CRS

The Bank has registered as a reporting entity under FATCA, under GIIN No. IIK7HU.99999.SL.356, to comply with the reporting requirement under the inter Governmental agreement entered between Indian and US Government and the CRS Multilateral Competent Authority Agreement.

DIRECTORS

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and the Code of Conduct on Corporate Governance adopted by the Bank. The Board comprises of nine Directors as on the date of this report, with rich experience and specialized knowledge in various areas of relevance to the Bank, including banking, accountancy, small scale industry, agriculture, and information technology.

Excluding the MD & CEO, all other members of the Board are Non-Executive Directors and six Directors out of the total nine Directors are Independent Directors. Declaration has been obtained from the Independent Directors as required under the RBI Regulations, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Companies Act, 2013. The remuneration and other benefits paid to MD & CEO of the Bank and other Non-Executive and Independent Directors during the financial year 2017-18 are disclosed in Corporate Governance Report.

Sri Cheryan Varkey (DIN-06884551), Director liable to retire by rotation in the 89th Annual General Meeting held on 11th July 2017, did not offer himself for re-appointment hence not re-appointed as a Director of the Bank.

Sri Mohan E. Alapatt (DIN: 00025594), Non-executive Independent Director of the Bank, retired from the Board of Directors w.e.f. 28th February, 2018 upon completion of his 8 year term, as per Section 10A(2A) of the Banking Regulation Act, 1949.

Sri Achal Kumar Gupta (DIN: 02192183) was appointed as the Additional Director of the Bank with effective from January 11, 2017 pursuant to the provisions of Section 161 of the Companies Act, 2013 and appointed as a Director liable to retire by rotation the 89th AGM held on 11 July, 2017. He will be appointed as a Non Executive Director of the Bank liable to retire by rotation and been eligible, offers himself for re-appointment

Sri Salim Gangadharan (DIN: 06796232), Non-Executive part-time Chairman of the Bank, was originally appointed as Additional Director of the Bank on 16.01.2014 and regularized as Independent Director for a period of 5 years w.e.f. 1st April, 2014 at the 86th AGM held on 16.07.2014 in compliance with the provisions of Companies Act, 2013. Further, he was designated as Non-Executive part-time Chairman of the Bank w.e.f. 02nd November, 2016 for a period of 3 years (till 1st November, 2019) as approved by Reserve Bank of India. The Bank reclassified Mr. Salim Gangadharan as Non-Executive Non-Independent Director w.e.f. 2nd November, 2016 to comply with the provisions of Section 149(6)(c) of Companies Act, 2013. The Bank seeks the appointment of Mr. Salim Gangadharan as Non-Executive Director liable to retire by rotation.

DIRECTORS' REPORT

Sri V. J. Kurian (DIN: 01806859) has been appointed as the additional Director of the Bank representing Minority sector w.e.f. 23rd March, 2018 pursuant to Section 161(1) of the Companies Act, 2013 and shall hold the office up to the ensuing Annual General Meeting of the Bank. He will be appointed as a Non-Executive Independent Director of the Bank in Minority sector, who is not liable to retire by rotation.

Dr. John Joseph Alapatt (DIN: 00021735), has been inducted to the Board w.e.f. September 24, 2012 and was appointed as an Independent Director of the Bank for a period of 5 years w.e.f. 01st April, 2014 vide shareholders' resolution dated July 16, 2014 in terms of the provisions of the Companies Act, 2013. His term of appointment would come to an end on 31st March, 2019. 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. 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. Accordingly his term will expire on 23rd September, 2020. Resolution for his reappointment as Independent Director is included in the AGM Notice.

Mr. Francis Alapatt (DIN: 01419486) has been inducted to the Board of the Bank w.e.f. 01.11.2013 and was appointed as an Independent Director of the Bank with effect from April 1, 2014 for a period of five (5) years vide shareholders' resolution dated July 16, 2014 in terms of the provisions of the Companies Act, 2013. His term of appointment would come to an end on 31st March, 2019. 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. Hence approval of Shareholders of the Bank is accorded for the reappointment of Sri Francis Alapatt for a further term. 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. Accordingly his term will expire on 31st October, 2021. Resolution for his reappointment as Independent Director is included in the AGM Notice.

Composition of 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 Achal Kumar Gupta (Non-Executive Director) and Sri V. J. Kurian (Non-Executive Independent Director). The constitution of the Committee is in compliance with the regulatory requirements. The terms of reference of the Audit Committee, incorporated in the Bank's Code of Corporate Governance, are in accordance with the SEBI (LODR) Regulations, 2015 entered into by the Bank with Stock Exchanges where the Bank's shares are listed, Companies Act, 2013 and RBI guidelines.

Independent Directors

In terms of the definition of Independence of Director as prescribed under Regulation 16 (1) (b) of the SEBI (LODR) Regulations, 2015 and Section 149(6) of Companies Act, 2013 and based on the confirmation/disclosures received from the Directors, the following Directors are Independent Directors of the Bank as on the date of this report

1. Sri K. Thomas Jacob (DIN: 00812892)
2. Dr. John Joseph Alapatt (DIN: 00021735)
3. Sri Francis Alapatt (DIN: 01419486)
4. Smt. Ranjana S. Salgaocar (DIN: 00120120)
5. Sri Parayil George John Tharakan (DIN: 07018289)
6. Sri V. J. Kurian (DIN: 01806859)

Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (LODR) Regulations 2015, the Bank has appointed Smt. Ranjana S. Salgaocar (DIN: 00120120) as Woman Director on the Board of the Bank.

Bank's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178;

Criteria for appointment as Director of the Bank

Nomination and Remuneration Committee of the Board shall identify and ascertain the integrity, qualification, expertise and experience of the person who is considered for being appointed/reappointed as Director of the Bank and apply due diligence in compliance with the Banking Regulation Act, 1949, Reserve Bank of India directives on Fit & Proper Criteria, all other applicable provision of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 including any amendments from time to time and Nomination Policy of the Bank.

Criteria For Determining Qualifications, Positive Attributes

a) The professional and personal ethics, integrity and track record.
b) Special knowledge or practical experience in Banking, accountancy, agriculture and rural economy, co-operation, economics, finance, Marketing, Information Technology, law, small-scale industry or any other field useful to the Banking Company in the opinion of Reserve Bank of India.
c) Ability to provide insights and practical wisdom based on their experience and expertise relevant to the Bank's line of business.
d) Details of his/her association with other Companies/LLPs/ Firms (including NBFC).
e) Details of substantial interest in other Companies/LLPs/Firms (including NBFC).
f) Details of financial facilities, if any, availed from the Bank.
g) Details of default in the re-payment of loans, availed from the Bank or any other bank, if any.
h) Commitment to enhancing stockholder value.
i) Ability to develop a good working relationship with members of the Board and contribute to the working relationship with senior management of the Bank.

j) Whether he/she suffers from any of the disqualifications envisaged under the provisions of Banking Regulation Act, 1949, Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
k) Any other factors as the Committee may deem fit and in the best interests of the Bank and its stockholders.

Criteria for determining Independence of a Director

The Criteria of Independence of a director is determined based on conditions as laid down in the Companies Act, 2013. The independent director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his/her status as an independent director, give a declaration that he/she meets the criteria of independence.

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 of Directors:

Remuneration of MD & CEO and Other Employees (including Key Managerial Personnel):

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 Nomination & Remuneration Committee (NRC) to the Board for approval after considering the factors prescribed under the Compensation Policy.

The Board considers the recommendations of NRC and approves the remuneration, 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.

For the other employees (including Key Managerial Personnel and Compliance staff), the Board, based on the recommendation of the NRC may devise appropriate compensation structure. The compensation paid to other employees that include Award Staff, Officers coming under Scale I to IV and executives coming under Scale V to VII is fixed based on the periodic industry level settlements with Indian Banks Association. The variable compensation paid to functionaries is based on the Performance Linked Incentive Scheme, which has been formulated on the basis of performance parameters set in Performance Management System.

Remuneration of Chairman:

The NRC 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 NRC, 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, SEBI (LODR) Listing Regulations 2015 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.

Policy on Board Diversity:

Pursuant to SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 to ensure compliance with the applicable provisions, the Bank has devised a policy on Board diversity to ensure adequate diversity in its Board of Directors. The Bank believes that diversity underpins the successful operation on an effective Board and embraces diversity as a means of enhancing the business. With a view to achieve sustainable and balanced development, the Bank sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives. A diverse Board includes and makes good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of directors.

Policy on Board Diversity of the Bank mainly depends on the qualifications for appointment of Directors of the Bank as contained in the Banking Regulation Act,1949 and satisfying the Fit and Proper Criteria for directors as per the regulatory requirement of RBI.

The Bank continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities. In informing its perspective on diversity, the Bank also take into account factors based on its own business model and specific needs from time to time.

The NRC has the responsibility to lead the process for Board appointments and for identifying and nominating, candidates for appointment to the Board. The benefits of diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of directors to the Board.

Board appointments are based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. The Policy of Board Diversity is displayed in bankswebsite.(https://www.southindianbank.com/UserFiles/file/Rupay/DISCLOSURE/Policy_on_Board_diversity.pdf)

Board Level Performance Evaluation

The Companies Act, 2013 and SEBI (LODR) Regulations, 2015 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 & Remuneration committee and approved by the Board.

The process for formal annual performance evaluation is as under:

- Committee of Independent Directors at their separate meeting 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 & Remuneration committee.
- The Board evaluate the performance of Board level committees.
- Nomination & Remuneration Committee evaluate/review the performance of each Director recommends the appointment/reappointment/continuation of Directors to the Board. Based on the recommendation of Nomination & Remuneration 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

Participation at Board/Committee Meetings, Managing Relationship, Knowledge and skill, Personal attributes, Compliance and Corporate Governance; Leadership; Strategy Formulation, Strategy Execution, Financial Planning/ Performance, Relationships with the Board, Human Resource Management and Succession Planning, Personal Qualities; Resources; Conduct of Meetings.

Performance Evaluation of Board

Composition and Diversity; Strategic Foresight, Value Creation, Process and Procedures, Oversight of the Financial Reporting Process and Internal Controls, Oversight of Audit Functions, Corporate Governance, Corporate Culture, Monitoring of business activities, 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.

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.

In complaince with the SEBI guidelines the recommendations of Committee of Independent Directors are placed to the Nomination and Remuneration Committee for timely follow-up and necessary actions.

AUDITORS

a) **Statutory Auditors:**

The shareholders at its 89th Annual General Meeting held on July 11, 2017, conveyed their approval for appointment of any one of the auditor firm from a panel of 3 Audit Firms as decided by the Board. Accordingly the Bank sought the approval of Reserve Bank of India and RBI conveyed their approval for appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai as the Statutory Auditors for the year 2017-18.

M/s S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, vacates the office at the ensuing Annual General Meeting but are eligible for re-appointment for the Financial Year 2018-19.

B) **Secretarial Auditors and secretarial Audit Report:**

Pursuant to Section 204 of the Companies Act, 2013, the Bank had appointed M/s SVJS & Associates, Company Secretaries, Practicing Company Secretaries, Kochi as its Secretarial Auditors to conduct the secretarial audit of the Bank for the FY 2017-18. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2017-18 is annexed to this report as Annexure C.

INTERNAL CONTROL AND AUDIT/INSPECTION

Regular Risk Based Internal Audit (RBIA) of the Branches, Regional Offices (RO) and Departments are conducted at periodical intervals based on its risk perception. RBIA of branches is being conducted through web based application and the risk assessment, rectification of comments etc. and its evaluation, monitoring and review are automated.

In the back drop of rapid technological changes, the Bank has initiated technology based Audit/Inspection for assessing the adequacy of internal controls and ensuring adherence to internal process and procedure as well as regulatory requirements. The Bank is having a full-fledged Inspection and Vigilance Department (IVD) and Inspection Division of IVD ensures adherence to the set rules and regulations by Branches/ Regional Offices/HO Departments.

In addition to RBIA of branches, the Bank has concurrent audit system which covers selected Branches, HO Departments

including Critical Departments like International Banking Division, Treasury Department, and Credit Department and Centralized Processing Centres. Concurrent audit of branches is being conducted by qualified Chartered Accountants/retired officers covering 60% of total business, 70% of total advances and 50% of total deposit of the Bank. The selection of branches for concurrent audit is done in such a way that it covers Branches having substantial business, 'B' Category Branches and almost all isolated remote branches irrespective of its business volume. The Bank has automated concurrent audit system in Branches from August, 2017.

The Bank has conducted Credit Audit, KYC/AML Audit, Information System Audit, Revenue Audit, Surprise Inspection of gold & Cash and exclusive Gold Loan asset verification at Branches during the financial year. Information System Audit of CBS and major applications are conducted by external audit firms also. Besides this, all the Branches are subjected to statutory audit on yearly basis.

The Bank has a separate Transaction Monitoring Team which monitors transactions using alerts generated from software on certain set of rules. Based on these alerts, clarifications are called for from branches wherever necessary. The branch operations are centrally analyzed for ensuring compliance to KYC/AML/CFT guidelines with the help of AML software. Fraud Risk Monitoring Cell (FRM Cell) is established to prevent fraudulent activity in the customer accounts through card related activities, by generating rule based alerts with the help of FIS software.

Internal inspectors conduct inspection at regular intervals and the reports are placed to Audit Committee at Executive level (ACE)/Audit Committee of Board (ACB) as the case may be, for review. Corrective steps are taken to rectify the lapses/irregularities pointed out in such inspections.

During the Financial Year, the Bank has conducted more number of surprise inspections at Branches.

Inspection Division also carries out independent evaluation of Bank's internal financial controls in terms of Companies Act, 2013 and the details in respect of adequacy of internal financial controls with reference to the Financial Statements.

In the month of March 2018, the Bank has revamped Inspection Division in order to strengthen the internal audit processes. Separate monitoring team called 'Inspection Monitoring Group (IMG)' was created for closely monitoring various inspections/audits at the Branches. There are four IMGs and each IMG is headed by AGM/CM. Self-Audit is being introduced in a phased manner for Branches vide which Branch has to be evaluated themselves.

Current year the Bank is planning to automate Credit Audit, Self-Audit, Gold Loan Inspection, Surprise Inspections and Management Audit. More number of surprise inspections will also be conducted.

EXPLANATION FOR AUDITORS' COMMENTS IN THE REPORT

The Statutory Auditors Report and Secretarial Auditors Report for the year 2017-18 does not contain any qualification.

Corporate Governance

A separate report profiling Corporate Governance as required under applicable regulations of the SEBI (LODR) Regulations 2015 and a certificate from M/s S. R. Batliboi & Co. 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, 2018 in form No. MGT-9 is annexed to this report as Annexure D.

Business Responsibility Report

As stipulated in Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Bank from environmental, social and governance perspective is attached as part of the Annual Report as Annexure-E.

Dividend Distribution Policy

In accordance with the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank has formulated a Dividend Distribution Policy and the Policy is hosted on the website of the Bank and can be viewed (https://www.southindianbank.com/content/view ContentLvl1.aspx?linkIdLvl2=215&LinkIdLvl3=2672&link Id=2672)

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 Regulations. 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 SEBI (LODR) Regulations, 2015. The same is displayed on the website of the Bank (https://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=215&LinkIdLvl3=782&linkId=782). Since there were no Related Party transactions, Form AOC-2 is not applicable to the Bank.

DIRECTORS' REPORT

Material Changes and Commitment Affecting Financial Position of the Bank

There are no material changes and commitments, affecting the financial position of the Bank which has occurred between the end of the financial year of the Bank i.e. March 31, 2018 and the date of the Directors' report i.e. June 6, 2018.

During the year under review, there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Bank's operations in future.

Details in respect of frauds reported by auditors

There is no fraud reported by auditors under sub-section (12) of Section 143 of the Companies Act, 2013 other than those which are reportable to the Central Government.

Compliance to Secretarial Standards

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

Strictures and Penalties

During the last three financial 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.

In terms of Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) by an order dated May 14, 2018, has imposed a penalty of ₹5 crore for non-compliance with the directions issued by RBI on Income Recognition and Asset Classification (IRAC) norms, Know Your Customer (KYC) norms and treasury function and for deficiencies in its compliance function and compliance culture.

Management Discussion and Analysis Report

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

Particulars of Loans, Guarantees or Investments

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided by a banking Company in the ordinary course of business. The particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements as per the applicable provisions of Banking Regulation Act, 1949.

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, 2018, 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 2017-18 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, 2018, 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, 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

(SALIM GANGADHARAN)
CHAIRMAN
DIN : 06796232

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

Place : Nedumbassery
Date : June 6, 2018

DIRECTORS' REPORT

Annexure to Directors Report for the year ended March 31, 2018 Annexure A

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 Exercise Price per option ₹12.93	Tranche 2 Exercise Price per option -₹24.98	Tranche 3 Exercise Price per option - ₹24.12	Tranche 4 Exercise Price per option ₹12.93	Tranche 5 Exercise Price per option ₹21.65	Tranche 6 Exercise Price per option ₹18.72	Tranche 7 Exercise Price per option ₹21.65	Tranche 8 Exercise Price per option ₹18.72	Tranche 9 Exercise Price per option ₹28.40
Options outstanding at the beginning of the year	0	0	800	7200	325900	13783933	2063000	0	0
Options granted during the year	0	0	0	0	0	0	0	4304710	150000
Options exercised during the year	0	0	0	0	113750	5670461	210910	0	0
Options vested during the year	0	0	0	0	0	7994160	586500	500	0
Forfeited/lapsed during the year	0	0	800	7200	212150	3073695	482940	16444	0
Options outstanding at the end of the year	0	0	0	0	0	5039777	1369150	4288266	150000
Total Number of Options in force as on March 31, 2018	10847193								

Other details are as under:

Money realised by exercise of options	₹41,04,05,495.77
Pricing Formula: a) for Tranche 1, Tranche 2, Tranche 3, Tranche 5 , Tranche 6, Tranche 7 & Tranche 9 b) Tranche 4 c) Tranche 8	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. c) At a discount of 40.67% 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. Mathew V. G. (MD & CEO)* — 2,83,333* Mr. Thomas Joseph K. — 88417 Mr. John Thomas — 88417 Mr. Raphael T. J. — 82417 Mr. Benoy Varghese — 82417 Mr. Paul V. L. — 64083 Mr. Anto George T. — 48383 Mr. Jacob E. A. — 64083 Mr. Gireesh C. P. — 51383 Mr. Biju Punnachalil — 32400 Mr. Jimmy Mathew — 15833 *RBI approval is awaited for 1,50,000 options
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'	1.85
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, Tranche 7 – 21.65, Tranche 8 – 18.72 and Tranche 9 – 28.40
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, Tranche 7 – 27.56, Tranche 8 – 25.91 and Tranche 9 – 25.91

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	31.03.2018
Net Profit as reported (₹in crore)	334.89
Proforma Net profit based on fair value approach (₹in crore)	334.26
Basic EPS as reported (₹)	1.86
Basic EPS (Proforma) (₹)	1.85
Diluted EPS as reported (₹)	1.85
Diluted EPS (Proforma) (₹)	1.85

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, 2018									Year ended March 31, 2017						
	1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7
Exercise Price per share (₹)	12.93	24.98	24.12	12.93	21.65	18.72	21.65	18.72	28.40	12.93	24.98	24.12	12.93	21.65	18.72	21.65
Weighted Average Share Price per share (₹)	8.57	17.03	22.57	23.10	24.26	23.49	27.56	25.91	25.91	8.57	17.03	22.57	23.10	24.26	23.49	27.56
Expected Volatility (%)	28.26	28.26	28.26	28.26	28.26	29.95	34.59	33.09	33.09	28.26	28.26	28.26	28.26	28.26	29.95	34.59
Historical Volatility (%)	43.50	31.33	29.23	31.32	28.94	32.19	34.83	33.09	34.49	43.50	31.33	29.23	31.32	28.94	32.19	34.83
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	3.00 to 5.00	3.00 to 5.00	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
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	7.10 to 7.44	7.10 to 7.44	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
Expected Dividend Yield (%)	8.17	4.11	3.10	3.03	2.89	3.41	2.90	1.54	1.54	8.17	4.11	3.10	3.03	2.89	3.41	2.90
Price of underlying share in the market at the time of grant of option (₹)	14.37	27.75	26.80	23.50	24.05	20.80	24.05	31.55	31.55	14.37	27.75	26.80	23.50	24.05	20.80	24.05

(SALIM GANGADHARAN)
CHAIRMAN
DIN : 06796232

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

Place : Nedumbassery
Date : June 6, 2018

DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 — Annexure B

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:

Sr. 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. Salim Gangadharan 1.74x **MD & CEO** Mr. V.G. Mathew 9.15x For this purpose, sitting fees paid to the Directors (except Sitting fee paid to Chairman as approved by RBI) have not been considered as remuneration.
II	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	**Chairman** Mr. Salim Gangadharan 0 Mr. V.G. Mathew **MD & CEO** 10.85% Mr. C.P. Gireesh **(CFO)** 0 Mr. Jimmy Mathew **(Company Secretary)** 0
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 7946 employees as on March 31, 2018
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;	The average percentage increase made in the median salaries of employees other than the managerial personnel is 3.32% Increase in the median remuneration of managerial personnel was - Nil
XII	Affirmation that the remuneration is as per the remuneration policy of the Bank	**Yes, it is confirmed**

Notes:

x denotes the median remuneration of the employees in the financial year.

1. The median salary of the staff members is arrived by taking 12 months' actual salary paid during the FY 2017-18.
2. For the calculation of percentage increase in the remuneration of part time Chairman in the FY 2016-17, honorarium paid to Sri Salim Gangadharan has been annualized.
3. While calculating the salary of CFO/CS exceptional items are excluded.
4. Remuneration of Chairman and MD & CEO is regulated by RBI guidelines.

(SALIM GANGADHARAN)
CHAIRMAN
DIN : 06796232

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

Place : Nedumbassery
Date : June 6, 2018

DIRECTORS' REPORT

Form No. MR-3

Annexure C

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

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

To,

The Members,
THE SOUTH INDIAN BANK LIMITED
S I B House, Mission Quarters
T B Road
Thrissur – 680 001

We, SVJS & Associates, Company Secretaries, have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The South Indian Bank Limited [CIN: L65191KL1929PLC001017]** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **The South Indian Bank Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2018 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 South Indian Bank Limited** ("the Company") for the financial year ended on 31.03.2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder to the extent applicable;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent applicable.

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

(g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) As informed to us, the following other laws are specifically applicable to the Company.

1. The Banking Regulation Act, 1949 and Banking Regulation (Companies) Rules, 1949.
2. Reserve Bank of India Act, 1934.
3. Banking Ombudsman Scheme, 2006.
4. The Bankers' Books Evidence Act, 1891.
5. The Banking Companies (Period of Preservation of Records) Rules, 1985.
6. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and The Security Interest (Enforcement) Rules, 2002.
7. The Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records) Rules, 2005.
8. The Industrial Disputes (Banking and Insurance Companies) Act, 1949.
9. The Deposit Insurance and Credit Guarantee Corporation Act, 1961 and The Deposit Insurance

and Credit Guarantee Corporation General Regulations, 1961.

10. The Recovery of Debts Due to Banks and Financial Institutions Act, 1993.
11. Credit Information Companies (Regulation) Act, 2005.

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

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes.

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

We further report that during the audit period there were no instances of public/right/preferential issue of shares/ debentures/sweat equity, redemption or buy back of securities, Merger/amalgamation/reconstruction or Foreign technical collaborations.

During the period, the following issues have taken place:

Sl. No.	Method of Issue	Mode of Approval	Date of Approval	Number of shares Issued/Amount
1.	Qualified Institutional Placement	Shareholders' approval by way of special resolution in the Annual General Meeting	11.07.2017	Shareholders' approval obtained for issuing securities for an amount not exceeding ₹20 crore.
2.	Private Placement	Shareholders' approval by way of special resolution in the Annual General Meeting	11.07.2017	Shareholders' approval obtained on 11.07.2017 for borrowing/raising of funds by issue of debt securities including but not limited to non-convertible debentures, bonds, on a private placement basis for an amount not exceeding ₹500 crore, within the overall borrowing limits; and allotted Non-Convertible, Redeemable, Fully Paid-up, unsecured, Basel III Compliant, Tier 2 Bonds in the nature of debentures aggregating to ₹490 crores on 28.11.2017

During the aforesaid period, a resolution was passed under Section 180 (1) (c) of the Companies Act, 2013, at the Annual General Meeting held on 11.07.2017 increasing the borrowing powers to ₹10,000 crores over and above the paid-up capital and free reserves.

This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

For SVJS & Associates
Company Secretaries

Sd/-
CS. Sivakumar P.
Managing Partner
CP No.: 2210, FCS:3050

Kochi
06.06.2018

DIRECTORS' REPORT

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To,

The Members,
THE SOUTH INDIAN BANK LIMITED
S I B House, Mission Quarters
T B Road
Thrissur - 680001

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

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.

2. During the audit, we have followed the practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.

3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.

4. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.

6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March, 2018 but before issue of the Report.

7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For SVJS & Associates
Company Secretaries

Sd/-
CS. Sivakumar P.
Managing Partner
CP No.: 2210, FCS: 3050

Kochi
06.06.2018

DIRECTORS' REPORT

Annexure D

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31 March, 2018

[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	:	Company limited by shares/Non-Govt. 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 ho2006@sib.co.in, 0487-2420020
(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
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

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	
(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									
1. Institutions									0
a) Mutual Funds	114095517	0	114095517	6.33	194477643	0	194477643	10.75	4.42
b) Banks/FI	30698509	0	30698509	1.70	15178506	0	15178506	0.84	-0.86
c) Central Govt.	0		0	0	0		0	0	0.00
d) State Govt.(s)	0		0	0	0		0	0	0.00
e) Venture Capital Funds	0		0	0	0		0	0	0.00
f) Insurance Companies	90465445	0	90465445	5.02	62465445	0	62465445	3.45	-1.56
g) FIIs	13685200		13685200	0.76	0		0	0.00	-0.76
h) Foreign Venture Capital Funds	0		0	0	0		0	0	0.00
i) Others (specify)	0		0	0	0		0	0	0.00
Sub-total (B)(1):	248944671	0	248944671	13.81	272121594	0	272121594	15.04	1.24
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	93589756	3693004	97282760	5.40	103520126	2939691	106459817	5.89	0.49
ii) Overseas	0	0	0	0	0	0	0	0	0.00
b) Individuals	0	0	0	0	0	0	0	0	0.00
i) Individual shareholders holding nominal share capital upto ₹1 lakh	407029017	76258424	483287441	26.81	421716470	67822432	489538902	27.06	0.26
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	172354097	4529924	176884021	9.81	185066867	4307391	189374258	10.47	0.66
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Trust	976930	0	976930	0.05	798285	0	798285	0.04	-0.01
Clearing member	8898999	0	8898999	0.49	6403141	0	6403141	0.35	-0.14
HUF	20299412	1916	20301328	1.13	21046990	366	21047356	1.16	0.04
Directors & their relatives	1619208	840381	2459589	0.14	1625560	486946	2112506	0.12	-0.02
Escrow Account	0	0	0	0.00	0	0	0	0.00	0.00
Non-Resident Indians	113466724	12674280	126141004	7.00	121733872	11407213	133141085	7.36	0.36
ESOS	0	0	0	0.00	0	0	0	0.00	0.00

Foreign Nationals	20000	0	20000	0.00	260100	0	260100	0.01	0.01
Foreign Portfolio Investor (corporate)	637639216	0	637639216	35.37	572565404	0	572565404	31.65	-3.71
Foreign Portfolio Investor (INDV)	0	0	0	0.00	94077	0	94077	0.01	0.01
Alternate Investment Funds	0	0	0	0.00	9064764	0	9064764	0.50	0.50
IEPF Authority	0	0	0	0.00	5849791	0	5849791	0.32	0.32
Sub-total (B)(2):	**1455893359**	**97997929**	**1553891288**	**86.19**	**1449745447**	**86964039**	**1536709486**	**84.96**	**-1.24**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**1704838030**	**97997929**	**1802835959**	**100**	**1721867041**	**86964039**	**1808831080**	**100**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**0**	0	0	0.00	0	0	0	**0.00**	**0.00**
Grand Total (A+B+C)	**1704838030**	**97997929**	**1802835959**	**100**	**1721867041**	**86964039**	**1808831080**	**100**	**0.00**

(ii) Shareholding of Promoters/Promoters Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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, 2017 i.e., on the basis of SHP of March 31, 2017)		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	0	0	0	0
2	Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase	-	-	-	-
3	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, 2017 i.e., on the basis of SHP of March 31, 2017)		Change in Shareholding (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	YUSUFFALI MUSALIAM VEETTIL ABDUL KADER	89189077	4.95	-	0	89189077	4.93
2	LAVENDER INVESTMENTS LIMITED	88836000	4.93	-	0	88836000	4.91
3	FIRST CARLYLE VENTURES MAURITIUS	88726350	4.92	-	0	88726350	4.91
4	LIFE INSURANCE CORPORATION OF INDIA	86319232	4.79	-	28000000	58319232	3.22
5	IVA INTERNATIONAL FUND	47141230	2.61	-	0.00	47141230	2.61
6	CX SECURITIES LIMITED	49232851	2.73	-	14071001	35161850	1.94
7	ACACIA BANYAN PARTNERS	31210267	1.73	-	0.00	31210267	1.73
8	ASHISH DHAWAN	19810852	1.10	8,189,148	0	28000000	1.55
9	PEAR TREE POLARIS FOREIGN VALUE SMALL CAP	22518201	1.25	3,707,168	0	26225369	1.45
10	ACACIA PARTNERS, LP	24985520	1.39	-	0.00	24985520	1.38

Note: *Top Ten shareholders of the Bank as on March 31, 2018 has been considered for the above disclosure.*

#The shares of the Bank are substantially held in dematerialized form, and are traded on a daily basis and hence the date wise increase/ decrease in shareholding is not indicated.

DIRECTORS' REPORT

(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	Salim Gangadharan	16510	0.00	0	0	16510	0.00
2	V. G. Mathew	0	-	30000	0	30000	0.00
3	Mohan E. Alapatt*	100000	0.01	0	0	100000	0.01
4	K. Thomas Jacob	90446	0.01	0	17000	73446	0.00
5	Dr. John Joseph Alapatt	299625	0.02	0	22333	277292	0.02
6	Francis Alapatt	220000	0.01	0	0	220000	0.01
7	Cheryan Varkey #	114952	0.01	0	8500	106452	0.01
8	Ranjana Shivanand Salgaocar	83666	0.00	0	0	83666	0.00
9	Parayil George John Tharakan	21874	0.00	0	0	21874	0.00
10	Achal Kumar Gupta	0	0.00	0	0	0	0.00
11	V. J. Kurian	0	0.00	0	0	0	0.00
	KMPs other than MD & CEO						
1	Thomas Joseph K. - Executive Vice President (Operations)	84212	0.00	12750	0	96962	0.01
2	Sivakumar G.- Executive Vice President (Credit)	1590	0.00	0	0	1590	0.00
3	Reghunathan K. N. - Executive Vice President (Treasury)	0	0.00	0	0	0	0.00
4	C. P. Gireesh - Chief Financial Officer	39788	0.00	8850	0	48638	0.00
5	Jimmy Mathew - Company Secretary	0	0.00	3000	0	3000	0.00
6	Raphael T. J.- Chief Information Officer	84218	0.00	7750	0	91968	0.01
7	Anto George T. - Chief of Inspection & Vigilance	27660	0.00	0	1150	26510	0.00
8	Biju E. Punnachalil - Chief Risk Officer	37640	0.00	7200	0	44840	0.00

$The shares of the Bank are substantially held in dematerialized form, and are traded on a daily basis and hence the date wise increase/decrease shareholding is not indicated.

**Sri Mohan E. Alapatt ceased to the Director of the Bank w.e.f. February 28, 2018*

#Sri Cheryan Varkey ceased to the Director of the Bank w.e.f. July 11, 2017

V. INDEBTEDNESS:

Indebtedness of the Bank including interest outstanding/accrued but not due for payment [₹ in crore]

Particulars	Secured Loan excluding deposit	Unsecured loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial Year				
i) Principal Amount	932	1026	-	1958
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due		7		7
TOTAL (i+ii+iii)	**932**	**1033**	**-**	**1965**
Change in Indebtedness during the financial year				
Addition	268134	70609		338743
Reduction	267897	68745		336642
Net Change	237	1864		2101
Indebtedness at the end of the financial year				
i) Principal Amount	1168	2876	-	4044
ii) Interest due but not paid	-		-	
iii) Interest accrued but not due	1	22		23
Total (i+ii+iii)	**1169**	**2898**		**4067**

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			
		V. G. Mathew (MD & CEO)*	WTD	Manager	Total Amount
1	Gross salary	1,28,84,934	0	0	1,19,34,534
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,24,34,400	0	0	11,484,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	450,534	0	0	450,534
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
	Granted during the year	183333	0	0	0
	Exercised during the year	30000	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total (A) (Total Remuneration does not include the number of Stock Options)	1,28,84,934	0	0	1,19,34,534
	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.

* 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 Mohan E. Alappat	Sri Thomas Jacob	Dr. John Joseph	Sri Francis Alapatt	Smt. Ranjana S. Salgaocar	Sri Parayil George John Tharakan	V. J. Kurian	
	- Fee for attending board/ committee meetings	10,60,000	15,15,000	14,40,000	8,10,000	9,15,000	8,65,000	40,000	
	- Commission	0	0	0	0	0	0	0	
	- Others, please specify	0	0	0	0	0	0	0	
	Total (1)	**10,60,000**	**15,15,000**	**14,40,000**	**8,10,000**	**9,15,000**	**8,65,000**	**40,000**	**66,45,000**
2	Other Non-Executive Directors	Sri Salim Gangadharan 15,75,000	Sri. Cheryan Varkey	Sri. Achal Kumar Gupta					
	- Fee for attending board/ committee meetings	16,65,000	3,45,000	13,25,000					
	- Commission	0	-						
	- Others, (Honorarium fixed by the Board and approved by the Shareholders and RBI)	6,00,000	-						
	Total (2)	**22,65,000**	**345,000**	**13,25,000**		**-**	**-**	**-**	**39,35,000**
	Total (B)=(1+2)								**1,05,80,000**

DIRECTORS' REPORT

	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.

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

Sl. No.	Particulars of Remuneration	Key Managerial personnel								
		Sri Thomas Joseph K. EVP (Operations)	Sri Sivakumar G. EVP (Credit)	Sri Reghunathan K. N. EVP (Treasury)	Sri C. P. Gireesh CFO	Sri Jimmy Mathew Company Secretary	Sri Raphael T. J. C.I.O.	Sri Anto George T. Chief of Inspection & Vigilance	Sri Biju E. Punnachalil C.R.O.	Total Amount
1	Gross salary	36,75,713	39,02,026	51,34,157	20,20,065	17,98,841	22,83,368	24,28,277	17,89,895	2,28,45,160
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	35,16,214	33,82,044	44,87,613	19,04,750	17,54,189	22,36,065	23,03,335	16,94,063	21,27,8272
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,59,499	5,19,982	6,46,544	1,15,315	44,652	47,3030	1,24,942	95,832	15,66,888
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Stock Option									
	Granted during the year	9917	NIL	NIL	6883	2333	9917	6883	2400	-
	Exercised during the year	12750	NIL	NIL	8850	3000	12750	8850	7200	-
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (A) (Total Remuneration does not include the number of Stock Options)	36,75,713	39,02,026	51,34,157	20,20,065	17,98,841	22,83,368	24,28,277	17,89,895	2,28,45,160

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	Nil		Nil		
Penalty					
Punishment					
Compounding					
B. Directors	Nil		Nil		
Penalty					
Punishment					
Compounding					
C. Other Officers in default	Nil		Nil		
Penalty					
Punishment					
Compounding					

(SALIM GANGADHARAN)
CHAIRMAN
DIN : 06796232

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

Place : Nedumbassery
Date : June 6, 2018

DIRECTORS' REPORT

BUSINESS RESPONSIBILITY REPORT

Annexure E

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L65191KL1929PLC001017
2.	Name of the Company	The South Indian Bank Limited
3.	Registered address	SIB House, TB Road, Mission Quarters, Thrissur 680001, Kerala,India.
4.	Website:	www.Southindianbank.com
5.	E-mail id:	sibcorporate@sib.co.in
6.	Financial Year reported:	2017-2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise):	Banking Services NIC Code of the Service 64191
8.	List three key products/services that the Company manufactures/provides:	South Indian Bank is a publicly held banking company engaged in providing a wide range of banking and financial services including retail banking, corporate banking and treasury operations.
9.	Total number of locations where business activity is undertaken by the Company	
	Number of International Locations :	*Nil*
	Number of National Locations :	As on March 31st 2018, The Bank had a network of 854 Branches, 54 Extension Counters, 1331 ATMs and 51 CRMs/CDMs spanning in 27 states and 3 union terriotories
10.	Markets served by the Company Local/State/National/ International	*National*

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR):	₹180.88 crores
2.	Total Turnover (INR):	₹7030.06 crore Total turnover represents the sum of "Interest earned" (Schedule 13 of the financial statements) and "Other income" (Schedule 14 of the financial statements).
3.	Total profit after taxes (INR):	₹334.89 crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.17%
5.	List of activities in which expenditure in 4 above has been incurred:	1. Promoting Education, including special education and employment enhancing vocation skills 2. Promoting health care including preventive healthcare and sanitation 3. Training to promote nationally recognized sports 4. Promotion of Swachh Bharat Mission of Central Government 5. Setting up old age homes 6. Making available safe drinking water 7. Hunger Eradication programs 8. Women Empowerment programs 9. Creating sustainable environment 10. Promoting Financial Literacy

SECTION C: OTHER DETAILS

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

DIRECTORS' REPORT

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR		
a)	*Details of the Director/Directors responsible for implementation of the BR policy/policies*	
	DIN Number	05332797
	Name	Mr. V.G. Mathew
	Designation	Managing Director & CEO
b)	*Details of the BR head*	
	DIN Number (if applicable)	-
	Name	Mr. Thomas Joseph K.
	Designation	Executive Vice President (Operations)
	Telephone number	+91-487-2420020
	E-mail id	evp.op@sib.co.in

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

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

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 - Businesses should promote the wellbeing of all employees

P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 - Businesses should respect and promote human rights

P6 - Business should respect, protect, and make efforts to restore the environment

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 - Businesses should support inclusive growth and equitable development

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

The principle wise responses are mentioned below.

No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for..	Y	Y	Y	Y	Y	N	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	-	-	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	-	-	Y	Y
4.	Has the policy been approved by the Board?*	Y	Y	Y	Y	Y	-	-	Y	Y
	If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	-	-	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy	Y	Y	Y	Y	Y	-	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	-	-	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	-	-	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	-	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	-	-	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	-	-	Y	Y

2a. If answer to S.No. 1 against any principle, is 'No', the reasons for the same have also been mentioned therein.

P1 Sr. No. 3 - The Bank is committed to acting professionally, fairly and with integrity in all its dealings. The Bank, has adopted a Code of Conduct for its Board and Senior Managerial Personnel and adhere to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationship. The code of conduct conforms to the Corporate Governance requirements prescribes under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Bank has put in place Whistle Blower Policy which sets forth obligations on part of every employee for prevention, detection and reporting of any act of bribery or corruption. The HRM policy of the Bank mandates not to accept any gifts by the officers or permit any family member or any other person acting on his behalf. The Whistle Blower Policy broadly conforms to the standards set by the Protected Disclosure Scheme of Reserve Bank of India. The Whistle Blower Policy also confirms to the requirements as stipulated by the Companies Act, 2013 and its rules. Sr. No. 6 - Code of Conduct for its Board and Senior Managerial Personnel is available on the website of the Bank (www.southindianbank.com). The other policies are internal documents and accessible only to employees of the organization.

P2 The Bank complies with regulations governing its products and services and has taken initiatives to promote inclusive growth and environmental sustainability. Sr. No. 3 - The Bank offers wide range of banking products and services to cater needs of different segments of customers through a nationwide Branch and ATM network, mobile, phone, internet and doorstep banking. The products include personal loans, home loans, loans for asset purchases/loans for business purpose and a wide range of savings/business deposit products. Bank also promotes conservation of environment by reducing usage of paper by promoting green pin for debit cards and digitalising documents. The list of Products and services offered by the Bank are available at https://www.southindianbank.com/Default.aspx

P3 Sr. No. 3 - In line with the general laws and regulations and sound ethical practices followed nationally, the Bank has adopted a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. The Bank is an equal opportunity employer and treats all employees at par. In order to ensure well being of the employees the Bank has South Indian Bank Employees Association & South Indian Bank Officers Association recognized by the Management. The Whistle Blower Policy broadly conforms to the standards set by the Protected Disclosure Scheme of Reserve Bank of India and provide an option to the employees to report any malpractices. Sr. No. 6 - These policies can be viewed online at https://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=215&linkid=215

P4 . Sr. No. 3 - As per the extant directions of Reserve Bank of India on Financial Inclusion, lending to weaker section and priority sector lending etc. the Bank is identifying its disadvantaged, vulnerable and marginalised stakeholders. Bank's CSR Cell initiates number of programmes aiming at the improved living condition of the under-privileged and marginalised sections of the society. Sr. No. 6 - Bank has charted out elaborate action plans for the effective economic development of disadvantaged, vulnerable and marginalised stakeholders. For details please refer "CSR report" section of the Annual Report. The Bank has a Corporate Social Responsibility Policy which can be viewed on the weblink https://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=215&LinkIdLvl3=778&linkId=778 .

P5 Sr. No. 3 - The Code of Conduct which has been adopted by the Bank addresses the requirements of this principle. The Code emphasizes fair employment practices & diversity, fair competition, prohibition of harassment & intimidation and safety at the workplace. The Bank follows the Code of Commitment based on the standards issued by The Banking Codes and Standards Board of India which covers aspects like good and fair banking practices, transparency in services and products, high operating standards and cordial relationship with customers. The Bank is an equal opportunity employer and believes in providing a safe workplace and an enabling work environment to its employees. Sr. No. 6 – The Code of Conduct and Code of Commitment is available on the website of the Bank at https://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=215&Link&linkId=422 .

P6 The aspects outlined under this principle are not substantially relevant to the Bank given the nature of business. The Bank complies with applicable environmental regulations in respect of its premises and operations.

P7 While there is no specific policy outlined for this principle, the Bank, through associations and other bodies had put forward a number of suggestions with respect to overall Indian economy and specifically about reforms in banking sector. The Bank, directly, through its CSR cell involved in promoting education, conservation of natural resources, training to promote sports, setting up old age homes, protection of art and culture, preventing health care etc.

P8 Sr. No. 3 - The Bank has formulated a three-year Financial Inclusion Plan (FIP). The plan is approved by the Board of the Bank. Sl. No. 6 – South Indian bank, had charted out elaborate action plans for the effective economic development and upliftment of the rural poor in villages. Programmes/projects are undertaken through in-house teams. The Bank has a Corporate Social Responsibility Policy, which can be viewed on the web link https://www.southindianbank.com/UserFiles/file/CSR_Policy.pdf.

P9 Sr. No. 3 - The Bank has a Customer Grievance Redressal Policy and a Customer Compensation Policy which conform to the guidelines issued by Reserve Bank of India. Further, In compliance with RBI directives, Bank adopted Citizen Charter for customers which explains our commitments and responsibilities along with the redressal methods and also specifies the obligation on the part of customers for healthy practices in customer-banker relationships. Sr. No. 6 – This policy can be viewed online at https://www.southindianbank.com/UserFiles/file/Greivance_Redressal_Policy.pdf

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

  Annually

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

  The Bank publishes the BR Report annually. The hyperlink for viewing the report is http://www.southindianbank.com/investorsdesk/annualreport

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

   The Bank is committed to acting professionally, fairly and with integrity in all its dealings. The Bank, has adopted a Code of Conduct for its Board and Senior Managerial Personnel and adhere to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationship. The Bank has put in place Whistle Blower Policy which sets forth obligations on part of every employee for prevention, detection and reporting of any act of bribery or corruption. The HRM policy of the Bank mandates not to accept any gifts by the officers or permit any family member or any other person acting on his behalf.

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

   The number of complaints received from shareholders in FY2017-18 was 319 and all complaints have been resolved.

   With respect to employees, the Bank has a mechanism as provided under the Whistle Blower Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee.

Principle 2

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

   The Bank offers wide range of banking products and services to cater needs of different segments of customers through an nationwide Branch and ATM network, mobile, phone, internet and doorstep banking. The products include personal loans, home loans, loans for asset purchases/loans for business purpose and a wide range of savings/business deposit products. The Bank also provides a selection of cards and technology products for convenient usage and to facilitate the distinct needs of customers. Bank also promotes conservation of environment by reducing usage of paper by promoting green pin for debit cards and digitalising documents.

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

   Considering the nature of the business and other initiatives, the below details are not applicable to us

   i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
      NA
   ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?
      NA

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

   NA

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

   If yes, what steps have been taken to improve their

capacity and capability of local and small vendors?

NA

5. *Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.*

   NA

Principle 3

1. *Please indicate the total number of employees:*
   The Bank had 7,946 employees as on March 31, 2018.
2. *Please indicate the total number of employees hired on temporary/contractual/casual basis:*
   The Bank had 2253 employees as on March 31, 2018 on fixed term contract.
3. *Please indicate the number of permanent women employees:*
   The Bank had 3,043 women employees as on March 31, 2018, which constitutes 38% of the total employees.
4. *Please indicate the number of permanent employees with disabilities:*
   The Bank does not specifically track the number of disabled employees. The Bank is an equal opportunity employer and treats all employees at par. Based on the income tax declarations which enable claiming income tax deduction for self-disability, the Bank has 17 such employees.
5. *Do you have an employee association that is recognized by management:*
   Yes – South Indian Bank Employees Association & South Indian Bank Officers Association.
6. *What percentage of your permanent employees are members of this recognised employee association?*
   South Indian Bank Employees Association – 92%

   South Indian Bank Officers Association - 85%
7. *Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.*

   No complaints relating to child labour, forced labour, involuntary labour, received during the FY 2017-18. The Bank does not engage in any form of child labour/ forced labour/involuntary labour and does not adopt any discriminatory employment practices. The Bank has a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. No complaints have been reported for the same in the FY 2017-18. The said policy is in line with relevant Act passed by the Parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines.
8. *What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?*
   - Permanent employees
   - Permanent women employees
   - Casual/temporary/contractual employees
   - Employees with disabilities

   Employee health and safety is of prime importance to the Bank. The Bank conducts robust and periodic trainings like advanced & basic fire safety training and evacuation related training for floor marshals and all, irrespective of casual/ temporary/contractual employees across offices. Periodic fire evacuation drills are conducted at various office locations, to sensitise employees and casual/temporary/contractual labourers about fire safety norms and regulations.

   The Bank over the years has invested in imparting the requisite knowledge and skills to all permanent employees and has ensured the same for the FY 2017-18 also. The Bank has training centers where various training programmes, designed to meet the changing skill requirements of employees are conducted. A total of 6,405 personnel were trained during the FY 17-18, which is about 81% of total staff strength of 7,946 as on March 31, 2018.

Principle 4

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

   Yes
2. *Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders*
   As per the extant directions of Reserve Bank of India on Financial Inclusion and lending to weaker sections and priority sector, the Bank is identifying its disadvantaged, vulnerable and marginalised stakeholders.
3. *Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.*

   Bank's CSR Cell initiates number of programmes with the intention to improve the living conditions of the under-privileged and marginalised sections of the society. Our financial inclusion initiatives include KIOSK Banking facilities in unbanked rural areas of Kerala and Tamil Nadu and Financial Literacy Centres in 13 Blocks in Kerala and 5 centres in Tamil Nadu. Bank has charted out elaborate action plans for the effective economic development of

disadvantaged, vulnerable and marginalised stakeholders. For details please refer "CSR report" section of the Annual Report.

Principle 5

1. *Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?*
   The Bank ensures that there is no discrimination in selection of staff, suppliers and vendors.
2. *How many customer complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?*
   The number of complaints outstanding at the beginning of the FY 2017-18 is 310. Out of the 27108 net complaints received during the financial year, 27060 net complaints have been resolved.

Principle 6

1. *Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others?*
   The Bank complies with applicable environmental regulations in respect of its premises and operations.
2. *Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.*
   The Bank continues its efforts to make aware its employees on concepts of "Reduce, Reuse and Recycle" to eliminate waste and protect our environment. Since the banking outlets/offices are the major targets for saving energy, bank gives priority for the installation of energy-efficient products as well as software and systems that enable precise automation of lighting and environmental control systems. The new branches/offices have been designed so that they are equipped with energy efficient air conditioners, LED lights, timers, motion detector sensors and other energy conservation measures. Additionally paper conservation measures such as e-statements to customers by email/ mobile application, "Green PIN facility" for ATM card holders etc. are other environment friendly initiatives taken by the Bank.
3. *Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.*
   Bank has already taken up a solar power plant project at its corporate office, which is capable of producing 50KW of electricity. Further, the bank has provided plastic recycling machines, solar power plants, weed cutting machines to various beneficiaries and also sponsored programmes under "Swachh Bharat Kosh" during the year 2017-18.
4. *Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?*
   The Bank complies with applicable environmental regulations in respect of its premises and operations.
5. *Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e., not resolved to satisfaction) as on end of Financial Year*
   NIL
6. *Does the Company identify and assess potential environmental risks? Y/N*
   The Bank complies with applicable environmental regulations in respect of its premises and operations. The Bank is aware of the potential environmental risks and participates in initiatives to address the environmental concerns.
7. *Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?*
   NIL (it is not applicable as it is not a manufacturing Company, however, the Bank assist to the extent possible the projects that promotes such activities).

Principle 7

1. *Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:*
   The Bank is a member of various governing bodies and associations such as the Indian Banks' Association and Confederation of Indian Industry in India, Federation of Indian chambers of commerce and industry, Banking codes and standards board of India. Senior management of the Bank are members of various committees constituted by regulators and industry bodies.
2. *Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)*
   The Bank, through associations and other bodies had put forward a number of suggestions with respect to overall Indian economy and specifically about reforms in banking sector. The Bank, directly, through its CSR cell involved in promoting education, conservation of natural resources, training to promote sports, setting up old age homes, protection of art and culture, preventing health care etc.

Principle 8

1. *Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.*

   The Bank formulated a three-year financial inclusion plan (FIP). The plan is approved by the Board of the Bank. The FIP interalia covers the following aspects:

   - Quantitative and qualitative plans for delivery of relevant suite of products and services.
   - Coverage of Sub Service Areas (SSA) through Business Correspondents (BC)
   - Leveraging technology and identity solutions of UIDAI and NPCI.
   - Monitoring and review mechanisms for implementation of FIP.
   - To take up any other such activities that promotes financial literacy, awareness about banking services, financial planning and amelioration of debt related distress of an individual.

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

   Programmes/projects are undertaken through in-house teams.

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

   The Bank through its financial inclusion initiatives for serving the rural, unbanked and below poverty line customers is providing access to banking and financial services to a significant number of customers, providing them access to savings and credit products. The results of these initiatives are reviewed periodically.

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

   The Bank has spent ₹7.28 crores on corporate social responsibility related activities during the FY 2017-18. The above expenditure has been undertaken primarily on women empowerment, promoting healthcare including preventive health care, education, training to promote nationally recognised sports, swachh bharat mission, sustainable environment etc.

5. *Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so*

   The bank through effective monitoring of its CSR and Financial Inclusion activities ensures that community development initiatives are reaching the target groups and it is being adopted and utilised by the beneficiaries. Periodic visits to Financial Literacy Centres and BC points, project sites of CSR assistance are measures taken to ensure the above objectives.

Principle 9

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

   Only 1.30% of customer care complaints are pending as on the end of the FY 2017-18.

2. *Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)*

   This aspect is not applicable as the Bank is not a manufacturing Company. The Bank complies with disclosure requirements relating to its products and services.

3. *Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so*

   In the ordinary course of banking business, several customers and borrowers have disputes with the Bank which could result in their filing complaints, alleging deficiency of services. The Bank always strives to have a cordial relationship with its customers/borrowers and tries to reach an amicable settlement of the dispute, but in some cases may have to pursue legal recourse to resolve the same.

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

   The bank conducts online customer satisfaction survey and the result of the survey is being continuously monitored. Bank also conducts Customer Level Service Committee at all branches on 15th of every month. During these meetings customer feedback, suggestions etc. about various products are directly collected and consolidated. Feasible suggestions for improvements on service/products are implemented and are monitored at various forums including Standing Committee on Customer Service headed by MD & CEO and Customer Service Committee of the Board headed by the chairman of Board of directors.

(SALIM GANGADHARAN)	(V. G. MATHEW)
CHAIRMAN	MANAGING DIRECTOR & CEO
DIN : 06796232	DIN : 05332797

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Scenario

Global

Globally, economic recovery gained momentum, with the year 2017 characterizing a synchronized improvement across all regions. The global economic activity is gaining strength, with the expansion of global trade, triggered by gradual improvement in global demand. Global trade is outpacing demand after lagging behind for two years. Crude prices have firmed up on strong demand, geo-political concerns and on account of production cuts by the Organization of the Petroleum Exporting Countries (OPEC). Conditions for investment have generally improved, amid low financial volatility, reduced banking sector fragilities, recovery in some commodity sectors and a more solid global macroeconomic outlook. Financing costs generally remained low, and spreads have narrowed in many emerging markets, reflecting a decline in risk premium. This has supported rising capital flows to emerging markets, including a rise in cross-border lending, and stronger credit growth in both developed and developing economies. World GDP growth, as estimated by the IMF (International Monetary Fund, April 2018), touched 3.8% in 2017, the fastest since 2011. With the financial conditions continue to be supportive, global growth is expected to tick up to 3.9% both in 2018 and 2019.

Emerging and developing Asia is expected to grow at around 6.5% over 2018-19 broadly the same pace as in 2017. The region continues to account for over half of world growth. Growth is expected to moderate gradually in China (though with a slight upward revision to the forecast for 2018 and 2019 relative to the fall forecasts, reflecting stronger external demand), pick up in India, and remain broadly stable across ASEAN region. US Federal Reserve has hiked the policy rate by 75 bps during 2017-18 and has initiated gradual contraction in its balance sheet size. With further strengthening of the US economy, global investors are concerned about possible uptick in inflation forcing US Fed to faster pace of rate hike. This has led to hardening of bond yields in major advanced economies.

But there are downside risks to the financial growth by means of higher inflation pressures, together with faster Fed policy rate tightening than anticipated in the baseline, a stronger U.S. dollar, and lower equity prices. The tightening of global financial conditions would have implications for global asset prices and capital flows, leaving economies with high gross debt refinancing need and unhedged dollar liabilities, particularly exposed to financial distress. The other major issue of significant importance is that the important long-standing commercial agreements, such as NAFTA and the economic arrangements between the United Kingdom and rest of the European Union, are under renegotiation. Any increase in trade barriers and regulatory realignments, in the context of these negotiations or elsewhere, would weigh on global investment and reduce production efficiency, exerting a drag on potential growth in advanced, emerging market, and developing economies. A failure to make growth more inclusive and the widening of external imbalances in some countries, including the United States, could increase pressures for inward-looking policies.

India

After lagging for five consecutive quarters, economic growth in India is turning around. India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years. India's GDP is estimated to have increased 6.7 per cent in 2017-18 and is expected to grow by 7.4 per cent in 2018-19. The trurn around in growth has been underpinned by a significant uptrend in private consumption, especially to improved rural demand on the back of a bumper harvest and the Government's thrust on rural housing and infrastructure. Looking forward, the economic growth is expected to gather momentum as the teething trouble on account of implementation of Goods and Services Tax will recede, the transient disturbances on account of demonetisation, the buoyant capital markets that will aide in companies in their capital mobilization drive, conductive global economic outlook, the thrust given on budget for rural and labour-intensive infrastructure space is likely to support growth next fiscal, and push demand in the consumer sectors. The forecast for a normal monsoon augurs well for the growth in the agricultural sector. Domestically, economic flux was manifested in the conduct of RBI's (Reserve Bank of India) monetary policy, with a shift in policy stance to 'neutral' from 'accommodative' during the course of the year.

The agricultural sector registered a moderate growth of 3.4%, supported by all-time high production of food grains and horticulture. Industrial growth also accelerated sharply, reflecting the robust performance of manufacturing, supported by significant increase in capacity utilization. Manufacturing registered a growth of 5.7%. Services sector grew by 7.9%.

Domestic retail inflation continued to moderate despite an increase in global commodity prices. Average CPI inflation in FY18 decelerated from 4.5% in FY17 to 3.6%. A favourable monsoon, efficient food supply management by Government and continued rationalization in Minimum Support Prices helped keep food inflation in check. The moderation in food

inflation more than offset the uptick in fuel inflation due to higher crude prices and Housing inflation due to 7th Central Pay Commission HRA norms. The Headline inflation reached a peak of 5.2% in December 2017 and moderated to 4.3% by March 2018. Although it is above the long-term commitment level of 4%, it was within the higher tolerance band resulting in a neutral stance. Further, the Monetary policy decisions will be based on the Inflation numbers.

India's economic reforms continued in the Financial year 2017-18 with significant reforms such as Goods and Services tax (GST), insolvency resolution and bank recapitalization. While it's still early days, we are already seeing benefits of GST with the expansion of the indirect tax base and removal of inter-State check posts resulting in faster movement of goods across State borders. GST should be the keystone on which Government of India's aim of expanding the formal economy will be built—incentivizing all economic agents at every stage of the product chain, right from procurement of raw materials to the sale of finished product in order to be tax-compliant. The implementation of the Insolvency and Bankruptcy Code (IBC) has drastically cut down the time taken for insolvency resolution. To further hasten this process, RBI has been empowered to initiate the insolvency resolution process in case of a default. The PSU bank recapitalization plan worth ₹2.1 trillion was a master stroke. It addressed the capital needs of PSU banks while putting to rest any fear of any adverse impact on fiscal deficit through the usage of recapitalization bonds. This will be a pivotal step to get the credit channels flowing, as PSU banks account for major source of credit to industries.

On the monetary policy front, the RBI reduced the repo rate only once by 25 bps to 6.00% during the course of FY18. The 25 bps cut came in August-17 at a time when June CPI inflation at 1.46% provided comfort. However, amidst upward inflation trajectory in second half year of FY18, the Monetary Policy Committee (MPC) remained vigilant.

Indian financial markets saw diverse trends across various segments. The money market segment which witnessed excess liquidity in the first half of the year saw the liquidity turning to deficit by February 2018. On the bond market, the 10-year G-sec yield rose by 72 bps to 7.40% during the course of FY18. The equity markets, which witnessed new highs on the back of aggressive buying by domestic mutual funds and foreign portfolio investors give way to bearish correction trend by February 2018, mainly on account of Union Budget proposal of Long-term capital gain (LTCG), sharp increase in US bond yields, the announcement of protectionist tariffs by the US and revelations of fraud in some domestic banks. The foreign exchange market also moved in tandem with the equity market. While Indian Rupee appreciated against the US dollar on support of sustained foreign inflows during the earlier part of the financial year, the trend got reversed in the latter part of the financial year on account of foreign portfolio outflows.Over the course of FY18, the Indian rupee weakened marginally by 0.5% and closed the year at ₹65.18 vis-a-vis the US dollar.In addition, favourable domestic factors like normalization in second half of FY18 growth momentum and sovereign credit rating upgrade by international rating agency Moody's aided sentiment.

The credit market off take is slowly gaining momentum in spite of the corporate loan delinquencies. The total flow of financial resources to the commercial sector in 2017-18 was higher than previous year on account of the increase in non-food credit by banks .

Indian Banking Industry

The Indian Banking Industry which supports the world's fastest-growing large economy has been grappling with challenges that test its strength and resilience. Primary among them is the burden of distressed loans. The banking stability indicator (BSI) shows that the risks to the banking sector remain at an elevated level, weighed down by further asset quality deterioration during the past Financial year.

During the year under review, the Reserve Bank of India has initiated various measures to ensure that the system, operational processes, cyber security and risk management for the banking sector are sound, safe and healthy. Though these challenges are real, it is very important to admit the fact that at this stage of development of our country, the banking sector in India remains a force of good, moving our inclusive growth agenda forward.

Credit growth of scheduled commercial banks (SCBs) showed an improvement, while the same of public sector banks (PSBs) continued to lag behind their private sector peers during the last Financial year. The gross non-performing advances (GNPA) ratio of SCBs increased from 9.6% to 10.4% between March and December 2017. Even though the restructured advances ratio declined from 2.5 to 1.5 the stressed advances ratio moderated from 12.0% to 11.9% in the same period. It may also be noted that Capital to risk weighted asset ratio (CRAR) of SCB's increased from 13.6% to 13.9% and the same was on account of the improvements in the CRAR of Private sector banks .

The Key Developments

- Government of India has unveiled a two-year plan to strengthen the public sector banks through reforms and capital infusion of ₹2.11 lakh crore (US$ 32.5 billion). That will enable these banks to play a much larger role in the financial system and give a boost to the MSME sector. In this regard, the Lok Sabha has approved recapitalisation bonds worth ₹80,000 crore (US$ 12.62 billion) for public sector banks, which will be accompanied by a series of reforms, according to Mr. Arun Jaitley, Minister of Finance, Government of India.
- The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 has been introduced to find the resolution on stressed assets.
- A new portal named 'Udyami Mitra' has been launched by the Small Industries Development Bank of India (SIDBI) with the aim of improving credit availability to Micro, Small and Medium Enterprises' (MSMEs) in the country.
- The Companies which were identified by RBI as the major defaulters has been referred NCLT to resolve the NPA menace.

Economic and Banking outlook

The Indian economy with a projected growth rate of 7.4% as per the International Monetary Fund (IMF) outlook will be the one of the fastest growing economy exceeding the growth figure of China. The main factors aiding the growth recovery is the transitory adverse impact of implementation of the Goods and Services Tax (GST) and demonetization. The measure taken by the Government towards digitization of the economy and effective tax compliance should bring in more revenue. The consumption driven growth on account of generous crops, higher rural wages, large increases in wages, pensions and various allowances for public servants are providing a major boost to economy. Large infrastructure projects, such as the initiative to add 35,000 km of new highways over the next five years (at a cost equivalent to about 3.4% of GDP) and freight rail corridors will bring in much needed investment. The major risks to the economy is the price of crude which has started to boil on account of the supply side issues and geo political issues. In addition to the Crude the impact of American federal reserve policy is also weighing on the capital movement and Rupee's depreciation. Although negative impact of both the factors can lead to deteriorating economic health the foreign exchange buffer built up by Reserve Bank of India (RBI) will offer protection to a certain level.

Looking towards banking sector, the coming year will display the effectiveness of the much awaited Insolvency and Bankruptcy Code (IBC). Successful resolution of cases admitted in National Company Law Tribunal (NCLT) is crucial to the banking sector considering the large amount of stressed assets . Considering the long lasting Non Performing Assets (NPA) menace, the Reserve Bank Of India (RBI) laid out conservative asset classification norms. Though the RBI norms will cause short-term pain to banking industry in terms of sector profitability, the same would force the banks to clean up the balance sheet. In addition to the NPA trouble the recently discovered frauds in various banks dented the image of Indian banks as flag bearers of financial services distributor.

Considering the adverse issues, the coming year will be a challenging year for Indian banks and it's stakeholders. The state of banks being reflection of economy will draw heightened attention of domestic regulatory agencies and Government. Indian Government is already bringing in necessary reforms to redress the issues directly and indirectly. Since the Government which has substantial ownership in Public sector banks has already announced road map to provide necessary capital, strategies and governance to strengthen the Public sector banks. The successful and necessary Government aid to Public Sector banks are crucial to the economy as they still hold a major market share in the banking domain. The Private sector banks which has got a much healthier state of affairs in terms of profitability and capital strength are analyzing the new developments in the sector and making necessary strides to ride the challenging and bright future course of action. The Private sector banks being much more agile and nimble should be able to grow and support the economy.

OPPORTUNITIES AND THREATS

As per the latest Financial stability report published by RBI, the Gross Non-performing assets of the Schedule commercial banks increased from 9.6% to 10.2% by September 2017, while the Net Non-performing assets as percentage of Total advances increased from 5.5% to 5.7% in the same time. The data on 10% NPA indicates that a huge chunk of money will not be paid back resulting in huge losses to banks. In addition to this the stressed assets are also a major cause of worry considering that they might also become non-performing assets in future. Also the problem results less money available to fund other projects and have a negative impact on the larger national economy. Though the government has initiated reforms they are yet to show the results.

HR Management is an area where most of the banks are struggling. In their eagerness to expand their core business, banks tend to forget the relevance of human expertise and specialised skill sets, which drive their business in a sustainable

manner. The complexities of regulated industry and the dependence on IT makes it all the more important why the banks should have requisite manpower with right mix of knowledge and experience at appropriate positions. Many of the present day ills in Indian banks, e.g., weak appraisal standards, not being able to pick up the early warning signals in problem accounts which leads to fraudulent transactions or accounts becoming NPA early, recurring customer grievances, frauds, etc. can be ascribed to skill gaps in the manpower resources of the banks. Thus, empowering and reskilling them for the modern dynamic banking world is a real challenge for banks.

Since the economy is slowly moving from cash economy to digital economy utilizing the improved network connectivity another threat in the form of Cyber security is developing.

The clamour to secure India's banking system increased following a massive data breach of 3.2 million debit and credit cards last year, one of the biggest attacks in the country. Another red flag was the recent global ransomware attack that affected the computer systems of Governments and several companies in various countries, including India.

Even though the future appears to be challenging, the same is also bright taking into account of the following factors:

a) Economic Transformation:
Though implementation of Demonetization and Goods and Services Tax provided significant shocks to the Indian economy, the transient nature of the shocks allowed the economy to progress fast towards the growth track. Also both the reforms pointed towards formalization of policies and process. These measures had indeed encouraged the transition of business and people from informal economy to formal economy. Banks with their robust networks and systems will naturally receive a large pie of financial transactions providing them immense opportunities for the coming years.

b) Economic Growth:
The inherent economic growth on account of projected secular growth in consumption economy will reflect in increased growth opportunities for the various players in the Indian financial intermediaries including banks. In addition to the consumption growth the overall uptick in the Indian economy augurs well for the Indian banks. The high prosperity in economy has resulted in increased wealth and greater demand for goods and services, making India a growing market. Complementing the economic prosperity is the demographic pattern with a high concentration of people coming under youth category. This combination of high income youth population provides immense opportunities to the financial institutions, especially banks .

c) Digital Banking:
The RBI's Vision 2018 document which envisages promotion of electronic payments and Government policies encouraging digital banking will increase the usage of digital banking products and services. The Government also has been encouraging the use of paperless transactions as the same helps in efficient transactions at low cost. The transactions executed through digital means provide ease and convenience to customers and increased efficiency, productivity and profitability to banks.

d) Government Support:
The Government had been providing crucial support to the Indian banks by way of capital and necessary directional support. The bank recapitalization drive would help the PSU banks in shoring up their capital to the mandated levels, which in turn would help them in their future expansion and business plans.

e) Technological up-gradation:
The Technological up-gradation such as block chain, Artificial Intelligence, etc. will help the banks in increased operational efficiency, productivity and profitability. The same would also help in cross-selling of products with minimal transaction costs through Multi channel real time transaction posting.

f) Financial Inclusion:
Financial inclusion is the delivery of financial services & products to sections of disadvantaged and low income segments of the society, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players mainly banks. The Financial inclusion roadmap provided by the Government and the RBI to banks provide immense opportunity to tap the under banked rural masses .Though it is a challenge for banks to execute the rural banking in a cost effective and secure manner, banks can leverage on the technological advances and great potential for future business to overcome the challenge.

Financial Performance Vs Operational Performance

The total gross business of the Bank grew from ₹112963.18 crore as on 31st March, 2017 to ₹127138.58 crore as on 31st March, 2018. While the deposits grew from ₹66117.49 crore to ₹72029.59 crore, gross advances grew from ₹46845.69 crore to ₹55108.99 crore. Food credit decreased from ₹325.21 crore to ₹144.59 crore and non-food credit stood at ₹54964.44

crore vis-à-vis ₹46520.48 crore in the last year, posting an increase of ₹8443.96 crore. Operating profit of the Bank had increased by ₹266.20 crore during the year, i.e. increased from ₹1214.59 crore to ₹1480.79 crore. The Net Profit decreased to ₹334.89 crore as against ₹392.50 crore reported in last year. The Board has recommended a dividend of 40% i.e.@ ₹0.40 per equity share of ₹1/- each, which is subject to approval of the shareholders.

The percentage of Gross NPA to Gross Advances stood at 3.59% and the Net NPA to Net Advances at 2.60% as on March 31, 2018. The Capital Adequacy Ratio of the Bank was 12.70% under Basel III norms as on March 31, 2018 as against the RBI mandated level of 10.875%. Book value per share increased from ₹26.88 to ₹28.98 during the year 2017-18.

The gross revenue from Treasury Operations segment decreased from ₹1539.22 crore to ₹1483.89 crore, Corporate/Wholesale Banking segment increased from ₹2849.72 crore to ₹3018.42 crore, Retail Banking segment increased from ₹1990.36 crore to ₹2288.81 crore and Other Banking Operations segment increased from ₹183.44 crore to ₹238.94 crore.

Segment results net of allocated/apportioned cost and provisions from Treasury segment decreased from ₹32.23 crore to ₹(117.71) crore, Corporate/whole sale Banking segment increased from ₹(72.09) crore to ₹(40.83) crore and Other Banking Operations increased from ₹150.48 crore to ₹194.86 crore whereas segment results net of allocated/apportioned cost and provisions from the Retail Banking segment decreased from ₹489.60 crore to ₹463.57 crore.

RISK MANAGEMENT PRACTICES:

It is imperative to have robust and effective risk management policies and 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 architecture which proactively identifies the risks faced by the Bank and helps in mitigating the same, while maintaining proper trade-off between risk and return thereby maximizing shareholder value.

The Bank has put in place independent risk management architecture and practices that is overseen by the Risk Management Committee of the Board (RMCB). Appropriate policies to manage various types of risks are approved by the Board of Directors after review 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 to ensure better control. EWIRM solution will facilitate suitable alignment of risk and capital to the overall business strategy.

a) Credit Risk Management:

The Bank has a comprehensive credit risk management framework, which deals with identification, assessment, measurement and mitigation of credit risk. The framework includes Credit Risk Management Policy, Credit Risk Mitigation Policy, Model Risk & Rating Policy and Model Validation Framework. The Bank has devised two dimensional rating system and retail scoring system in line with RBI's guideline on Internal Rating Based (IRB) approach. Further, the Bank's Board has approved the methodology for estimation of risk components namely Probability of default (PD), Loss given Default (LGD) and Exposure at Default (EAD) for its Corporate and Retail exposures.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 counter-party or the failure on the part of the borrower to meet its obligations in accordance with the agreed contractual terms.

The Credit risk of the Bank is overseen by RMCB (Risk Management Committee of Board) at Board level and Credit Risk Management Committee (CRMC) at executive level. Of the strategic measures employed in managing credit risk, risk rating occupies a position of prominence, as it involves the rating of borrowers from a risk perspective for the purpose of credit decision, pricing and administration .RMCB/CRMC approves hurdle-rating system and the launch/modification of new rating models/scorecards, sets exposure ceilings, oversees monitoring of size and concentration of credit exposures, and timely amendments/review of Credit Risk Management Framework. Credit Risk Management cell, which functions under their guidance executes the directions of RMCB/CRMC and it ensures that appropriate system level changes (including IT) are also implemented.

For the purpose of credit risk assessment, the Bank's exposure is broadly classified into retail and non-retail. All corporate loans are rated using dual rating models/specialized lending rating models and retail exposures are scored using different scorecards. Ratings and scorings are performed in proprietary automated platforms which ensure integrity, objectivity and consistency of ratings. Further, rating/scoring data is captured in core IT systems of the Bank to facilitate seamless reporting

and timely validation of rating models/scorecards. The Bank has deployed system level validations/checks to ensure timely review of borrower ratings and capture of scoring information of all retail loans at granular level. Bank has eight non default rating grades and one default rating grade. The customers are assessed based on their financial performance, industry characteristics, business positioning, project risks, operating performance and other non-financial parameters, such as quality of management and conduct of account. As required under IRB guidelines, Bank validates its rating models and scorecards on an annual basis.

Appropriate credit approval processes, risk mitigation, post-disbursement monitoring and timely remedial actions are part of the 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 analyze the changes in credit risk profile of the borrowers and to provide input for policy and strategic decisions. Portfolio analysis of various products/industries, covering various credit quality indicators are being carried out on a periodic basis for identifying portfolio trends, and generating portfolio level MIS. The Bank has commenced to calculate the risk components (PD, LGD and EAD) in line with board approved methods, which also serves as an input for prudent pricing of its advances.

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 broad guidelines to proactively manage market risk. The Board, supported by the Market Risk Management Committee (MRMC) frames the Market risk management policy, which details the methods to identify, measure, monitor and control market risks. The Bank has dedicated independent mid-offices for forex and domestic treasury at Treasury Department reporting directly to the head of the Risk Management Department. The mid-offices closely monitor market risk inherent in treasury dealings.

The market risk at 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 risk associated with different securities at micro level

c) Operational Risk Management:

The Bank has developed and implemented an operational risk management framework that is fully integrated into the Bank's overall risk management system. The Bank has put in place processes, systems and procedures to actively mitigate operational risks and to optimize resources not only to protect the interests of the Bank but also to ensure return commensurate with the risk profile adopted. With respect to operational risk management, identification and assessment of risk together with assessment of control effectiveness are key to the risk management process and towards this end the Bank has put in place risk management tools like Risk and Control Self Assessment (RCSA) and Key Risk Indicator (KRI) frameworks to ensure continuous monitoring & evaluation of various risk elements.

All new products and processes are vetted by Risk Management Department and thus, it is ensured that all risks involved in new products and processes are clearly documented and adequate procedures and controls are implemented before the product/ process is launched.

In order to ensure adequate and timely identification, measurement, monitoring, control and mitigation of reputation risk posed by banking operations at the business line and firm-wide levels, a board approved reputation risk management policy is put in place. Risk drivers for reputation risk is identified and monitored on a quarterly basis. Quantification of reputation risk is accomplished through Reputation risk score card and is undertaken on a quarterly basis along with the ICAAP process. Further, a reputation risk matrix is prepared to identify the magnitude and direction of various risk drivers. With a view to monitor reputation risk emanating from various forms of media, a Media monitoring mechanism is put in place to ensure timely and proactive identification and mitigation of risk.

Bank has implemented robust IT and cyber risk management strategies to secure its information assets. Bank has Board approved IS Security Policy and Cyber Security Policy in place to provide guidelines for cyber security and cyber defence related initiatives. IT Departments of the Bank are ISO 27001:2013 certified for the implementation of Information Security Management System (ISMS).

Bank has implemented several advanced security solutions to manage cyber-attacks. Security Operations Centre (SOC) which is operational 24*7 is in place which complements the existing security infrastructure by providing a means for early detection and quick response for any security events. Threat intelligence is obtained from different sources and necessary preventive solutions are also put in place.

The Bank also provides cyber security awareness to its customers on a continuous basis through various channels like SMS/ Email/ Website/Social media etc.

d) Liquidity Risk:

Liquidity risk refers to the risk that the Bank is unable to meet its obligations as and when they fall due. The Asset Liability Management Policy of the Bank stipulates broad framework for liquidity risk management to ensure that the Bank is in a position to manage its daily liquidity requirements and to withstand stress situations stemming from, bank-specific factors, market-specific factors or a combination of both. Asset Liability Management Committee (ALCO) of the Bank, comprising of senior executives of the Bank oversees 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) 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.

The liquidity profile of the Bank is analyzed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and periodic liquidity stress tests. The Bank has put in place a liquidity risk management framework adhering to the guidelines issued by RBI on liquidity risk management and the best practices. These include the intraday liquidity management and monitoring of the Liquidity Coverage Ratio (LCR).

e) Business Continuity Plan:

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

UPDATE ON IND-AS IMPLEMENTATION:

The Institute of Chartered Accountants of India has issued Ind-AS (a revised set of accounting standards) which largely converges the Indian accounting standards with International Financial Reporting Standards (IFRS).The Ministry of Corporate Affairs (MCA) has notified these accounting standards (Ind-AS) for adoption. The Reserve Bank of India (RBI) through its press release dated April 5, 2018, has deferred the implementation of Indian Accounting Standards (Ind-AS) by one year for scheduled commercial banks. Accordingly, the Ind-AS is applicable to banks, effective as from April 1, 2019.

The Bank has a well-planned strategy for this implementation and has made good progress in this financial year. As per RBI directions, the Bank has taken following steps so far:

- In line with the guidance issued by the Reserve Bank of India in August 2016, the Bank has set up a Steering Committee headed by the Executive Vice President (Operations) that monitors the progress of implementation.
- Submitted Proforma Ind-AS financial statements to the RBI for the half-year ended September 30, 2016, and for the quarter ended June 30, 2017 as per extant regulatory guidelines.
- Further, the Bank has evaluated various IT solutions to automate accounting changes required in Ind-AS in order to improve the robustness of the process.

Even though the regulator has extended the effective date of implementation, the Bank will continue its preparedness towards migration to adopting Ind-AS.

INTERNAL FINANCIAL CONTROL AND ITS ADEQACY

Internal Financial Controls:

The Bank has put in place adequate internal control measures and processes with respect to its financial record keeping procedure to provide reasonable assurance regarding the reliability of financial reporting and the preparation and presentation of financial statements. These controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically and strengthened wherever considered necessary. The bank also ensures that internal controls are operating effectively, through the robust internal inspection and vigilance system.

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 to ensure that the internal

control systems put in place is working effectively. The reports of internal inspections are placed to Sub/Audit Committee of Executives (SACE/ACE)/Audit Committee of Board (ACB) as the case may be. SACE/ACE/ACB reviews the reports and ensures that corrective steps are taken to rectify the shortcomings in the report and recommends for strengthening the internal control over various processes.

VIGILANCE MECHANISM/WHISTLE BLOWER POLICY IN THE BANK:

Vigilance Mechanism of the Bank is functioning as a separate vertical, viz., Vigilance Division and reporting directly to the MD & CEO of the Bank. Vigilance Division has twin roles to play namely, investigation of frauds and putting in place a dynamic mechanism for detection of fraud, in order to have more controls over the incidence of frauds.

The Bank has in place a vibrant Whistle Blower Policy (WBP) and a Protected Disclosure Scheme (PDS), which are reviewed from time to time. Whistle Blower Policy and the Protected Disclosure Scheme of the Bank are published in the website of the Bank and thereby awareness is given to all the stake holders about the same so as to make the said Policy and the Scheme an effective tool in the reporting and prevention of frauds.

As a part of the preventive mechanism to reduce the instances of frauds, especially on cyber field, various customer awareness measures are undertaken by the Bank on a continuous basis through advertisements in the media, publications in Bank's website and through SMS messages to customers. Staff at branches are regularly updated with the modus operandi adopted by fraudsters at various banks so as to be more vigilant and cautious, while dealing with similar situations.

Functioning of the Vigilance Division is reviewed by Board and its Committees on a regular basis and is being closely followed up by RBI and guided by its master directions on "Frauds-classification and reporting" issued every year.

HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATIONS:

As on March 31, 2018, the Bank had 7,946 personnel on its rolls. 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 optimising the existing resources - through internal job postings, transfers and skill development initiatives. Our Personnel Department has been awarded with the ISO 9001:2008 Certification in the year 2015 and this certification has been upgraded to ISO 9001:2015 on 27.03.2018. Training has assumed significant importance in the present banking scenario. The Bank's Staff Training College identifies the gaps in resource capability of the personnel and trains them for qualitative improvement.

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 through a new initiative 'Talent pool' in HRMS System. This will further motivate our employees by providing opportunities according to their skills and area of interest.

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, Tranche 7 during 2014-15 and Tranche 8 and Tranche 9 during 2017-18, subject to the regulator guidelines in this regard. An aggregate of 59,95,121 options were exercised by the employees during the current financial year and equal number of shares have been allotted against those exercised. In order to ensure enhanced productivity and efficiency in all areas of operations and cultivate motivation among employees in all cadre, the Bank has implemented the Performance Linked Incentive Scheme (PLIS) from the financial year 2007-08 onwards. The Bank follows a scientific method for calculation of the PLIS, which includes, individual performance, achievement of the targeted profit of the Bank, operational efficiencies, etc.

By Order of the Board

(SALIM GANGADHARAN)	**(V.G.MATHEW)**
CHAIRMAN	MANAGING DIRECTOR & CEO
DIN : 06796232	DIN : 05332797

Place : Nedumbasserry
Date : June 6, 2018

ANNEXURE TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE FOR THE PERIOD APRIL 1, 2017 TO MARCH 31, 2018

Bank's Philosophy on Code of Governance:

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 uphold highest standards of Corporate Governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvement of internal controls and sound investor relations.

The Bank's Corporate Governance Framework ensures that it makes 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

The Board of Directors of your Bank is broad based and varied in terms of experience of the members of the Board. The Board has been constituted in compliance with the Banking Regulation Act, 1949, the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and in accordance with best practices in Corporate Governance. The Board comprises of 09 Directors as on 31st March, 2018, with rich experience and specialized knowledge in various areas. 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, Annual General Meeting and shareholdings in the Bank as on March 31, 2018 are given below:

Sl. No.	Name of Director	Category of Director	No. of Board Meetings		Attendance of Last AGM held on 11.07.2017	No. of Shares of held	% of Holding
			Held during the tenure	Attended			
1	Sri Salim Gangadharan, Chairman	NE	11	11	Present	16,510	0.001%
2	Sri V.G. Mathew, M.D. & CEO	Managing Director	11	11	Present	30,000	0.002%
3	Sri Mohan E. Alapatt, Director*	INE	10	9	Present	100000	0.006%
4	Sri K.Thomas Jacob, Director	INE	11	11	Present	73446	0.004%
5	Dr. John Joseph, Director	INE	11	11	Present	277292	0.015%
6	Sri Francis Alapatt, Director	INE	11	9	Present	220000	0.012%
7	Sri Cheryan Varkey, Director**	NE	3	3	NA	114952	0.006%
8	Smt. Ranjana S. Salgaocar, Director	INE	11	11	Present	83666	0.005%
9	Sri Parayil George John Tharakan, Director	INE	11	11	Present	21874	0.001%
10	Sri Achal Kumar Gupta, Director	NE	11	10	Present	Nil	Nil
11	Sri V. J. Kurian, Director***	INE	1	1	NA	Nil	Nil

NE – Non-Executive Director
INE – Independent Non-Executive Director.
*Sri Mohan E. Alapatt (DIN : 00025594), ceased to be the Director of the Bank w.e.f. 28th February, 2018.
** Sri Cheryan Varkey (DIN: 06884551), ceased to be a Director of the Bank w.e.f. 11th July. 2017.
*** Sri V. J. Kurian (DIN: 01806859) was appointed as Additional Independent Director of the Bank w.e.f. 23rd March, 2018.
@Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.
During the year under review the Board and its committees were re-constituted twice on 11.07.2017 and 23.03.2018.

Board Meetings

A total of 11 Board Meetings were held during the period April 1, 2017 to March 31, 2018 and the dates are as under:

21.04.2017, 15.05.2017, 26.05.2017, 11.07.2017, 10.08.2017, 10.10.2017, 20.11.2017, 06.12.2017, 09.01.2018, 27.02.2018 and 23.03.2018.

ANNEXURE TO THE DIRECTORS' REPORT

Committee position of Directors in the Bank as on March 31, 2018:

The name of each Committee with the name of its respective Chairman as on 31.03.2018 is furnished below:

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

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015:

a. None of the Directors of the Bank were members in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a Director.
b. None of the Independent Directors of the Bank held directorship in more than seven Listed Companies.
c. Whole-Time Director of the Bank is not serving as an Independent Directors in any other Listed Companies.
d. None of the Directors of the Bank is related to any Director of the Bank.

Directorship of Directors in other Public Limited Companies and Public Institutions as on March 31, 2018

Name of the Director	Name of the Company (Directorship in other Indian Public Limited Companies)	Name of Committees in other Indian Public Limited Companies*	Chairman/ Member in other Indian Public Limited Companies
Sri Salim Gangadharan	The National Securities Clearing Corporation Ltd.,	Risk Management	Chairman
		Independent Directors	Member
		Disciplinary Action	Member
		SEBI Inspection	Member
		Independent Oversight Committee of the Governing Board for Member Regulation Function	Member
		Public Interest Directors	Member
		IT Strategy Committee	Member
	Northern Arc Capital Ltd.	Risk Management	Member
		Audit committee	Member
Sri Francis Alapatt	CII Guardian International Limited	CSR committee	Chairman
Sri Achal Kumar Gupta	Capital India Finance Ltd.	Audit committee	Member
		Nomination & Remuneration Committee	Member
		Investment Committee	Chairman
		Risk Management Committee	Chairman
	Canara Robeco Asset Management Ltd.	Audit committee	Member
		CSR committee	Chairman
Sri V. J. Kurian	Cochin International Airport Limited	CSR committee	Member
		Share transfer committee	Member

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

Management Committee of 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, 2018 are Sri Salim Gangadharan - Chairman, Sri V. G. Mathew, Sri K. Thomas Jacob, Dr. John Joseph Alapatt and Sri Achal Kumar Gupta.

The terms of reference of the Committee are as follows:

1. All credit proposals, beyond the powers of Managing Director and Credit Committees constituted by the Board.
2. OTS proposals within the powers of the Board.
3. Ratification proposals of sanction made by Credit Committees and MD beyond its powers.
4. Review of Sanctions made by Credit Committees.
5. Review of MD's sanctions.
6. Review of Food Credit – Monthly disbursement (Monthly).
7. NPA recovery (Monthly).
8. Compromise proposals sanctioned by MD (Quarterly).
9. Legal action waiver allowed by MD (Quarterly).
10. Sanction to bid the property in court auction above the decreetal dues.
11. Payment of compensation in consumer cases (above ₹1,00,000/-).
12. Enhancement of the prudential individual exposure limit.
13. Review of the order of Committee for identification of Wilful Defaulters.
14. Review of the order of Committee for identification of non-co-operative borrowers of the bank.
15. Review of Top 100 NPA accounts below 5 Crores (SS/ Doubtful/Loss) (25 in each quarter) – Quarterly.
16. Write-off/remission allowed by the Bank for the previous Quarter (Quarterly).
17. Status report on OTS sanctioned by MCB during last one year (Quarterly).

ANNEXURE TO THE DIRECTORS' REPORT

18. Review of staff Accountability - Quick mortality and fresh NPA above ₹10 lakhs.
19. Documents time barred/getting time barred (Quarterly).
20. Concessions given by MD & CEO in MC Sanctions and review of MD & CEO sanctions by MC (Quarterly).
21. Overdue Credit Proposal over 3 months, falling within the power of MC (Quarterly).
22. Review of Performance under Annual Credit Plan (ACP) (Half yearly).
23. Review of Advances granted to SC/ST under Priority Sector (Half yearly).
24. Ratification Note for exceeding of various limits fixed as per Forex Policy.
25. Review of Debit/Credit/Travel Cards (Half yearly).
26. Review of performance of MasterCard debit card operations (Quarterly).
27. Bidding for Equity shares through Book building process and subscription to Equity shares in primary market.
28. 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.
29. Equity Trading (Monthly).
30. Investment in Equity shares in the secondary market.
31. Statement of Structural Liquidity (Fortnightly).
32. Statement of Interest Rate Sensitivity (Monthly).
33. Probable Impact of rise in yields on market value of Central Government Securities & Trading Book Investments (Monthly).
34. Report on Country Risk (Monthly).
35. Report of VaR of Central Government Securities in AFS & HFT category (Trading Book) & of Currencies (Monthly).
36. Exposure Monitoring (Monthly).
37. Monitoring of excess CRR (Quarterly).
38. Opening and operation of Bank Accounts.
39. Region-wise fund Position (Fortnigthly).
40. Calendar of reviews to be put up to MCB, as per RBI circular dated 28th May, 2005.
41. Acquisition of Fixed Assets.
42. Awarding of Contracts/Appointment of Architects and Engineers for building construction/renovation etc.
43. For any deviations from the norms fixed for Branch premises.
44. For incurring any Revenue or Capital Expenditure in excess of the delegated powers.
45. Fresh purchases, AMC (Annual Maintenance Contract) and other IT related expenses – beyond the delegated powers of HO Executives.
46. Issue of duplicate share certificates in Lieu of original Share Certificates Lost/Misplaced.
47. Miscellaneous items not requiring the approval of the Board.
48. Any other items which may be permitted by the Board from time to time.

A total of 16 meetings were held during the period. The dates of meetings were

21.04.2017, 05.05.2017, 17.06.2017, 10.07.2017, 11.08.2017, 29.08.2017, 25.09.2017, 09.10.2017, 25.10.2017, 20.11.2017, 05.12.2017, 27.12.2017, 08.01.2018, 23.01.2018, 27.02.2018, and 22.03.2018.

The details of the meetings of the Management Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri Salim Gangadharan	16	16
Sri V.G. Mathew	16	15
Sri Cheryan Varkey*	4	4
Sri K. Thomas Jacob	16	16
Dr. John Joseph Alapatt	16	16
Sri Achal Kumar Gupta	16	15

*Ceased to be a member w.e.f. 11.07.2017.

@Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

(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 Achal Kumar Gupta and Sri V. J. Kurian as on March 31, 2018. The terms of reference of Audit Committee, harmonized with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Companies Act, 2013, and the responsibilities enjoined upon by the RBI, inter-alia includes the following:

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, adequate and credible.
2. Recommending to the Board, the appointment, re-appointment and terms of appointment of auditors 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.
3. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
4. 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.
5. 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.
6. Review, as far as the situation necessitates all other finding in the audit reports including Risk based internal Audit Reports.
7. Approval or any subsequent modification of transactions of the Company with related parties;

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8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the Company, wherever it is necessary;
10. Monitoring the end use of funds raised through public offers and related matters.
11. Review, with the management, the quarterly financial statements before submission to the board for approval.
12. Review with the management, the financial statement, review and monitor the performance of statutory and internal auditors, adequacy of the internal control systems;
13. Any show cause notice issued by any Govt./Quasi Govt./ regulatory authority with its impact.
14. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background etc. of the candidate;
20. Management discussion and analysis of financial condition and results of operations.
21. Management letters/letters of internal control weaknesses issued by the statutory auditors;
22. Internal audit reports relating to internal control weaknesses; and the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
23. Review of quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) & Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
24. Review of all reports as per the calendar of reviews stipulated by the RBI from time to time;
25. Any other terms of reference as may be included from time to time in SEBI (LODR) Regulations 2015, the Companies Act, 2013 and by Reserve Bank of India.
26. Any other items which may be permitted by the Board/ Committee from time to time.

The Committee met 9 times during the period. The dates of meetings were 15.05.2017, 16.06.2017, 10.07.2017, 25.09.2017, 09.10.2017, 05.12.2017, 08.01.2018, 23.01.2018 and 21.03.2018.

The details of the meetings of the Audit Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri K. Thomas Jacob	9	9
Sri Cheryan Varkey*	3	3
Sri Mohan E. Alappat**	8	8
Sri Achal Kumar Gupta	9	9
Sri Salim Gangadharan#	6	6
Sri Francis Alapatt#	1	1
Sri V. J. Kurian**	-	-

*Ceased to be a member w.e.f. 11.07.2017
**Ceased to be a member w.e.f. 28.02.2018.
Attended as Special Invitee.
** Appointed w.e.f. 23.03.2018

(C) NOMINATION & REMUNERATION COMMITTEE

Vide Board Resolution SEC/S-104/15-16 on July 15, 2015 the Nomination Committee and Compensation & Remuneration Committee of the Board were merged and constituted Nomination & Remuneration Committee with comprehensive terms of reference of both the Committees to take care of the nomination of Directors, KMP, performance evaluation criteria for independent directors etc., to oversee the framing, review and implementation of compensation policy of the bank on behalf of the board and remuneration related matters of the Directors, KMPs and Employees, etc. The Committee is chaired by Dr. John Joseph Alapatt. Other Members of the Committee as on March 31, 2018 are Sri Salim Gangadharan, and Smt. Ranjana S. Salgaocar.

The Terms of reference of the Committee are harmonized with the provisions of Companies Act, 2013/AS-15, SEBI (LODR) Regulations 2015/Banking Regulation Act and other RBI Guidelines, which inter-alia, includes the following:

1. Scrutinizing the declarations received from persons to be appointed as Directors as well as from the existing Directors seeking re-appointment and to decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors and 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.
2. To devise a Succession Planning Policy for the Board and Senior Management.
3. To formulate a Nomination policy of the Board to guide the Board in relation to appointment/re-appointment/removal of Directors.
4. 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.

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5. To formulate the criteria for evaluation of Independent Directors and the Board/Committees.
6. To devise a policy on Board diversity.
7. 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.
8. To perform such other functions as may be necessary or appropriate for the performance of its duties.
9. 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 attract, motivate and retain employees and review compensation levels vis-a-vis other Banks and the industry in general.
10. 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.
11. With respect to the Performance Linked Incentive Schemes, the Committee is empowered to:
    a. Draw up terms and conditions and approve the changes, if any, to the Performance Linked Incentive schemes;
    b. Moderate the scheme on an ongoing basis depending upon the circumstances and link the same with the recommendations of Audit Committee;
    c. Coordinate the progress of growth of business vis-a-vis the business parameters laid down by the Board/Audit Committee and effect such improvements in the scheme as considered necessary;
    d. On completion of the year, finalize the criteria of allotment of marks to ensure objectivity/equity.
12. The Committee shall also function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 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.
13. 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.
14. 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 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;
15. 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.
16. Any other matters regarding remuneration to WTDs/MD & CEO and other staffs of the Bank as and when permitted by the Board.
17. To conduct the annual review of the Compensation Policy.
18. To fulfill such other powers and duties as may be delegated to it by the Board.

The Nomination and Remuneration Committee met 6 times during the period. The dates of meetings were: 15.05.2017, 10.08.2017, 09.10.2017, 06.12.2017, 08.01.2018 and 23.03.2018.

The details of the meetings of Nomination & Remuneration Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Dr. John Joseph Alapatt	6	6
Sri Salim Gangadharan	6	6
Sri Mohan E. Alapatt*	5	5
Smt. Ranjana S. Salgaocar	6	6

* Ceased to be a member w.e.f. 28.02.2018.

(D) NPA REVIEW COMMITTEE

This Committee has been constituted to review all NPA Accounts above ₹500.00 Lakhs. The Committee meets once in a quarter. The members of the Committee as on March 31, 2018 are Sri Achal Kumar Gupta - Chairman, Sri V.G. Mathew, Sri Francis Alapatt, Sri Parayil George John Tharakan and Dr. John Joseph Alapatt.

The Committee met 4 times during the period. The dates of meetings were: 16.06.2017, 26.09.2017, 27.12.2017, 22.03.2018.

The details of the meetings of NPA Review Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri Francis Alapatt	4	4
Sri V.G. Mathew	4	4
Sri Parayil George John Tharakan	4	4
Sri Achal Kumar Gupta	4	4
Dr. John Joseph Alapatt*	–	–

#Inducted into the Committee w.e.f. 23.03.2018

(E) 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 Committee is chaired by Sri V. G. Mathew and consist of Sri Francis Alapatt, Sri Parayil George John Tharakan and Sri Salim Gangadharan as members as on March 31, 2018.

Besides, in accordance with RBI guidelines, the Bank has been inviting special invitees, representing the customers of the Bank and/or expert in customer services, with a view to strengthen 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 period. The dates of meetings were: 05.05.2017, 26.09.2017, 27.12.2017 and 22.03.2018.

The details of the meetings of Customer Service Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri V. G. Mathew	4	4
Sri Salim Gangadharan#	–	–
Sri Francis Alapatt	4	4
Sri Parayil George John Tharakan	4	4
Sri Cheryan Varkey*	1	1

*Ceased to be a member w.e.f. 11.07.2017.

Inducted in to the Committee w.e.f. 23.03.2018.

(F) STAKEHOLDERS RELATIONSHIP 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. Mr. Jimmy Mathew, Company Secretary is designate as the Compliance Officer. The members of the Committee consist of Smt. Ranjana S. Salgaocar as Chairperson, Sri Francis Alapatt, Sri Parayil George John Tharakan and Dr. John Joseph Alapatt as members as on March 31, 2018.

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

1. Consolidated statement of transfer of shares/transmission/deletion etc., duly approved by General Manager or above from time to time.
2. 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).
3. Details of shareholder complaints received redressed, pending etc. during a particular quarter.
4. List of Top 10/100 shareholders at the end of every quarter.
5. Any other item with the permission of the Board.

The Committee met 4 times during the period on:

26.05.2017, 10.08.2017, 06.12.2017 and 22.03.2018.

Status of Shareholder Complaints as on March 31, 2018

Sl. No.	Items	No. of Complaints			
		Pending at the beginning of the period	Received during the period	Redressed during the period	Pending at the end of the period
1	Non-receipt of Refund Order/ Allotment credit	0	6	6	0
2	Non-receipt of Dividend Warrants	0	78	78	0
3	Request for issue of duplicate share certificates	0	126	126	0
4	Complaints received from BSE/NSE/SEBI/ ROC	1	76	77	0
5	Other miscellaneous complaints (Including non-receipt of split share certificate)	0	32	32	0
6	Non-receipt of share certificate after transfer	0	0	0	0
TOTAL		1	318	319	0

The details of the meetings of Stakeholders Relationship Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Smt. Ranjana S. Salgaocar	4	4
Sri Francis Alapatt	4	3
Sri Parayil George John Tharakan	4	4
Dr. John Joseph Alapatt	4	4

@Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

(G) 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 provide focused attention on preventing and monitoring of frauds involving amounts of Rupees One crore and above. The Committee is chaired by Sri V.G. Mathew and consists of Sri K. Thomas Jacob, Sri Salim Gangadharan and Sri Achal Kumar Gupta as members of the Committee as on March 31, 2018.

The Committee met 5 times during the period. The dates of meetings were: 17.06.2017, 29.08.2017, 27.12.2017, 23.01.2018 and 22.03.2018.

ANNEXURE TO THE DIRECTORS' REPORT

The details of the meetings of Committee to Prevent and Review Frauds in the Bank attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri V.G. Mathew	5	5
Sri Salim Gangadharan	5	5
Sri Cheryan Varkey*	1	1
Sri K. Thomas Jacob	5	5
Sri Achal Kumar Gupta#	2^	2^

*Ceased to be a member w.e.f. 11.07.2017.
#Inducted into the Committee w.e.f. 23.03.2018
^Attended as a Special Invitee to the Meeting.

(H) 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. The present terms of reference include approving Budgets for acquisition of new premises, calling tenders from reputed architects and contractors, scrutinizing, short-listing and negotiating their site plans, estimates, finalizing their appointment, fees & other terms and conditions and monitoring the progress of the project. The Committee consists of Sri Francis Alapatt as Chairman, Sri V.G. Mathew, Smt. Ranjana S. Salgaocar and Sri Parayil George John Tharakan as members as on March 31, 2018.

The Committee met 4 times during the year. The dates of meetings were: 26.05.2017, 10.08.2017, 06.12.2017, and 22.03.2018.

The details of the meetings of Premises Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri Francis Alapatt	4	3
Sri V.G. Mathew	4	4
Smt. Ranjana S. Salgaocar	4	4
Sri Parayil George John Tharakan	4	4

@Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

(I) 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, 2018 are Sri Achal Kumar Gupta - Chairman, Sri Salim Gangadharan, Sri V.G. Mathew, Sri K. Thomas Jacob.

The committee inter-alia looks into the following aspects:

1. 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.
2. Approve risk management governance structure of the Bank and deciding the allocation of resources.
3. Define the risk appetite of the Bank.
4. Approve the vendors for risk data warehouse and other risk management software requirements.
5. Approve revisions in existing systems and policies to address risk management requirements and good practices.
6. 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.
7. Oversee and monitor the Bank's compliance with regulatory requirements.
8. Approve delegation of risk limits to management and approve any transactions exceeding those delegated authorities.
9. Review risk mitigation plans on significant risks, which affects policy or procedure level changes for effective implementation.
10. 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 period. The dates of meetings were: 17.06.2017, 29.08.2017, 25.10.2017, 27.12.2017 and 22.03.2018.

The details of the meetings of Risk Management Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri Achal Kumar Gupta	5	5
Sri Salim Gangadharan	5	5
Sri V.G. Mathew	5	5
Sri K. Thomas Jacob	5	5
Dr. John Joseph Alapatt#	5	5

#Ceased to be a member w.e.f. 23.03.2018.

(J) 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 has been amended w.e.f. 28.11.2012. The Committee is chaired by Sri V. J. Kurian and consist of, Sri Salim Gangadharan, Sri V.G. Mathew and Sri K. Thomas Jacob as members as on March 31, 2018.

ANNEXURE TO THE DIRECTORS' REPORT

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

1. Suggest improvement and monitor the implementation of modern technology in the Bank;
2. Approving IT strategy and policy documents;
3. Ensuring that the management has put an effective strategic planning process in place;
4. Ratifying that the IT strategy is indeed aligned with business strategy;
5. Ensuring that the IT organizational structure complements the business model and its direction;
6. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
7. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
8. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
9. Ensuring proper balance of IT investments for sustaining Bank's growth;
10. Make aware about exposure towards IT risks and controls, and evaluating effectiveness of management's monitoring of IT risks;
11. Assessing Senior Management's performance in implementing IT strategies;
12. Issuing high-level policy guidance (e.g.: related to risk, funding, or sourcing tasks);
13. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT;
14. Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks;
15. Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value);
16. 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 4 times during the year. The dates of meetings are: 16.06.2017, 25.09.2017, 05.12.2017 and 23.01.2018.

The details of the meetings of Information Technology Strategy Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri Salim Gangadharan	4	3
Sri V. G. Mathew	4	4
Sri K. Thomas Jacob	4	4
Sri Mohan E. Alapatt*	4	4
Sri V. J. Kurian#	-	-

*Ceased to be a member w.e.f. 28.02.2018.

Inducted in to the Committee w.e.f. 23.03.2018.

@Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

(K) 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, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee of the Board, with Sri Francis Alapatt as Chairman of the Committee, Sri V. G. Mathew, Smt. Ranjana S. Salgaocar and Sri V. J. Kurian as its co-members as on March 31, 2018.

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, including contribution to 'Swachh Bharat Khosh' set up by Central Govt. 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 including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
   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, Paraolympics 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.

xi. Slum area development.

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 4 times during the year. The dates of meetings were: 26.05.2017, 10.08.2017, 06.12.2017 and 27.02.2018.

The details of the meetings of Corporate Social Responsibility Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri Francis Alapatt	4	3
Sri V. G. Mathew	4	4
Sri Mohan E. Alapatt*	4	4
Smt. Ranjana S. Salgaocar	4	4
Sri V. J. Kurian#	–	–

*Ceased to be a member w.e.f. 28.02.2018.

Inducted in to the Committee w.e.f. 23.03.2018.

@Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

(L) CAPITAL PLANNING AND INFUSION COMMITTEE

The Bank had constituted one special purpose committee viz. Capital Planning & Infusion Committee. The Capital Planning & infusion Committee was formed on May 28, 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 ancillary and incidental to such decisions including the short-listing/appointment of Merchant Bankers to the issue. The members of the Committee as on March 31, 2018 are Sri Salim Gangadharan - Chairman, Sri V. G. Mathew, Sri K. Thomas Jacob Dr. John Joseph Alapatt and Sri V. J. Kurian.

The Committee met 3 times during the period. The dates of meetings were: 20.11.2017, 05.12.2017 and 09.01.2018.

The details of the meetings of Capital Planning & Infusion Committee of Directors attended by the Members during the year 2017-18, are given below:

Name of Director	No. of meetings	
	Held during the tenure	Attended
Sri Salim Gangadharan	3	3
Sri V. G. Mathew	3	3
Sri Mohan E Alapatt*	3	2
Sri K. Thomas Jacob	3	3
Dr. John Joseph Alapatt	3	3
Sri Achal Kumar Gupta	2	2
Sri V. J. Kurian#	–	–

*Ceased to be a member w.e.f. 28.02.2018.

#Inducted into the Committee w.e.f. 23.03.2018.

Sri Achal Kumar Gupta attended the meetings held on 05.12.2017 and 09.01.2018 as a special invitee.

@Leave of absence was granted to the concerned Members who had expressed their inability to attend the respective meetings.

(M) COMMITTEE OF INDEPENDENT DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, 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. The members of the Committee as on the date of meeting are Sri K. Thomas Jacob, Dr. John Joseph Alapatt, Sri Francis Alapatt, Smt. Ranjana S. Salgaocar, Sri Parayil George John Tharakan and Sri V. J. Kurian.

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

1. To review the performance of non-independent directors and the Board as a whole;
2. To review the performance of the Chairman of the Bank taking into account the views of executive directors and non-executive directors;
3. 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;
4. To perform such other roles as may be prescribed by the Companies Act, 2013, SEBI (LODR) Regulations 2015, Banking Regulation Act, 1949 and the Circulars/Regulations issued by the Regulatory Authorities from time to time.

The Committee met once during the year on 23.03.2018. All the Independent Directors of the Bank attended the meeting.

The details of the meetings of Independent Directors Committee attended by the Members during the year 2017-18, are given below:

ANNEXURE TO THE DIRECTORS' REPORT

Name of Director	No. of Meetings	
	Held during the tenure	Attended
Sri K. Thomas Jacob	1	1
Dr. John Joseph Alapatt	1	1
Sri Francis Alapatt	1	1
Smt. Ranjana S. Salgaocar	1	1
Sri Parayil George John Tharakan	1	1

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."

Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Bank. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time. The Board of Directors at its Meeting held on October 30, 2014 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 Regulations. The same is displayed on the website of the Bank. (https://www.southindianbank. com/UserFiles/file/Rupay/DISCLOSURE/POLICY%20ON%20MATERIALITY%20OF%20AND%20DEALING%20WITH%20 RELATEDPARTY%20TRANSACTIONS.pdf)

REMUNERATION PAID TO DIRECTORS DURING THE PERIOD APRIL 1, 2017 TO MARCH 31, 2018

The Bank paid a gross remuneration of ₹1,28,84,934/- during the period to Sri V.G. Mathew, the Managing Director and Chief Executive Officer of the Bank in accordance with the terms and conditions approved by Reserve Bank of India and the Shareholders.

a) No pecuniary relationship exists for Independent Directors/ Non-Executive Directors vis-à-vis the Bank, other than payment of sitting fees for Board/Committee meetings/ monthly honorarium during the year as per law. The Independent Directors of the Bank also had no pecuniary relationship with the Bank, or their promoters or directors.

b) The criteria of making payments to Independent Directors/ Non-executive Directors of the Bank are disclosed on the Bank's website, the web link to which is https://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=854&linkIdLvl3=859&linkId=859.

A) Details of Remuneration to MD & CEO

The details of remuneration paid to Sri V. G. Mathew, MD & CEO from April 1, 2017 to 31st March, 2018 are as follows:

PARTICULARS	AMOUNT (₹)
Basic Pay	95,04,000
Variable Pay	19,80,000
Perquisites (House rent/Esos/Furnishing)	4,50,534
PF Bank Contribution	9,50,400
Travelling Allowances (Foreign)	0
Gross Income up to (March 2018)	1,28,84,934
No. of Employee Stock options granted during the year (2017-18)*	1,83,333

*The shares granted to MD & CEO during the FY 2017-18, will be vested and exercised in accordance with SIB ESOS-2008 and subject to approval of Reserve Bank of India.

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

The Bank has paid ₹600000/- to Sri Salim Gangadharan, Part-time Chairman, as honorarium from April 01, 2017 to March 31, 2018 and ₹16,65,000.00/- as sitting fees during the period 01.04.2017 to 31.03.2018.

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

As provided under Article 95A of the Articles of Association of the Bank, the sitting fees payable to a non-executive Director for attending a Meeting of the Board or Committee thereof are decided by the Board of Directors from time to time subject to the ceilings if any, prescribed under the Companies Act, 2013 and the rules there under. The Board of Directors have approved the payment of ₹40,000 as sitting fee for each Meeting of the Board and ₹25,000 as sitting fee for each Meeting of the Committee attended. Accordingly the Bank paid sittings fees during the period 01.04.2017 to 31.03.2018 as under:

Sri Mohan E. Alapatt – ₹10,60,000/-, Sri K. Thomas Jacob – ₹15,15,000/-, Dr. John Joseph Alapatt – ₹14,40,000/-, Sri Francis Alapatt – ₹8,10,000/-, Sri Cheryan Varkey – ₹3,45,000/-, Smt. Ranjana S. Salgaocar – ₹9,15,000/-, Sri Parayil George John Tharakan – ₹8,65,000/-, Sri Achal Kumar Gupta – ₹13,25,000/- and Sri V. J. Kurian – ₹40,000/-. Total amount paid ₹99,80,000/-.

ANNEXURE TO THE DIRECTORS' REPORT

3. BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT

Resume of Directors seeking appointment/ reappointment at the 90th Annual General Meeting is given below:

1. Sri Achal Kumar Gupta

Name of the Director	Sri Achal Kumar Gupta (DIN: 02192183)
Date of Birth and age	27.11.1953 (64 Years)
Date of first appointment on Board	11th January, 2017
Qualifications	M.A CAIIB
Experience	He was the Deputy Managing Director of IFCI Ltd for a period of 3 years from 12.12.2013 to 11.12.2016. He started his career at Syndicate Bank and thereafter joined State Bank of India in September, 1977 and retired as Managing Director of State Bank of Patiala on 30.11.2013. He is having over 40 years of varied experience in the areas of Banking and Finance such as credit appraisal and administration, retail banking, treasury management, branch banking, agriculture banking, NRI services and risk management.
Directorship in other Companies	Capital India Finance Limited and Canara Robeco Asset Management Companylimited
Membership of Committees in Public Limited Companies	Capital India Finance Ltd. 1. Audit committee - Member 2. Nomination & Remuneration Committee - Member 3. Investment Committee - Chairman 4. Risk Management Committee - Chairman Canara Robeco Asset Management Ltd. 1. Audit Committee- Member 2. CSR Committee - Chairman
Shareholding in the bank as on 31st March, 2018	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
Present Position	Non-Executive Director
Sector	Majority (Banking)

Sri Achal Kumar Gupta (DIN: 02192183) was appointed as the Additional Director of the Bank with effective from January 11, 2017 pursuant to the provisions of Section 161 of the Companies Act, 2013 and appointed as a Director liable to retire by rotation the 89th AGM held on 11 July, 2017. He is the Members of Audit committee, Management committee, Committee to Prevent and Review Frauds in the Bank and Chairman of NPA Review committee and Risk Management committee of the Bank.

2. Sri Salim Gangadharan

Name of the Director	Sri Salim Gangadharan (DIN: 06796232)
Date of Birth and age	13.10.1953 (64 Years)
Date of first appointment on Board	16th January, 2014
Qualifications	M.A. Economics, CAIIB
Experience	Sri Salim Gangadharan is the Part-time Chairman and Non-Executive Director of the Board of our Bank. Mr. Gangadharan holds a master's degree in economics from the University of Kerala. He is also a certified associate of the Indian Institute of Bankers. He has several years of experience in the Reserve Bank of India. He retired in October, 2013 as principal Chief General Manager and regional Director, RBI, Trivandrum. He has been on our Board since January, 2014.
Directorship in other Companies	The National Securities Clearing Corporation Ltd. (NSCCL) - Director Northern Arc Capital Ltd - Director Kerala Infrastructure Investment Fund Board
Membership of Committees in Public Limited Companies	1. The National Securities Clearing Corporation Ltd. (NSCCL) 1. Risk Management - Chairman 2. Independent Directors - Member 3. Disciplinary Action - Member 4. SEBI Inspection 5. Independent Oversight Committee of the Governing Board for Member Regulation Function 6. Public Interest Directors 7. IT Strategy Committee 1. Northern Arc Capital Ltd. a) Risk Management (Member) b) Audit Committee Member
Shareholding in the bank as on 31st March, 2018	16,510
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	N.A.
Present Position	Part time Non-Executive Chairman
Sector	Majority (Banking)

Sri Salim Gangadharan (DIN: 06796232), Non-Executive part-time Chairman of the Bank, was originally appointed as Additional Director of the Bank on 16.01.2014 and regularized as Independent Director for a period of 5 years w.e.f. 1st April, 2014 at the 86th AGM held on 16.07.2014 in compliance with the provisions of Companies Act, 2013. Further, he was designated as Non-Executive part-time Chairman of the Bank w.e.f. 02nd November, 2016 for a period of 3 years (till 1st November, 2019) as approved by Reserve Bank of India. The Bank reclassified Mr. Salim Gangadharan as Non Executive Non Independent Director w.e.f. 02nd November, 2016 to comply with the provisions of Section 149(6)(c) of Companies Act, 2013.

He is the member of Management Committee, Nomination and Remuneration Committee, Risk management Committee, IT Strategy Committee, Committee To Prevent and Review Frauds in the Bank, Customer Service Committee and Capital Planning and Infusion Committee of the Bank.

ANNEXURE TO THE DIRECTORS' REPORT

3. Sri V. J. Kurian

Name of the Director	Sri V. J. Kurian (DIN: 01806859)
Date of Birth and age	23.02.1957 (61 Years)
Date of first appointment on Board	23rd March, 2018
Qualifications	IAS
Experience	Sri V. J. Kurian, is a retired from the Indian Administrative Service (IAS) official of 1983 batch in Kerala Cadre. He retired as Additional Chief Secretary, Water Resources. Government of Kerala in February 2017. During the tenure of services, Sri Kurian held the positions of Managing Director in various companies for a total period of 22 years. Presently, Mr. Kurian is the Managing Director of Cochin International Airport Ltd., CIAL Infrastructures Ltd. & CIAL Duty Free and Retail Services Ltd.
Directorship in Public Limited Companies	Managing Director in: 1. Cochin International Airport Limited. 2. CIAL Infrastructure Limited. 3. CIAL Duty free and Retail Services Limited. Director in: 1. Air Kerala International Services Limited. 2. Cochin International Aviation Services Limited. 3. Kerala Waterways and Infrastructures Limited.
Membership of Committees in other Companies	Cochin International Airport Limited. a) Corporate Social Responsibility Committee – Member b) Share Transfer Committee - Member
Shareholding in the bank as on 31st March, 2018	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	N.A.
Present Position	Independent Director
Sector	Minority

Sri V. J. Kurian (DIN: 01806859) was appointed as the Additional Independent Director of the Bank with effective from 23rd March, 2018 pursuant to the provisions of Section 161 of the Companies Act, 2013, holds office up to the date of this Annual General Meeting of the Bank and is eligible for appointment. He is member of Audit Committee, Corporate Social Responsibility Committee, IT Strategy Committee, and Capital Planning & Infusion Committee in the Bank.

4. Dr. John Joseph Alapatt

Name of the Director	Dr. John Joseph Alapatt (DIN: 00021735)
Date of Birth and age	26.11.1953 (64 Years)
Date of first appointment on Board	24th September, 2012
Qualifications	MBBS, DLO
Experience	Dr. John Joseph Alapatt holds a Bachelor of Medicine and Bachelor of Surgery degree as well as a Post-Graduate diploma from Bangalore University. He is an industrialist having several years of experience in managing a small scale industry unit. Dr. Alapatt has been the Director of our Bank for 16 years, with his first term from February 1, 1986 to January 25, 1994 and his second term from February 12, 2002 to February 12, 2010.
Directorship in other Companies	Nil
Membership of Committees in Public Limited Companies	Nil
Shareholding in the bank as on 31st March, 2018	277292 Equity shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the company	N.A.
Present Position	Independent Director
Sector	Majority (Small Scale Industry)

Dr. John Joseph Alapatt (DIN: 02192183), was inducted to the Board w.e.f. September 24, 2012 and was appointed as a Non-Exeuctive Independent Director of the Bank for a period of 5 years w.e.f. 01st April, 2014 vide shareholders' resolution dated July 16, 2014 in terms of the provisions of the Companies Act, 2013. His term of appointment would come to an end on 31st March, 2019. 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. He is the member of Capital Planning and Infusion Committee, Management Committee, Nomination and Remuneration Committee, NPA Review Committee, Stake Holders Relationship Committee of the Bank.

5. Sri Francis Alapatt

Name of the Director	Sri Francis Alapatt (DIN: 01419486)
Date of Birth and age	10.07.1952 (65 Years)
Date of first appointment on Board	01st November, 2013
Qualifications	B.Sc.
Experience	Mr. Francis Alapatt alias Palathingal Antony Francis holds a bachelor's degree in science. He is a director of M/s CII Guardian International Ltd.
Directorship in other Companies	CII Guardian International Limited Alapatt Properties Private Limited
Membership of Committees in Public Limited Companies	CSR Committee (Chairman) of CII Guardian International Limited
Shareholding in the bank as on 31st March, 2018	220000 Equity shares

ANNEXURE TO THE DIRECTORS' REPORT

Relationship with other Directors, Manager and other Key Managerial Personnel of the company	N.A.
Present Position	Independent Director
Sector	Minority

Sri Francis Alapatt (DIN: 01419486), Non-Executive Independent Director of the Bank was inducted to the Board of the Bank on 01.11.2013 and was appointed as an Independent Director of the Bank in the Minority Sector for the purpose of Section 149(2) of the Companies Act, 2013 with effect from April 1, 2014 for a period of five (5) years. He will complete his tenure of appointment as the Director of the Bank on 31st March, 2019. 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. He is the member of NPA Review Committee, Premises Committee, Customer Service Committee, Stake Holders Relationship Committee and Corporate Social Responsibility Committee of the Bank.

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
87th Annual General Meeting	Wednesday, July 15, 2015 at 10.00 a.m.	Casino Cultural Auditorium Ltd., T.B. Road, Thrissur	Yes. 1. Special Resolution passed to Augment the paid up share capital of the bank by further issue of shares. 2. Special Resolution passed to increase the borrowing power of the bank Pursuant to Section (180)(1)(c) of the Companies Act, 2013. 3. Special Resolution passed to modify SIB ESOS 2008 in line with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. 4. Special Resolution passed to Approve the borrowing/raising funds in Indian/Foreign currency by issue of debt securities upto ₹1,000 Crore on private placement basis.
88th Annual General Meeting	Friday, July 8, 2016 at 10.00 a.m.	Casino Cultural Auditorium Ltd., T.B. Road, Thrissur	Yes. 1. Special Resolution to seek approval of FIPB to increase the FDI Limit from 49% to 59% of paid-up Share Capital. 2. Special Resolution to Approve the borrowing/raising funds in Indian/foreign currency by issue of debt securities upto ₹500 Crore on private placement basis.
89th Annual General Meeting	Tuesday, July 11, 2017 at 10.00 a.m.	Casino Cultural Auditorium Ltd., T.B. Road, Thrissur	Yes. 1. To Re-appoint Sri V. G. Mathew as Managing Director & CEO and approve the payment of remuneration and other terms and conditions of appointment for a period of 3 years w.e.f. 01.10.2017 to 30.09.2020. 2. To pass a special resolution for exercising the borrowing powers of the Bank pursuant to Section 180(1)(c) of the Companies Act, 2013. 3. To Augment the Paid-up Capital of the Bank by further issue of shares. 4. To Approve the borrowing/raising funds in Indian/foreign currency by issue of debt securities upto ₹500 Crore on private placement basis

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

5. DISCLOSURES

A) MD & CEO/CFO Certification

The MD & CEO and the CFO have issued certificate pursuant to the provisions of Regulation 17 of the Listing Regulations 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 this Annual Report.

B) 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 SEBI (LODR) Regulations, 2015 "on Corporate Governance." The confirmation from the Managing Director & CEO regarding compliance with the code by all the Directors Senior Management Personnel 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. The code of conduct for prevention of insider trading are available on the website of the Bank. https://www.southindianbank.com/UserFiles/file/Rupay/DISCLOSURE/SIB%20Code%20of%20Conduct%20 -Insider%20Trading%202015.pdf

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/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 Chairman of the Audit Committee/ Chief of Internal Vigilance 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 and no personnel was denied access to Audit Committee. The Details of whistle Blower Policy are available on the website of the Bank. https://www. southindianbank.com/UserFiles/file/Rupay/poli/WBP%20 POLICY%202015.pdf

C) Other Disclosures

- The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by SEBI (LODR) Regulations, 2015 to the extent applicable to the Bank. Further, the Bank has complied with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46, to the extent applicable.

Familiarization Programme

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 weblink of the Bank. (https://www.southindianbank.com/UserFiles/file/WebNew/Directors%20Training%20Register/Directors%20Training%20Register%20(2).pdf)

Information supplied to the Board

The Board is regularly presented with all information under the following heads 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. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the listed entity and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board of directors.
5. The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
7. Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
8. Details of any joint venture or collaboration agreement.
9. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
10. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
11. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
12. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
13. Preparation, modification, deviation and review of Policies of the Bank.
14. Non-compliance of any regulatory, statutory or listing requirements.
15. Show cause, demand, prosecution notices and penalty notices which are materially important.
16. Any issue, which involves possible public or product liability

claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the company.

17. All agenda items required to be placed to the Board in compliance with Policies of the Bank and as directed by the Board from time to time.
18. Any other agenda items which are not specifically delegated by the Board to any other Committees/sub-Committees.
19. Review of all reports as per the Calendar of Reviews stipulated by the RBI from time to time.
20. Any other items/information as may be prescribed SEBI (LODR) Regulations 2015, the Companies Act, 2013 and by Reserve Bank of India.
21. Other Important Developments: The review should indicate the major developments that have taken place subsequent to the Previous Board Meeting.
22. Any other items which may be permitted by the Board from time to time.

6. MEANS OF COMMUNICATION

The unaudited/audited quarterly/half yearly/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 prominent national and regional dailies such as Deepika, Business Line and Economic Times etc. 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.

7. GENERAL SHAREHOLDER INFORMATION

90th Annual General Meeting	Date	11th July, 2018
	Day	Wednesday
	Time	10.00 a.m.
	Venue	Casino Cultural Auditorium Ltd., T.B. Road, Thrissur
Financial year		2017-18
Book closure date		Thursday the 5th day of July, 2018, to Wednesday the 11th day of July, 2018 (both days inclusive)
Dividend Payment date		Tuesday, July 17, 2018 to Saturday, July 21 2018
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
Registrar to the Rights issue of the Bank during the FY 2016-17		Link Intime India Pvt. Ltd. C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083 Tel. : 022-61715400 Fax : 022-25960329 E-mail : sib.rights@linkintime.co.in
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. (Stock Code: SOUTHBANK)
   Exchange Plaza, Plot No. C/1, G Block,
   Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
   Tel No.: (022) 26598100 - 8114, Fax No.: (022) 26598120
2. The BSE Ltd. (Stock Code: 532218)
   Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
   Phones : (022) 22721233/4, Fax : (022) 22721919.

The listing fees payable to the Stock Exchanges for the financial year 2018-19 have already been remitted.

LISTING OF OTHER SECURITIES

The Bank had listed the following Bonds in the Bombay Stock Exchange and their Stock Code are as under:

1. Unsecured Redeemable Non-Convertible Subordinated Tier II Lower Bonds issued on 20.08.2009 (Stock Code: 946254)
2. Unsecured Redeemable Non-Convertible Basel III Compliant Tier 2 Bonds in the nature of Debentures issued on 30.09.2015 (Stock Code: 952810)
3. Unsecured Redeemable Non-Convertible Basel III Compliant Tier 2 Bonds in the nature of Debentures issued on 28.11.2017 (Stock Code: 957189)

Debenture Trustee Details

IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R. Kamani Marg,
Ballard Estate, Mumbai - 400 001.
Tel.No.022-40807000, E-mail: itsl@idbitrustee.com

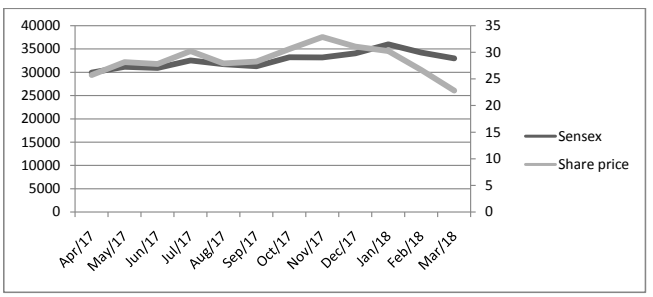
The Market Price Data of Bank's Shares

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 period April 2017 to March 2018 are as under:

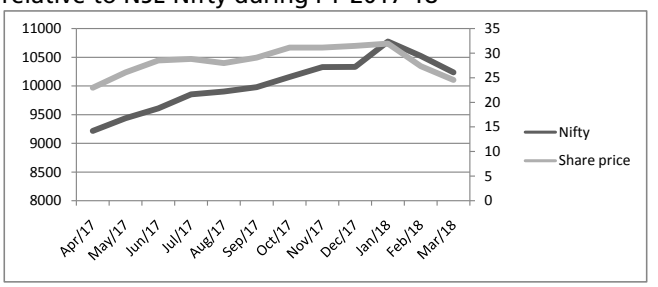
ANNEXURE TO THE DIRECTORS' REPORT

MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April	25.90	20.00	25.95	21.05
May	28.55	24.20	28.55	24.20
June	29.85	27.00	29.90	27.00
July	31.80	27.30	30.95	27.20
August	30.35	25.30	30.35	25.35
September	32.00	27.50	32.00	27.40
October	33.30	27.70	33.25	27.70
November	33.45	28.00	33.45	29.70
December	33.25	29.50	33.25	29.25
January	34.75	29.95	34.75	30.15
February	30.55	26.20	30.55	25.50
March	26.75	22.20	26.70	22.25

Performance of the South Indian Bank Equity Shares relative to S&P BSE SENSEX during FY 2017-18



Performance of the South Indian Bank Equity Shares relative to NSE Nifty during FY 2017-18



DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2018

CATEGORY (NO. OF SHARES)	PHYSICAL		DEMAT	
	NO. OF HOLDERS	SHARES	NO. OF HOLDERS	SHARES
UP TO – 100	3162	49660	98099	4635066
101 – 200	2174	282001	35561	6178598
201 – 500	2580	928347	54495	20927538
501 – 1000	2804	1945973	38210	32142035
1001 – 5000	22607	42900260	53899	125950994
5001 – 10000	1426	10448146	9436	70332015
10001 – 50000	931	17703890	7869	164554416
50001 & ABOVE	96	12705762	1497	1297146379
TOTAL	35780	86964039	299066	1721867041
% to total Shares	–	4.81	–	95.19

Total number of shareholders both physical and electronic put together is 334846.

MEMBERS' PROFILE AS ON MARCH 31, 2018 IS AS UNDER

S. NO.	CATEGORY	SHARES		TOTAL SHARES	% OF SHARE HOLDING
		PHYSICAL	DEMAT		
1	RESIDENT INDIVIDUALS	72129823	606783337	678913160	37.54
2	INDIAN FINANCIAL INSTITUTIONS	0	75641154	75641154	4.18
3	NON-RESIDENT INDIANS	11407213	121733872	133141085	7.36
4	BODIES CORPORATES	2939691	103520126	106459817	5.89
5	DIRECTORS & RELATIVES	486946	1625560	2112506	0.12
6	MUTUAL FUNDS	0	194477643	194477643	10.75
7	TRUSTS	0	798285	798285	0.04
8	BANKS	0	2002797	2002797	0.11
9	CLEARING MEMBERS	0	6403141	6403141	0.36
10	HUF	366	21046990	21047356	1.17
11	FOREIGN PORTFOLIO INVESTOR (CORP)	0	572565404	572565404	31.65
12	FOREIGN PORTFOLIO INVESTOR (INDV)	0	94077	94077	0.01
13	FOREIGN NATIONALS	0	20000	20000	0.00
14	ALTERNATIVE INVEST FUND	0	9064764	9064764	0.50
15	IEPF AUTHORITY MCA	0	5849791	5849791	0.32
	GRAND TOTAL	**86964039**	**1721867041**	**1808831080**	**100.00**

ANNEXURE TO THE DIRECTORS' REPORT

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 officers in the cadre of GM or above who is in charge of Administration, 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 dematerialized 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 transferor and transferee and duly executed and stamped transfer deed signed by the 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.

Registrars and share transfer agent

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.co.in

DEMATERIALISATION OF SHARES AND LIQUIDITY

The Equity shares of the Bank have been allotted International Securities Identification Number (ISIN) INE 683A01023. As at the end of March 2018, 1721867041 (95.19%) shares of the Bank have been converted into dematerialized form and 86964039 (4.81%) shares were being held in physical 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.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

To monitor Foreign Exchange risk, Bank has envisaged Forex VaR and AGL which are being monitored on daily basis by Risk department. Bank also has Investment, Forex and Derivative policy to define and regulate forex operations taken up by the Bank and different levels of limits are given in it. Treasury also monitors Foreign assets liabilities gap to hedge it in the market. Bank hedges its foreign currency position using derivatives including mainly SWAPs and outright Forwards. Bank is not involved in commodity trading and its hedging activities.

UNCLAIMED/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 the provisions of Section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the Bank is statutorily required to transfer to the Investor Education & Protection Fund ('IEPF'), established by the Central Government, all dividends remaining unpaid/unclaimed for a period of 7 (Seven) years, thereon, from the date of transfer of such Dividend to the Unpaid Dividend Account. In compliance with above, the unpaid dividend of ₹69,77,812.00 for the financial year 2009-10 has already transferred to the fund on 17-08-2017. Once such amounts are transferred to IEPF, no claim of the shareholder shall lie against the Bank. However, shareholders may claim their unclaimed amount as per the procedures/guidelines issued by the Ministry of Corporate Affairs (MCA). Dividends for and upto the financial year ended March 31, 2010 have already been transferred to the IEPF and dividend for the financial year ended March 31, 2011 shall be transferred to IEPF after the due date i.e. August 14, 2018.

The Ministry of Corporate Affairs on May 10, 2012 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 in the following link https://www.southindianbank.com/divident/Divident.aspx?id=1&linkId=672 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.

Transfer of 'Underlying Shares' in respect of which dividend has not been claimed for seven consecutive years or more, to the IEPF

In terms of Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, members are requested to note that the shares in respect of which dividends have been unpaid or unclaimed for seven consecutive years or more shall be credited to the IEPF Demat Account maintained with depositories. Upon transfer of such shares, all benefits (e.g. bonus, spilt etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account

and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Accordingly, shares in respect of which dividend has not been paid or claimed for seven consecutive years from the financial year 2008-09 and 2009-10 has been transferred by the Bank to the DEMAT Account of the authority on 30th November, 2017. Further, all shares in respect of which dividend has not been paid or claimed for seven consecutive years from the financial year 2010-11 shall be transferred by the Bank to the DEMAT Account of the authority on 14th August, 2018.

In this connection, the Bank had sent intimation letters to members in respect of the shares on which dividend had remained unpaid or unclaimed for seven consecutive years or more, requesting them to claim such dividend so as to avoid the corresponding shares being transferred to the IEPF authority. Simultaneously, an advertisement to this effect was published in leading English and vernacular newspapers.

The aforesaid Rules also prescribe the procedure to be followed by an investor to claim the Shares/Dividend amount transferred to IEPF. Shares which are transferred to the IEPF Demat Account can be claimed back by the shareholder from IEPF Authority by following the procedure prescribed under the aforesaid rules.

EQUITY SHARES IN SUSPENSE ACCOUNT

EQUITY SHARES IN ESCROW ACCOUNT AS ON MARCH 31, 2018				
	No. of cases	No. of Equity Shares*		Total
		FPO2006	Bonus 2008	
Opening Balance as on April 1, 2017	36	120960	30140	**151100**
Request received during the year	0	0	0	**0**
Shares transferred to IEPF account	36	120960	30140	**151100**
Closing Balance as on March 31, 2018	0	0	0	**0**

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

During the year, the Bank has not received any request for claiming these shares and in terms of Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares lying in the Suspense Account have been transferred to IEPF Demat Account. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

8. COMPLIANCE STATUS OF LISTING AGREEMENT/ SEBI (LODR) REGULATIONS, 2015

The Bank has complied with all mandatory recommendations prescribed in Listing Agreement/SEBI (LODR) Regulations, 2015. A certificate to this effect from the Bank's Statutory Central Auditors, M/s S. R. Batliboi Deloitte Haskins & Sells Chartered Accountants, is annexed.

COMPLIANCE WITH DISCRETIONARY REQUIREMENTS AS STIPULATED UNDER PART E OF SCHEDULE II OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The bank has complied with four out of the five discretionary requirements as stated below:

The Board

An office of the Chairman is maintained at the Bank's expense and reimbursement of expenses incurred by the Chairman in performance of his duties is allowed.

Modified opinion(s) in Audit Report

There are no audit qualifications in the Bank's financial statements or qualifications or adverse remark by the Company Secretary in Practice in his Secretarial Audit Report For the FY 2017-18. The bank wishes to continues in the regime of financial statements with unmodified audit opinion as well as unqualified Secretarial audit report.

Separate posts of Chairperson and Chief Executive Officer

The bank already has separate post for Chairperson and Managing Director or Chief Executive Officer.

Reporting of Internal Auditor

The Internal Auditor reports directly to the audit committee of the Board.

9. AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, V. G. Mathew, MD & CEO hereby declare that the Bank's Code of Conduct has been accepted and the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management as required under SEBI (LODR) Regulations, 2015 "on Corporate Governance."

By Order of the Board

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

Place : Nedumbasserry
Date : June 6, 2018

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, 2018 and that to the best of our knowledge and belief:

   i. 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 14, 2018

ANNEXURE TO THE DIRECTORS' REPORT

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO THE MEMBERS OF
THE SOUTH INDIAN BANK LIMITED

1. The accompanying Corporate Governance Report prepared by The South Indian Bank Limited (hereinafter the "Bank"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Bank.

Managements' Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Bank including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Bank complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Bank has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
   i. Reading and understanding of the information prepared by the Bank and included in its Corporate Governance Report;
   ii. Obtained and verified that the composition of the Board of Directors w.r.t. executive and non-executive directors has been met throughout the reporting period;
   iii. Obtained and read the Directors Register as on March 31, 2018 and verified that at least one women director was on the Board during the year;
   iv. Obtained and read the minutes of the annual general meeting held on July 11, 2017;
   v. Obtained and read the minutes of the Board of Directors and the following committees of the Board of Directors, held April 1, 2017 to March 31, 2018:
      (a) Board of Directors meeting;
      (b) Management Committee
      (c) Audit Committee
      (d) N P A Review Committee
      (e) Nomination & Remuneration Committee
      (f) Customer Service Committee
      (g) Stakeholders Relationship Committee
      (h) Committee to Prevent and Review Frauds in the Bank
      (i) Premises Committee
      (j) Risk Management Committee
      (k) Information Technology Strategy Committee
      (l) Corporate Social Responsibility Committee
      (m) Capital Planning & Infusion Committee
   vi. Obtained necessary representations and declarations from directors of the Bank including the independent directors ; and
   vii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

   The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Bank taken as a whole.

Opinion

8. Based on the procedures performed by us as referred in paragraph 8 above, and according to the information and explanations given to us, that we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This report is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.
10. This report is addressed to and provided to the members of the Bank solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 301003E/E300005

per **Shrawan Jalan**
Partner
Membership Number: 102102

Place of signature : Kochi
Date: May 14, 2018

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 ("the Bank"), which comprise the Balance Sheet as at March 31, 2018, the Profit and Loss Account and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements and other explanatory information in which are incorporated the returns of 16 branches / offices audited by us, 843 branches and 20 offices audited by the branch auditors of the Bank 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 the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, 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 in so far as they apply to the Bank provision of section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time.

3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit. 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. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as 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.

5. 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 judgment, 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 financial 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. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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 in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at March 31, 2018, its profit and its cash flows for the year ended on that date.

Emphasis of Matter

7. Without modifying our opinion, we draw attention to note no. 18.B.6 (d) regarding deferment of additional provision requirement on account of the enhancement in gratuity limits as per the amendment dated March 29, 2018 in Payment of Gratuity Act, 1972 in terms of the Reserve Bank of India approval vide letter no. DBR. BP.9730/21.04.018/2017-18 dated April 27, 2018, and the unamortised balance as at March 31, 2018 of ₹20.45 Crores.

INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

8. 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.

9. As required sub Section (3) of Section 30 of the Banking Regulation Act, 1949 and the appointment letter dated July 11, 2017, 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 purpose of our audit

10. Further, as required by Section 143(3) of the Companies Act, 2013, we further report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

   (c) 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;

   (d) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;

   (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI;

   (f) On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report; and

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12.I, and Schedule 18.B-Note 9(1) to the financial statements;

      ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts – Refer Schedule 18B-Note 9 (2) to the financial statements.

      iii. 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 & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 301003E/E300005

per Shrawan Jalan
Partner
Membership No.: 102102

Place : Kochi
Date : May 14, 2018

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of The South Indian Bank Limited ("the Bank") as of March 31, 2018 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorisations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm's Registration No.: 301003E/E300005

per **Shrawan Jalan**
Partner
Membership Number: 102102

Place : Kochi
Date : May 14, 2018

BALANCE SHEET AS AT MARCH 31, 2018

		Schedule No.	As at March 31, 2018 ₹('000)	As at March 31, 2017 ₹('000)
पूँजी और देयताएं	CAPITAL AND LIABILITIES			
पूँजी	Capital	1	**1,808,831**	1,802,836
कर्मचारी स्टोक विकल्प (अनुदान) बकाया	Employees' Stock Options Outstanding		**19,523**	30,207
आरक्षित निधियाँ और अधिशेष	Reserves and Surplus	2	**50,603,384**	46,651,856
निक्षेप	Deposits	3	**720,295,937**	661,174,898
उधार	Borrowings	4	**40,433,800**	19,577,569
अन्य ऋण तथा प्रावधान	Other Liabilities and Provisions	5	**13,697,274**	13,884,169
जोड़	TOTAL		**826,858,749**	743,121,535
संपत्तियाँ	ASSETS			
भारतीय रिज़र्व बैंक में नकदी अधिशेष	Cash and Balances with Reserve Bank of India	6	**32,582,378**	30,779,776
बैंको में अधिशेष और मांग पर तथा अल्प सूचना पर प्राप्य धन	Balances with banks and money at call & short notice	7	**9,628,120**	8,097,390
विनिधान	Investments	8	**183,630,780**	194,296,746
अग्रिम	Advances	9	**545,628,867**	463,894,705
स्थिर आस्तियाँ	Fixed Assets	10	**6,807,812**	6,561,006
अन्य आस्तियाँ	Other Assets	11	**48,580,792**	39,491,912
जोड़	TOTAL		**826,858,749**	743,121,535
आकस्मिक ऋण	Contingent Liabilities	12	**115,076,489**	72,142,525
संग्रहण के लिए बिल	Bills for Collection		**11,928,689**	9,801,010
महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
लेखा संबंधी टिप्पणियाँ	Notes on Accounts	18		

अनुसूचियाँ ऊपर बैलेंस शीट का एक अभिन्न अंग के रूप में
Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Kochi
May 14, 2018

For and on behalf of Board of Directors

Thomas Joseph K.
Executive Vice President

Sivakumar G.
Executive Vice President

Reghunathan K. N.
Executive Vice President

C. P. Gireesh
Chief Financial Officer

Jimmy Mathew
Company Secretary

Vijith S.
Dy. General Manager

Kochi
May 14, 2018

Salim Gangadharan
Chairman
(DIN : 06796232)

K. Thomas Jacob
Director
(DIN : 00812892)

Francis Alapatt
Director
(DIN : 01419486)

Achal Kumar Gupta
Director
(DIN : 02192183)

V. G. Mathew
MD & CEO
(DIN : 05332797)

Dr. John Joseph
Director
(DIN : 00021735)

Parayil George John Tharakan
Director
(DIN : 07018289)

V. J. Kurian
Director
(DIN : 01806859)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

			Schedule No.	Year ended March 31, 2018 ₹('000)	Year ended March 31, 2017 ₹('000)
I.	आय	I. INCOME			
	अर्जित ब्याज	Interest Earned	13	61,928,104	58,470,837
	अन्य आय	Other Income	14	8,372,447	7,155,648
	जोड़	TOTAL		70,300,551	65,626,485
II.	व्यय	II. EXPENDITURE			
	व्यय किया गया ब्याज	Interest Expended	15	42,272,874	41,716,459
	परिचालन व्यय	Operating Expenses	16	13,219,769	11,764,042
	उपबंध और आकस्मिक व्यय	Provisions & Contingencies	18.A.29	11,458,987	8,220,938
	जोड़	TOTAL		66,951,630	61,701,439
III.	लाभ/हानि	III. PROFIT/LOSS			
	वर्ष के शुद्ध लाभ	Net Profit for the year		3,348,921	3,925,046
	पिछले वर्ष के अग्रनीत लाभ	Profit brought forward from previous year		3,556,620	1,737,079
	विनियोग केलिये उपलब्ध लाभ	Profit available for Appropriation:		6,905,541	5,662,125
IV.	विनियोग	IV. APPROPRIATIONS			
	कानूनी आरक्षितियों को अंतरण	Transfer to Statutory Reserve		837,300	981,300
	पूँजीगत आरक्षितियों को अंतरण	Transfer to Capital Reserve		298,801	395,505
	राजस्व आरक्षितियों को अंतरण	Transfer to Revenue and Other Reserve		500,000	500,000
	विशेष आरक्षितियों को अंतरण	Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act		865,500	228,700
	विनिधान आरक्षीत खाते को अंतरण आकस्मिक रिज़र्व को अंतरण	Transfer to/(from) Investment Reserve		-	-
	प्रस्तावित लाभांश	Dividend Paid for FY 16-17		721,368	-
	प्रस्तावित लाभांश पर कर	Tax on Dividend Paid for FY 16-17		142,259	-
	अतिशेष जो आगे तुलन पत्र में ले जाया गया है।	Balance carried over to Balance Sheet		3,540,313	3,556,620
	जोड़	TOTAL		6,905,541	5,662,125
	प्रति शेयर अर्जन (₹)	Earnings per share (Face value of ₹1 per share)			
	आधार ईपीएस (₹)	Basic (in ₹)	18.B.2	1.86	2.61
	तनुकृत ईपीएस (₹)	Diluted (in ₹)	18.B.2	1.85	2.61
	महत्वपूर्ण लेखांकन नीतियाँ	Significant Accounting Policies	17		
	लेखा संबंधी टिप्पणियाँ	Notes on Accounts	18		

अनुसूचियाँ ऊपर लाभ और हानि खाता का एक अभिन्न अंग के रूप में
Schedules referred to above form an integral part of the Profit and Loss Account

In terms of our report attached

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Kochi
May 14, 2018

For and on behalf of Board of Directors

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Executive Vice President

Sivakumar G.
Executive Vice President

Reghunathan K. N.
Executive Vice President

C. P. Gireesh
Chief Financial Officer

Jimmy Mathew
Company Secretary

Vijith S.
Dy. General Manager

Kochi
May 14, 2018

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Chairman
(DIN : 06796232)

K. Thomas Jacob
Director
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Director
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Director
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V. G. Mathew
MD & CEO
(DIN : 05332797)

Dr. John Joseph
Director
(DIN : 00021735)

Parayil George John Tharakan
Director
(DIN : 07018289)

V. J. Kurian
Director
(DIN : 01806859)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

		Year Ended March 31, 2018 ₹ ('000)	Year Ended March 31, 2017 ₹('000)
Cash flow from operating activities			
Net Profit as per Profit and Loss Account		**3,348,921**	3,925,046
Adjustments for:			
Provision for taxes (Net)		**1,650,000**	2,077,200
Depreciation		**637,301**	653,757
Amortisation of Premium on HTM Investments		**402,732**	287,827
Provision for Depreciation/Non-Performing Investments		**3,089,735**	421,572
General Provisions against Standard Assets		**73,800**	(17,200)
Provision/write off for Non-Performing Assets		**6,934,577**	6,217,836
Other Provisions		**(279,507)**	(478,469)
Employee stock option expense		**9,687**	8,600
Interest on Subordinated bonds		**660,642**	502,131
(Profit)/Loss on sale of land, buildings and other assets		**(6,143)**	8,548
Operating profit before working capital changes	(A)	**16,521,746**	13,606,848
Changes in working capital:			
Increase/(Decrease) in Deposits		**59,121,039**	103,967,596
Increase/(Decrease) in Borrowings		**15,956,231**	(6,571,991)
Increase/(Decrease) in Other Liabilities		**610,549**	1,202,033
(Increase)/Decrease in Investments		**14,183,103**	(30,367,605)
(Increase)/Decrease in Advances		**(87,283,207)**	(60,062,507)
(Increase)/Decrease in Other Assets		**(10,012,663)**	918,046
	(B)	**(7,424,948)**	9,085,572
Cash flow from operating activities before taxes	(A+B)	**9,096,798**	22,692,420
Direct Taxes Paid		**(1,168,243)**	(3,126,652)
Net cash flow from operating activities	(C)	**7,928,555**	19,565,768
Cash flow from investing activities:			
Purchase of Fixed Assets/Capital Work-In-Progress		**(889,838)**	(1,229,769)
Sale of Fixed Assets		**5,527**	13,743
(Purchase)/Sale of Investments (Held to Maturity)		**(7,353,371)**	(17,199,260)
Net cash flow from investing activities	(D)	**(8,237,682)**	(18,415,286)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

		Year Ended March 31, 2018 ₹ ('000)	Year Ended March 31, 2017 ₹('000)
Cash flow from financing activities:			
Proceeds from issue of share capital (including share premium)		**113,180**	6,343,973
Share issue expenses		**-**	(47,252)
Dividend paid including Corporate Dividend Tax		**(868,222)**	(812,605)
Interest on Subordinated bonds		**(502,500)**	(502,129)
Issue/(Repayment) of Subordinate bonds		**4,900,000**	-
Net cash flow from financing activities	**(E)**	**3,642,458**	4,981,987
Net increase in cash and cash equivalents	**(C+D+E)**	**3,333,331**	6,132,469
Cash and cash equivalents as at beginning of the year *(Refer note below)*		**38,877,166**	32,744,697
Cash and cash equivalents as at the end of the year *(Refer note below)*		**42,210,498**	38,877,166

Note:

Cash and cash equivalents comprise of cash on hand (including foreign currency notes), Balances with Reserve Bank of India, Balance with Banks and money at call and short notice (Refer Schedules 6 and 7 of the Balance sheet)

In terms of our report attached

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Kochi
May 14, 2018

For and on behalf of Board of Directors

Thomas Joseph K.
Executive Vice President

Sivakumar G.
Executive Vice President

Reghunathan K. N.
Executive Vice President

C. P. Gireesh
Chief Financial Officer

Jimmy Mathew
Company Secretary

Vijith S.
Dy. General Manager

Kochi
May 14, 2018

Salim Gangadharan
Chairman
(DIN : 06796232)

K. Thomas Jacob
Director
(DIN : 00812892)

Francis Alapatt
Director
(DIN : 01419486)

Achal Kumar Gupta
Director
(DIN : 02192183)

V. G. Mathew
MD & CEO
(DIN : 05332797)

Dr. John Joseph
Director
(DIN : 00021735)

Parayil George John Tharakan
Director
(DIN : 07018289)

V. J. Kurian
Director
(DIN : 01806859)

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2018

	As at March 31, 2018 ₹('000)	As at March 31, 2017 ₹('000)
SCHEDULE 1 - CAPITAL		
Authorised Capital	**2,500,000**	2,500,000
250,00,00,000 Equity shares of ₹1/- each (Previous year 250,00,00,000 equity shares of ₹1/- each)		
Issued, Subscribed and Paid up Capital	**1,808,831**	1,802,836
180,88,31,080 Equity shares of ₹1/- each (Previous year 180,28,35,959 equity shares of ₹1/- each) (Refer Note No. A.2 of Schedule 18)		
TOTAL	**1,808,831**	1,802,836
Employees' Stock Options Outstanding		
Employees' Stock Options Outstanding	**69,260**	34,482
Less: Deferred Employee Compensation Expense (unamortised)	**49,737**	4,275
TOTAL	**19,523**	30,207
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	**9,695,439**	8,714,139
Additions during the year	**837,300**	981,300
Sub total	**10,532,739**	9,695,439
II. Capital Reserve		
Opening Balance	**1,120,292**	724,787
Additions during the year	**298,801**	395,505
Sub total	**1,419,093**	1,120,292
III. Asset Revaluation Reserve		
Opening Balance	**2,438,408**	1,336,223
Additions - Due to Revaluation of Premises	**-**	1,137,381
	2,438,408	2,473,604
Deductions during the year:		
Deduction from revaluation reserve to the extent of depreciation on revalued amount	**(35,196)**	(35,196)
Sub total	**2,403,212**	2,438,408

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2018

	As at March 31, 2018 ₹('000)	As at March 31, 2017 ₹('000)
IV. Share Premium		
Opening Balance	15,414,174	9,566,195
Additions during the year	119,759	5,895,231
Deductions during the year - Expenses relating to Rights Issue (Refer Note No. A.27 (a) of Schedule 18)	-	(47,252)
Sub total	15,533,933	15,414,174
V. Revenue and Other Reserves		
Opening Balance	13,038,223	13,830,549
Additions during the year :		
a) lapse of vested options	7,799	11,154
b) transfer of depreciation on revaluation	35,196	35,196
c) appropriation during the year	500,000	500,000
d) reversal/(debit) pertaining to shortfall in sale of assets (Refer Note No. A.27 (b) of Schedule 18)	760,465	(760,465)
e) reversal/(debit) pertaining to fraud accounts (Refer Note No. A.27 (c) of Schedule 18)	578,211	(578,211)
Sub total	14,919,894	13,038,223
VI. Special Reserve u/s 36(1)(viii) of Income Tax Act		
Opening Balance	1,388,700	1,160,000
Additions during the year	865,500	228,700
Sub total	2,254,200	1,388,700
VII. Balance in Profit and Loss Account	3,540,313	3,556,620
TOTAL [i+ii+iii+iv+v+vi+vii]	50,603,384	46,651,856

SCHEDULE 3 - DEPOSITS

A. I. Demand Deposits		
(i) From Banks	69,392	42,705
(ii) From Others	30,506,935	27,482,994
II. Savings Bank Deposits	140,841,064	129,937,699
III. Term Deposits		
(i) From Banks	15,935,728	30,669,250
(ii) From Others	532,942,818	473,042,250
TOTAL	720,295,937	661,174,898
B. (i) Deposits of branches in India	720,295,937	661,174,898
(ii) Deposits of branches outside India	Nil	Nil
TOTAL	720,295,937	661,174,898

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2018

	As at March 31, 2018 ₹('000)	As at March 31, 2017 ₹('000)
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	3,920,000	-
(ii) Other Banks	1,550,000	1,600,000
(iii) Other Institutions and Agencies	30,140,187	17,134,089
II. Borrowings outside India - from other banks	4,823,613	843,480
TOTAL	40,433,800	19,577,569
Secured borrowings under Collateralised Borrowing and Lending Obligation, market repurchase transactions with banks and financial institutions and transactions under Liquidity Adjustment Facility and Marginal Standing Facility included above.	11,677,176	9,316,210
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills Payable	1,629,974	1,772,075
II. Inter-Office adjustments (Net)	-	65,500
III. Interest Accrued	1,688,053	1,616,987
IV. Others (including provisions)*	10,379,247	10,429,607
TOTAL	13,697,274	13,884,169

*Includes :-

Provision for standard assets ₹231.26 Crore (Previous Year ₹222.85 Crore) (Refer Note No. A. 12 of Schedule 18)

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand	3,193,943	4,626,953
(Including foreign currency notes)		
II. Balances with Reserve Bank of India		
In Current Account	29,388,435	26,152,823
TOTAL	32,582,378	30,779,776

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2018

	As at March 31, 2018 ₹('000)	As at March 31, 2017 ₹('000)
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with Banks		
(a) In Current Accounts	**98,002**	124,596
(b) In Other Deposit Accounts	**682,220**	471,991
ii) Money at call & short notice		
With Banks	-	-
With other Institutions	-	-
Lending under Reverse Repo (RBI and Banks)	**7,500,000**	5,000,000
Sub total	**8,280,222**	5,596,587
II. Outside India		
(a) In Current Accounts	**129,125**	99,407
(b) In Other Deposit Accounts	**1,042,800**	2,140,050
(c) Money at call & short notice - with banks	**175,973**	261,346
Sub total	**1,347,898**	2,500,803
TOTAL	**9,628,120**	8,097,390
SCHEDULE 8 - INVESTMENTS (net of provisions)		
I. Investments in India in:		
(i) Government Securities*	**161,193,494**	170,439,232
(ii) Other Approved Securities	-	-
(iii) Shares	**2,565,993**	2,268,347
(iv) Debentures and Bonds	**8,705,987**	8,766,081
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others (Security Receipts, Mutual Funds etc.)	**11,165,306**	12,823,086
TOTAL	**183,630,780**	194,296,746
Gross Investments	**187,505,666**	195,383,235
Less : Depreciation	**3,426,220**	566,441
Provision for Non-Performing Investments (NPIs)	**448,666**	520,048
Net Investments	**183,630,780**	194,296,746
* Including Non SLR State Government bonds with Book Value ₹501.85 Crore (Previous Year: ₹642.55 Crore).		
II. Investments outside India	**Nil**	Nil
TOTAL	**183,630,780**	194,296,746

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2018

		As at March 31, 2018 ₹('000)	As at March 31, 2017 ₹('000)
SCHEDULE 9 - ADVANCES (net of provisions)			
A. (i) Bills Purchased and Discounted		41,005,808	30,391,823
(ii) Cash Credits, Overdrafts and Loans repayable on demand		251,181,665	208,127,077
(iii) Term Loans		253,441,394	225,375,805
	TOTAL	545,628,867	463,894,705
B. (i) Secured by tangible assets (including advances against book debts)		495,181,694	423,920,528
(ii) Covered by Bank/Government Guarantees		17,725,770	11,063,979
(iii) Unsecured		32,721,403	28,910,198
	TOTAL	545,628,867	463,894,705
C. I. Advances in India			
(i) Priority Sectors		225,931,666	188,564,828
(ii) Public Sector		7,883,494	8,937,869
(iii) Banks		-	1,710,200
(iv) Others		311,813,707	264,681,808
	TOTAL	545,628,867	463,894,705
II. Advances outside India		Nil	Nil
	TOTAL	545,628,867	463,894,705
SCHEDULE 10 - FIXED ASSETS			
I. Premises (including Land)			
Gross Block			
At cost as on March 31, of the preceding year		4,716,073	3,146,669
Additions during the year			
Due to Revaluation of premises (Net)		-	1,137,381
Due to purchases*		321,819	440,211
		5,037,892	4,724,261
Deductions during the year		-	8,188
Closing Balance		5,037,892	4,716,073
Depreciation			
As at beginning of the year		435,214	379,081
Charge of the year		59,080	56,899
Deductions during the year		-	766
Depreciation to date		494,294	435,214
Net Block	Sub total	4,543,598	4,280,859
II. Capital Work in Progress			
At cost as on March 31, of the preceding year		379,748	201,625
Additions during the year		1,379,194	915,502
		1,758,942	1,117,127
Capitalisations during the year		1,373,312	737,379
		385,630	379,748
Depreciation to date		-	-
	Sub total	385,630	379,748

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2018

	As at March 31, 2018 ₹('000)	As at March 31, 2017 ₹('000)
III. Other Fixed Assets (Including furnitures and fixtures and Software)		
Gross Block		
At cost as on March 31, of the preceding year	4,967,959	4,505,910
Additions during the year	561,714	611,435
	5,529,673	5,117,345
Deductions/adjustments during the year	55,498	149,386
	5,474,175	4,967,959
Depreciation		
As at beginning of the year	3,067,560	2,605,219
Charge of the year	578,221	596,858
Deductions during the year	50,190	134,517
Depreciation/adjustments to date	3,595,591	3,067,560
Net Block Sub total	1,878,584	1,900,399
TOTAL (I+II+III)	6,807,812	6,561,006

* Includes premises amounting to ₹ Nil (Previous year ₹44.02 Cr.) in respect of which registration is pending in the name of the Bank.

SCHEDULE 11 - OTHER ASSETS

I. Inter-Office adjustments (Net)	255,314	-
II. Interest Accrued	6,359,858	6,076,729
III. Tax Paid in Advance/Tax Deducted at Source (Net)	3,650,713	3,905,270
IV. Deferred tax asset (net) (Refer Note No. B.4 of Schedule 18)	711,132	938,332
V. Deferred Employee Benefits (Refer Schedule 18(B)(6)(d))	204,500	-
VI. Unamortised Depreciation on Investments (Refer Schedule 18(A)(3.1)(A))	343,767	-
VII. Stationery and Stamps	14,446	17,375
VIII. Non-Banking Assets acquired in satisfaction of claims#	1,106,952	1,138,628
IX. Others*	35,934,110	27,415,578
TOTAL	48,580,792	39,491,912

\# The Bank acquired assets amounting to ₹Nil (Previous year ₹110.70 Cr.) in satisfaction of claims from certain borrowers.
* Includes deposits in Rural Infrastructure and Development Fund amounting to ₹3,262.85 Crore (Previous year ₹2,355.23 Crore)

SCHEDULE 12 - CONTINGENT LIABILITIES (Refer Note No. 14 of Schedule 17)

I. Claims against the Bank not acknowledged as debts:		
(i) Service Tax disputes	158,995	156,946
(ii) Others	118,693	75,307
II. Liability on account of outstanding Forward Exchange Contracts[1]	83,741,724	42,913,432
III. Guarantees given on behalf of constituents in India	21,217,413	19,631,618
IV. Acceptances, endorsements and other obligations	8,861,035	8,564,268
V. Other items for which the bank is contingently liable:		
(i) Capital Commitments	140,320	91,911
(ii) Transfers to Depositor Education and Awareness Fund (DEAF)	838,309	709,043
TOTAL	115,076,489	72,142,525

[1] Represents notional Principal amount

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

		Year ended March 31, 2018 ₹('000)		Year ended March 31, 2017 ₹('000)
SCHEDULE 13 - INTEREST EARNED				
I. Interest/Discount on Advances/Bills		47,691,770		44,474,229
II. Income on Investments		12,694,980		12,334,763
III. Interest on balances with Reserve Bank of India and Other Inter-Bank funds		190,734		240,362
IV. Others		1,350,620		1,421,483
TOTAL		61,928,104		58,470,837
SCHEDULE 14 - OTHER INCOME				
I. Commission, Exchange and Brokerage		556,570		549,918
II. Profit on sale of Investments	2,017,169		2,597,468	
Loss on sale of Investments	(217,562)	1,799,607	(72,266)	2,525,202
III. Profit on sale of land, buildings and other assets	8,819		4,311	
Loss on sale of land, buildings and other assets	(2,676)	6,143	(12,859)	(8,548)
IV. Profit/(Loss) on Exchange transactions (net)		344,224		454,492
V. Miscellaneous Income		5,665,903		3,634,584
TOTAL		8,372,447		7,155,648
SCHEDULE 15 - INTEREST EXPENDED				
I. Interest on Deposits		40,180,041		39,524,542
II. Interest on Reserve Bank of India/Inter-Bank Borrowings		610,223		1,018,198
III. Others		1,482,610		1,173,719
TOTAL		42,272,874		41,716,459
SCHEDULE 16 - OPERATING EXPENSES				
I. Payments to and Provisions for Employees		7,132,160		6,765,233
II. Rent, Taxes and Lighting		1,127,274		1,085,329
III. Printing and Stationery		169,262		138,261
IV. Advertisement and Publicity		91,359		91,221
V. Depreciation		637,301		653,757
VI. Directors fees, allowances and expenses		10,408		11,215
VII. Auditors' fees and expenses (incl. branch auditors)		35,143		33,815
VIII. Law charges		56,131		34,326
IX. Postage, telegrams, telephones, etc.		267,234		250,342
X. Repairs and Maintenance		245,435		199,671
XI. Insurance		745,895		659,800
XII. Other Expenditure*		2,702,167		1,841,072
TOTAL		13,219,769		11,764,042

* Includes expenditure towards Corporate Social Responsibility ₹7.28 crore (Previous year : ₹4.03 crore) [Refer Note No. B.11 of Schedule 18]

SCHEDULE - 17 SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

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 879 branches/offices 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 BSE Limited and National Stock Exchange of India Limited.

Basis of Preparation

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the bank used in the preparation of these financial statements conform in all material aspects to Generally Accepted Accounting Principles in India ("Indian GAAP"), the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (as amended) read with Rule 7 of the Companies (Accounts) Rule 2014 to the extent applicable and the relevant provisions of the Companies Act, 2013 ("the Act") and current practices prevailing within the banking industry in India. The Bank follows the historical cost convention and accrual method of accounting in the preparation of the financial statements, except where otherwise stated. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

Significant Accounting Policies

1. **Revenue recognition**
   a) Interest/discount/other charges income from loans, advances and investments and deposits placed with banks and other institutions are recognised on accrual basis, except in respect of income relating to advances/ investments classified as non-performing advances/ investments, advances to eligible MSME Borrowers classified as Standard as per RBI circular dated February 7, 2018 and additional finance treated as standard asset under approved restructuring package, where in accordance with RBI guidelines the income is recognised only on realisation.
   b) Dividend on investments in shares and units of mutual funds are accounted when the bank's right to receive the dividend is established.
   c) Income on discounted instruments is recognised over the tenure of the instrument on a straight line basis.
   d) Insurance claims and locker rent are accounted on receipt basis.
   e) Commission income on issuance of bank guarantee/ letter of credit is recognised over the period of the guarantee/letter of credit.
   f) Processing fee/upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/facility is recognised at the inception/ renewal of loan.
   g) Other fees and commission income (including commission income on third party products) are recognised when due, except in cases where the bank is uncertain of ultimate collection.
   h) Funded interest on term loans are recognised on realisation as per the guidelines of RBI.
   i) In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.
   j) Fees received on sale of Priority Sector Lending Certificates is considered as Miscellaneous Income, while fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI.
   k) The difference between the sale price and purchase cost of gold coins, received on consignment basis is included in other income.

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.

SCHEDULE - 17 SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

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) Acquisition cost

The cost of investments is determined on the weighted average basis. Broken period interest on debt instruments and government securities is treated as a revenue item. The transaction cost including brokerage, commissions etc. paid at the time of acquisition of investments are charged to the Profit and Loss Account.

C) Valuation

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

a. Investments classified as HFT or AFS – Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared by Financial Benchmark India Private Limited, periodically. Net depreciation, if any, within each category of investment classification is recognised in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

b. Held to Maturity – These are carried at their acquisition cost. Any premium on acquisition of government securities are 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. Treasury Bills and Certificate of Deposits being discounted instruments, are valued at carrying cost.

d. Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.

e. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- 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 Financial Benchmark India Pvt. Limited (FBIL) 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 FBIL are adopted for this purpose;
- in case of bonds and debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1/- per Company;
- Investment in security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company/ Securitisation Company.
- Non-Performing Investments are identified and valued based on RBI guidelines.

f. The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities.

D) Repo and Reverse Repo Transactions

In accordance with the RBI guidelines repo and reverse repo transactions in government securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo is accounted for as interest income.

E) Short Sales

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is classified under 'Other

SCHEDULE - 17 SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Liabilities'. The short position is marked-to-market and resultant mark-to-market gain/losses are accounted for as per the relevant RBI guidelines for valuation of investments.

F) Transfer of securities between Categories
Transfer of securities 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.

G) Disposal of Investments

a. Investments classified as HFT and AFS – Profit or Loss on sale/redemption is included in the Profit and Loss account.

b. Investments classified as HTM – Profit on sale of/ redemption of investments is included in the Profit and Loss Account and is appropriated to capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale/redemption is charged to the Profit and Loss Account.

3. Advances

A) Valuation/Measurement

a) Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, sacrifice provisions on restructured advances and unrealised interest on NPAs. Interest on Non-performing advances is not recognised in Profit and Loss account and transferred to an unrealised interest account till the NPA classified date. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at the minimum required level as per the guidelines and circulars of the RBI on matters relating to prudential norms.

b) Amounts recovered against debts written off are recognised in the Profit and Loss account and included under "Other Income".

c) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances 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 later, falls due, subject to satisfactory performance of the account during the period.

d) For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

e) The Bank maintains general provision for standard assets including credit exposures computed as per the current marked-to-market values of foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time – direct advances to Sectors agricultural and SME at 0.25%, Commercial Real Estate at 1%, restructured advances at 5%, eligible MSME borrowers retained as Standard at 5%, teaser rate housing loans at 2%, commercial real estate-residential housing at 0.75% and for other sectors at 0.40%.

f) The bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the bank is participating, the aggregate amount of participation is shown as due from banks under advances.

g) Loss on sale of assets to Asset Reconstruction Companies
If the sale of non-performing advances is at a price below the net book value, the shortfall is charged to the Profit and Loss Account, spread over a period as specified in RBI guidelines. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

4. Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories

SCHEDULE - 17 SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited ("ECGC") guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

5. Fixed Assets (Property Plant & Equipment and Intangibles) and depreciation/amortization

a) The Property Plant & Equipment and Intangibles (other than those, which are revalued) are stated at historical cost less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on asset put to use is capitalised only when it increases the future benefit/functioning capability from/of such assets. Gain or losses arising from the retirement or disposal of a Property Plant and Equipment/Intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account. Profit on sale of premises after adjustments for tax and transfer to Statutory, if any, is transferred to Capital Reserve as per the RBI guidelines.

b) Portfolio of immovable properties is revalued periodically by independent valuers to reflect current market valuation. All land and building owned by the bank and used as branches or offices or office quarters are grouped under "Office Premises" in the Property Plant & Equipment. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserve. Additional depreciation on revalued asset is charged to Profit and Loss Account and appropriated from Revaluation Reserve to Revenue and other Reserves.

c) Depreciation/Amortisation: Depreciation is provided on a pro-rata basis on a straight line method over the estimated useful life of the fixed assets at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except for Vehicles which are depreciated over 3 years, based on technical estimates. 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 of Companies Act, 2013.

6. Impairment of Assets

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognised.

7. Non-Banking Assets

Non-banking assets (NBAs) acquired in satisfaction of claims is carried at lower of net book value and net realisable value.

8. Transactions involving foreign exchange

a) Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction. 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, as per the guidelines issued by RBI.

b) Foreign exchange spot and forward Contracts outstanding as at the Balance Sheet date (except Forward Contracts taken to hedge FCNR Deposits/ Overseas Borrowings) are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities. For valuation of contracts having longer maturities, the forward points (for rates/tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals. The resulting profit or loss on valuation is recognised in the Profit and Loss Account in accordance with RBI/FEDAI Guidelines.

c) Forward Contracts taken to hedge FCNR Deposits/ Overseas Borrowings are translated at the prevailing

SCHEDULE - 17 SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

spot rate at the time of swap. The Premium/Discount on the swap arising out of the difference in the exchange rate of the swap date and maturity date of the underlying forward exchange contract is amortised over the period of the swap and the same is recognized in the Profit and Loss Account.

d) Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

9. Employee benefits

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 and 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 recognised in the profit and loss account. The actuarial gain or loss arising during the year is recognised 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 and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

c) Gratuity:

The bank makes 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. The actuarial gain or loss arising during the year is recognised 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 recognised in the Profit and Loss account. The actuarial gain or loss arising during the year is recognised in the Profit and Loss Account.

e) 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 account for its stock-based employee compensation plans. In accordance with the SEBI (Share Based Employee Benefits) 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.

f) Other Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employee is recognised during the period when the employee renders the service. These benefits include performance incentives.

10. Segment Reporting

The disclosure relating to segment information is in accordance with the guidelines issued by RBI.

11. Debit Card Reward Points

The Bank runs a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing independent actuary. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

12. Earnings Per Share (EPS)

The Bank reports Basic and Diluted Earnings per Equity Share in accordance with Accounting Standard 20, prescribed under Section 133 of the Companies Act, 2013.

SCHEDULE - 17 SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2018

Basic EPS has been computed by dividing Net Profit for the year by the weighted average number of Equity Shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. A diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end. Potential equity shares which are anti-dilutive in nature are ignored.

13. Taxes on income

Income tax expense is the aggregate amount of current tax and deferred tax charge.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Bank.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

14. Accounting for Provisions, Contingent Liabilities and Contingent Assets

In accordance with Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets prescribed under Section 133 of the Companies Act, 2013, the Bank recognises 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.

15. Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms.

16. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and balances with other banks/ institutions and Money at Call and Short Notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

17. Share issue expenses

Share issue expenses are adjusted from Securities Premium Account as permitted by Section 52 of the Companies Act, 2013.

18. Accounting of PSLC

The Bank vide RBI circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 dated April 7, 2016 trades in priority sector portfolio by selling or buying PSLC, without transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

A. Disclosures as per RBI's Master Circular on Disclosure in Financial Statements

Amounts in Notes forming part of the financial statements for the year ended March 31, 2018 are denominated in Rupees Crore (unless specified otherwise) to conform to extant RBI guidelines.

1. Capital Adequacy Ratio:

The Bank computes Capital Adequacy Ratio as per RBI guidelines. 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 March 31, 2019. These guidelines on Basel III have been implemented on April 1, 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the year ended March 31, 2018 is 10.875% with minimum Common Equity Tier 1 (CET1) of 7.735% (including CCB of 1.875%). The Capital adequacy Ratio of the Bank calculated as per Basel III Capital Regulations is set out below:

[₹ in Crore]

	Particulars	March 31, 2018	March 31, 2017
	Common Equity Tier I Capital	**5,005.56**	4,666.39
	Tier I Capital - A	**5,005.56**	4,666.39
	Tier II Capital - B	**1,098.49**	640.40
	Total Capital - **(A+B)**	**6,104.04**	5,306.79
	Total Risk Weighted Assets	**48,081.53**	42,917.71
	Capital Ratios		
I	Common Equity Tier I Capital Ratio (%)	**10.41**	10.88
II	Tier I Capital Ratio (%)	**10.41**	10.88
III	Tier II Capital Ratio (%)	**2.28**	1.49
IV	Total Capital Ratio (CRAR) (%)	**12.70**	12.37
V	Percentage of the shareholding of the Government of India in public sector banks (%)	**NA**	NA
VI	Amount of Equity Capital raised (Including share premium) through: 1. Rights Issue 2. Employees Stock Options Scheme	 **Nil** **12.58**	 630.99 3.78
VII	Amount of Additional Tier I capital raised; *of which* Perpetual Non-Cumulative Preference Shares (PNCPS) Perpetual Debt Instruments (PDI)	**Nil**	Nil
VIII	Amount of Tier II capital raised: *of which* Debt Capital instrument Preference Share Capital Instruments	 **490** **Nil**	 Nil Nil

In accordance with RBI Guidelines, banks are required to make Pillar 3 disclosures under Basel III Capital Regulations. The Bank has made these disclosures which are available on its website at the following link :-
http://www.southindianbank.com/content/viewContentLvl1.aspx?linkIdLvl2=854&LinkIdLvl3=880&linkId=880
Pillar 3 disclosures have not been subjected to audit.

Tier II Bonds:

Subordinated debt (Lower Tier II capital) outstanding and included under borrowings is as follows: [₹ in Crore]

Borrowings in India	March 31, 2018	March 31, 2017
From Banks	**40.00**	35.00
From Others	**950.00**	465.00
Total	**990.00**	500.00

Amount reckoned for Tier II Capital as per RBI guidelines is ₹870.00 Crore (Previous Year ₹420 Crore).

2. Capital Infusion:

During the year ended March 31, 2018, the Bank allotted 59,95,121 Equity Shares (Previous Year: 18,18,866 Equity Shares) aggregating to face value ₹0.60 Crore (Previous Year: ₹0.18 Crore) in respect of stock options exercised.

Accordingly, share capital increased by ₹0.60 Crore (Previous year: ₹0.18 Crore) and share premium increased by ₹11.98 Crore (Previous year: ₹3.60 Crore).

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

During financial year 2016-2017, the Bank, vide its Letter of Offer dated February 20, 2017 offered upto 45,07,09,302 Equity Shares of Face Value of ₹1/- each at a price of ₹14/- per Equity Share (including Share Premium of ₹13/- per Equity Share) for an amount aggregating to ₹630.99 Crore to the existing Equity Shareholders of the Bank on rights basis in the ratio of One Equity Share for every Three Equity Shares held by the Equity Shareholders on the record date i.e. February 17, 2017. The Company has allotted 45,07,08,052 Equity Shares, the remaining 1250 Equity Shares being kept in abeyance.

Accordingly, share capital increased by ₹Nil (Previous Year: ₹45.07 Crore) and share premium increased by ₹Nil (Previous Year: ₹585.92 Crore).

Details of movement in the paid-up equity share capital of the Bank are given below: [₹ in Crore]

Particulars	March 31, 2018		March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Opening Balance	**180,28,35,959**	**180.28**	135,03,09,041	135.03
Additions pursuant to Stock Options exercised	**59,95,121**	**0.60**	18,18,866	0.18
Additions pursuant to Rights Issue	-	-	45,07,08,052	45.07
Closing balance	**180,88,31,080**	**180.88**	180,28,35,959	180.28

3. Investments: [₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
a. Value of Investments		
(i) Gross Value of Investments		
(a) In India	**18,750.57**	19,538.32
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	**342.62**	56.64
(b) Outside India	-	-
(iii) Provisions for Non-Performing Investments (NPI)		
(a) In India	**44.87**	52.01
(b) Outside India	-	-
(iv) Net Value of Investments		
(a) In India	**18363.08**	19,429.67
(b) Outside India	-	-
b. Movement of provisions held towards depreciation on investments		
(i) Opening Balance	**56.64**	50.67
(ii) Provisions made during the year	**356.46**	44.55
(iii) Less: Write-off/(write back) of excess provisions during the year	**70.48**	38.58
(iv) Closing Balance	**342.62**	56.64
c. Movement of provisions held towards NPIs		
(i) Opening Balance	**52.01**	24.29
(ii) Provisions made during the year	**11.73**	36.18
(iii) Less: Write-off/(write back) of excess provisions during the year	**18.87**	8.46
(iv) Closing Balance	**44.87**	52.01

Movements in provisions held towards depreciation on investments have been reckoned on a yearly basis.

3.1 a) The mark-to-market depreciation on AFS/HFT investment category was portfolio of ₹4.51 Crores for the quarter ended December 31, 2017 and ₹42.83 Crore for the quarter ended March 31, 2018 on account of mark-to-market loses. RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 permitted banks an option to spread provisioning for mark-to-market losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018 equally over up to four quarters, commencing with the quarter in which the loss was incurred. The bank has availed the option to spread the provisioning over four quarters, and accordingly charged ₹12.96 Crore to the Profit and Loss account and the unamortised depreciation as at March 31, 2018 is ₹34.38 Crore.

b) In respect of securities held under HTM category premium of ₹40.27 Crore (Previous Year ₹28.78 Crore) has been amortised during the year and debited under interest received on Government securities.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

c) Profit on sale of securities from HTM category amounting to ₹60.31 Crore (Previous Year: ₹79.55 Crore) has been taken to Profit and Loss Account. During the year, the Bank had appropriated ₹29.88 Crore (Previous Year ₹39.55 Crore), net of taxes and transfer to statutory reserve, to the Capital Reserve, being the gain on sale of HTM Investments in accordance with RBI guidelines.

4. Repo Transactions:

a) Done during the year ended March 31, 2018: [₹ in Crore]

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on March 31, 2018
A) Securities sold under RBI Repos				
i) Government Securities	10.00	788.00	34.96	392.00
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under RBI Reverse Repos				
i) Government Securities	0.20	1,210.00	55.70	750.00
ii) Corporate Debt Securities	-	-	-	-
B) Securities sold under Market Repos				
i) Government Securities	5.32	1,452.13	548.09	475.77
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Reverse Market Repos				
i) Government Securities	4.81	40.66	2.37	-
ii) Corporate Debt Securities	-	-	-	-

b) Done during the previous year ended March 31, 2017: [₹ in Crore]

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on March 31, 2017
A) Securities sold under RBI Repos				
i) Government Securities	6.00	2,280.00	108.79	-
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under RBI Reverse Repos				
i) Government Securities	25.00	2,520.00	163.28	500.00
ii) Corporate Debt Securities	-	-	-	-
B) Securities sold under Market Repos				
i) Government Securities	5.18	1,138.22	326.44	597.85
ii) Corporate Debt Securities	-	-	-	-
Securities purchased under Reverse Market Repos				
i) Government Securities	-	-	-	-
ii) Corporate Debt Securities	-	-	-	-

5. Disclosure in respect of Non-SLR investments:

(i) Issuer composition of Non-SLR investments as at March 31, 2018: [₹ 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][1]	[5][1 2]	[6][1 2]	[7][1 3]
(i)	PSUs	352.25	276.03	-	-	-
(ii)	FIs	484.69	338.65	10.00	-	-
(iii)	Banks	30.35	-	10.00	-	-
(iv)	Private Corporate	345.06	174.27	70.17	0.01	75.17
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others[4]	1,887.01	1,872.49	-	-	-
(vii)	Total Book Value of investments	3,099.36				
(viii)	Less: Provision for NPI	44.87				
(ix)	Less: Provision held towards depreciation	308.91				
	Total	2,745.58	2,661.44	90.17	0.01	75.17

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

[1] Amounts reported under Columns 4, 5,6 and 7 above are not mutually exclusive.
[2] Excludes investments in equity shares, units of equity oriented mutual funds, Non-SLR State Government securities and securities acquired by way of conversion of debt in line with extant RBI guidelines.
[3] Excludes investments in equity shares, units of equity oriented mutual funds, Non-SLR State Government securities, securities acquired by way of conversion of debt and security receipts in line with extant RBI guidelines.
[4] Includes Non-SLR State Government special bonds with Book Value ₹501.85 Crores.

(ii) Issuer composition of Non-SLR investments as at March 31, 2017:

[₹ 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][1]	[5][1 2]	[6][1 2]	[7][1 3]
(i)	PSUs	401.33	374.90	-	-	-
(ii)	FIs	457.79	289.12	10.00	-	-
(iii)	Banks	60.38	-	35.00	-	-
(iv)	Private Corporate	236.87	174.15	0.01	0.01	5.01
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others[4]	1,939.52	1,932.20	-	-	-
(vii)	Total Book Value of investments	3,095.89				
(viii)	Less: Provision for NPI	(52.01)				
(ix)	Less: Provision held towards depreciation	(15.58)				
	Total	**3,028.30**	**2,770.37**	**45.01**	**0.01**	**5.01**

[1] Amounts reported under Columns 4,5,6 and 7 above are not mutually exclusive.
[2] Excludes investments in equity shares, units of equity oriented mutual funds, Non-SLR State Government securities and securities acquired by way of conversion of debt in line with extant RBI guidelines.
[3] Excludes investments in equity shares, units of equity oriented mutual funds, Non-SLR State Government securities, securities acquired by way of conversion of debt and security receipts in line with extant RBI guidelines.
[4] Includes Non-SLR State Government special bonds with Book Value ₹642.55 Crores.

[₹ in Crore]

	Particulars	March 31, 2018	March 31, 2017
A	Shares	**256.60**	226.83
B	Debentures & Bonds@	**1,372.45**	1,519.16
C	Subsidiaries/joint ventures	-	-
D	Others	**1,116.53**	1,282.31
E	**Total**	**2,745.58**	**3,028.30**

@ Including Non-SLR State Government special bonds with Book Value ₹501.85 Crore (Previous Year: ₹642.55 Crore).

(iii) Non-performing Non-SLR investments:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Opening Balance	**96.25**	38.45
Additions during the year	**26.71**	70.25
Reductions during the year	**77.84**	12.45
Closing balance	**45.12**	96.25
Total provisions held	**44.87**	52.01

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

6. 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, 2018				March 31, 2017			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities#*	-	1,697.44	14,421.91	**16,119.35**	59.24	3,257.84	13,726.84	17,043.92
Other Approved	-	-	-	-	-	-	-	-
Shares	0.49	256.11	-	**256.60**	3.94	222.89	-	226.83
Debentures & Bonds	-	870.60	-	**870.60**	-	876.61	-	876.61
Others	-	1,116.53	-	**1,116.53**	-	1282.31	-	1282.31
Total	**0.49**	**3,940.68**	**14,421.91**	**18,363.08**	**63.18**	**5,639.65**	**13,726.84**	**19,429.67**

Includes Non-SLR State Government Special Bonds with Book Value ₹460.15 Crore (Previous Year ₹594.92 Crore) under HTM and Non-SLR State Government Special Bonds with Book Value ₹41.70 Crore (Previous Year: ₹47.63 Crore) under AFS.

*Details of Securities Pledged/Earmarked as Margin: [₹ in Crore]

Particulars	March 31, 2018 (Face Value)	March 31, 2017 (Face Value)
Margin towards RBI LAF Repo Transactions	**1712.96**	2,281.59
Margin towards Intraday liquidity	**180.00**	180.00
Margin for clearing of securities	**103.00**	103.00
Margin for Collateralized Borrowing and Lending Obligations (CBLO)	**2355.00**	2,375.00
Margin for Forex forward segment default fund	**7.25**	7.25
Margin for Forex settlement segment default fund	**2.05**	1.05
Margin for Securities Segment default fund	**5.00**	5.00
Margin for CBLO segment default fund	**2.56**	1.56
Margin towards currency futures	**21.60**	21.60
Lien against Market Repo Borrowing	**470.00**	579.00
Grand Total	**4859.42**	**5,555.05**

7. Sale and transfers to/from HTM Category:

During the years ended March 31, 2018 and March 31, 2017, the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investments held in HTM category at the beginning of the year. The 5% threshold referred to above does not include one-time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per the extant RBI guidelines, sale of Non-SLR SL bond under Ujwal Discom Assuarance Yojana (UDAY Scheme), sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS/HFT consequent to the reduction of ceiling on SLR securities under HTM.

8. Derivatives :

The Bank undertakes exchange traded currency future transaction for proprietary trading only. There is functional separation between the front Office, risk and back office for undertaking derivative transactions. The currency future transactions are governed by the Foreign Exchange policy of the Bank. Various limits are set up and actual exposure is monitored vis-a-vis the limits allocated. Risk Limits are in place for risk parameters viz. VaR, Stop Loss, Dealer Limit, Deal size limit. Actual positions are monitored against these limits on a daily basis and breaches, if any, are reported promptly.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Sr. No.	Particular	Current Year		Previous Year	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
1	Derivatives (Notional Principal Amount)	19.53	-	-	-
	a) For hedging	-	-	-	-
	b) For trading	19.53	-	-	-
2	Marked to Market Positions	20.25	-	-	-
	a) Asset (+)	0.72	-	-	-
	b) Liability (-)	-	-	-	-
3	Credit Exposure	194.91	-	132.58	-
4	Likely impact of one percentage change in interest rate (100*PV01)	-	-	-	-
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	-	-	-	-
5	Maximum and Minimum of 100*PV01 observed during the year	-	-	-	-
	a) on hedging	-	-	-	-
	b) on trading	-	-	-	-

The bank uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. Bank does not have any Forward Rate Agreement or Interest Rate Swaps.

The notional principal amount of foreign exchange contracts classified as trading on March 31, 2018 amounted to ₹3928.26 Crore (Previous Year ₹2389.34 Crore). For these trading contracts, on March 31, 2018, marked to market position was asset of ₹33.01 Crore (Previous Year ₹12.09 Crore) and liability of ₹24.60 Crore (Previous Year ₹28.07 Crore). The notional principal amount of foreign exchange contracts classified as hedging on March 31, 2018 amounted to ₹2428.93 Crore (Previous Year ₹1902.01 Crore).

9. Movements in non-performing advances:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
(i) Net NPAs to Net Advances [%]	**2.60**	1.45
(ii) Movement of NPAs (Gross)		
a) Gross NPAs as at the beginning of the year	**1149.01**	1562.36
b) Additions (Fresh NPAs during the Year)	**1810.34**	1697.96
Sub-total (A)	**2959.35**	3260.32
c) Less:		
i. Upgradations	**249.66**	94.98
ii. Recoveries (excluding recoveries made from upgraded accounts)	**100.42**	171.35
iii. Technical/Prudential Write-offs	**304.44**	71.88
iv. Write- offs other than those under (iii) above	**2.43**	1.95
v. Reduction by sale of Assets to ARCs	**322.10**	1771.15
Sub-total (B)	**979.02**	2111.31
d) Gross NPAs as at the end of the year *	**1980.30**	1149.01
(iii) Movement of NPAs (Net)**		
a) Opening Balance	**674.56**	1185.26
b) Additions during the year	**1386.97**	1356.26
c) Reductions during the year	**645.73**	1866.96
d) Closing Balance	**1415.80**	674.56
(iv) Movement of provisions for NPAs*** (excluing provisions on Standard Assets)		
a) Opening Balance	**451.00**	354.61
b) Provisions made during the year	**642.55**	669.14
c) Write off/write back of Excess provisions	**552.49**	572.75
d) Closing Balance	**541.06**	451.00

*After considering technical/Prudential Write –Offs. Closing Gross NPAs before technical/Prudential Write –Offs is ₹2405.93 Crore (Previous Year ₹1501.42 Crore).

**Net NPA is after considering ECGC/DICGC/Insurance claim amount pending for adjustment of ₹23.45 Crore (Previous Year ₹23.45 Crore).

***Includes sacrifice provision on accounts classified as NPA, amounting to ₹0.51 Crore (Previous Year ₹5.03 Crore.)

SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

10. Particulars of Accounts Restructured as on March 31, 2018 :

[₹ 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, 2017										
	No. of borrowers	2	-	1	1	4	-	-	-	1	1
	Amount outstanding	45.66	-	219.07	3.52	268.25	-	-	-	-	-
	Provision thereon	0.59	-	4.53	-	5.12	-	-	-	-	-
2	Fresh restructuring during the year 2017-18[1]										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year 2017-18										
	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 (2018-19)										
	No. of borrowers	-				-	-				-
	Amount outstanding	-				-	-				-
	Provision thereon	-				-	-				-
5	Downgradations of restructured accounts during the year 2017-18										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year 2017-18[2]										
	No. of borrowers	-	-	1	-	1	-	-	-	-	-
	Amount outstanding	4.20	-	219.07	-	223.27	-	-	-	-	-
	Provision written back	-	-	4.53	-	4.53	-	-	-	-	-
7	Restructured Accounts as on March 31, 2018										
	No. of borrowers	2	-	-	1	3	-	-	-	1	1
	Amount outstanding	41.46	-	-	3.52	44.97	-	-	-	-	-
	Provision thereon	0.59	-	-	-	0.59	-	-	-	-	-

(Contd...)

SOUTH INDIAN Bank
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SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

[₹ in Crore]

Sl. No	Type of Restructuring / Asset Classification / Details	Others (C)					Total (D = A+B+C)				
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2017										
	No. of borrowers	4	-	4	4	12	6	-	5	6	17
	Amount outstanding	262.99	-	39.50	0.23	302.72	308.65	-	258.57	3.75	570.97
	Provision thereon	0.51	-	0.47	0.02	1.01	1.10	-	5	0.03	6.13
2	Fresh restructuring during the year 2017-18[1]										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	21.27	-	1.24	0.03	22.55	21.27	-	1.24	0.03	22.55
	Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year 2017-18										
	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 (2018-19)										
	No. of borrowers										
	Amount outstanding										
	Provision thereon										
5	Downgradations of restructured accounts during the year 2017-18										
	No. of borrowers	(2)	2	(1)	1	-	(2)	2	(1)	1	-
	Amount outstanding	(195.04)	195.04	(29.03)	29.03	-	(195.04)	195.04	(29.03)	29.03	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year 2017-18[2]										
	No. of borrowers	1	-	1	1	3	1	-	2	1	4
	Amount outstanding	73.49	-	0.12	0.00	73.61	77.69	-	219.19	0.00	296.88
	Provision written back	-	-	-	-	-	-	-	4.53	-	4.53
7	Restructured Accounts as on March 31, 2018										
	No. of borrowers	1	2	2	4	9	3	2	2	6	13
	Amount outstanding	15.73	195.04	11.59	29.29	251.66	57.19	195.04	11.59	32.81	296.64
	Provision thereon	0.51	-	0.47	0.02	1.01	1.10	-	0.47	0.03	1.60

Asterisk denotes figure below ₹1,00,000/-

1. Fresh Restructuring includes fresh sanction/increase in existing accounts : Bank has not undertaken any fresh restructuring during the FY 2017-18 and the increase of ₹22.55 Cr is on account of increase in advances in those accounts restructured in the past.
2. Write-off of restructured accounts includes recoveries/closure/Sale in existing accounts : Bank has written off restructured asset of ₹104.52 Cr (Provision ₹4.53 Crore). The restructured portfolio have reduced by an amount of ₹192.36 Cr by way of recovery in existing accounts or on account of sale of asset.
3. The bank maintains a provision for diminution in fair value of assets amounting to ₹5.56 Crore (PY ₹10.25 Crore) , of which assets holding ₹3.97 Crore (PY ₹4.12 Crore) 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, 2018

Particulars of Accounts Restructured as on March 31, 2017: [₹ 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, 2016										
	No. of borrowers	5	-	2	1	8	-	-	-	1	1
	Amount outstanding	518.61	-	86.19	3.52	608.32	-	-	-	*	*
	Provision thereon	23.75	-	0.67	-	24.42	-	-	-	*	*
2	Fresh restructuring during the year 2016-17[1]										
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	27.45	-	-	-	27.45	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year 2016-17										
	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 (2017-18)										
	No. of borrowers	-				-	-				-
	Amount outstanding	-				-	-				-
	Provision thereon	-				-	-				-
5	Downgradations of restructured accounts during the year 2016-17										
	No. of borrowers	(1)	-	1	-	-	-	-	-	-	-
	Amount outstanding	(219.07)	-	219.07	-	-	-	-	-	-	-
	Provision thereon	(4.53)	-	4.53	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year 2016-17[2]										
	No. of borrowers	(2)	-	(2)	-	(4)	-	-	-	-	-
	Amount outstanding	(281.33)	-	(86.19)	-	(367.52)	-	-	-	-	-
	Provision written back	(18.63)	-	(0.67)	-	(19.30)	-	-	-	-	-
7	Restructured Accounts as on March 31, 2017										
	No. of borrowers	2	-	1	1	4	-	-	-	1	1
	Amount outstanding	45.66	-	219.07	3.52	268.25	-	-	-	*	*
	Provision thereon	0.59	-	4.53	-	5.12	-	-	-	*	*

(Contd...)

SOUTH INDIAN Bank
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SCHEDULE - 18 NOTES ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

[₹ 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, 2016**										
	No. of borrowers	8	3	6	4	21	13	3	8	6	30
	Amount outstanding	430.64	36.23	316.28	0.44	783.59	949.25	36.23	402.47	3.96	1,391.91
	Provision thereon	2.42	4.78	2.96	0.03	10.19	26.17	4.78	3.63	0.03	34.61
2	**Fresh restructuring during the year 2016-17[1]**										
	No. of borrowers	1	-	-	-	1	1	-	-	-	1
	Amount outstanding	58.52	-	-	-	58.52	85.97	-	-	-	85.97
	Provision thereon	-	-	-	-	-	-	-	-	-	-
3	**Upgradations to restructured standard category during the year 2016-17**										
	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 (2017-18)**										
	No. of borrowers	(1)				(1)	(1)				(1)
	Amount outstanding	(2.06)				(2.06)	(2.06)				(2.06)
	Provision thereon	-				-	-				-
5	**Downgradations of restructured accounts during the year 2016-17**										
	No. of borrowers	(2)	-	2	-	-	(3)	-	3	-	-
	Amount outstanding	(39.34)	-	39.34	-	-	(258.41)	-	258.41	-	-
	Provision thereon	(0.46)	-	0.46	-	-	(4.99)	-	4.99	-	-
6	**Write-offs of restructured accounts during the year 2016-17[2]**										
	No. of borrowers	(2)	(3)	(4)	-	(9)	(4)	(3)	(6)	-	(13)
	Amount outstanding	(184.77)	(36.23)	(316.12)	(0.21)	(537.33)	(466.10)	(36.23)	(402.31)	(0.21)	(904.85)
	Provision written back	(1.45)	(4.78)	(2.95)	*	(9.18)	(20.08)	(4.78)	(3.62)	*	(28.48)
7	**Restructured Accounts as on March 31, 2017**										
	No. of borrowers	4	-	4	4	12	6	-	5	6	17
	Amount outstanding	262.99	-	39.50	0.23	302.72	308.65	-	258.57	3.75	570.97
	Provision thereon	0.51	-	0.47	0.03	1.01	1.10	-	5	0.03	6.13

Asterisk denotes figure below ₹1,00,000/-

1 Fresh Restructuring includes fresh sanction/increase in existing accounts : CDR - ₹27.45 Crore (Provision Nil), SME - Nil (Provision Nil), Others - ₹6.28 Crore (Provision Nil), Total - ₹33.73 Crore (Provision Nil)

2 Write off of restructured accounts includes recoveries/reduction in existing balances on conversion of loan/closure/Sale in existing accounts : CDR - ₹367.52 Crore (Provision ₹19.30 Crore), SME - Nil (Provision Nil), Others - ₹509.16 Crore (Provision ₹9.18 Crore), Total -₹876.68 Crore (Provision ₹28.48 Crore) :

3 The bank maintains a provision for diminution in fair value of assets amounting to ₹10.25 Crore (₹39.63 Crore), of which assets holding ₹4.12 Crore (₹5.02 Crore) of such provision, have shown satisfactory performance as per RBI guidelines are not disclosed above.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

11. A. Details of Financial Assets sold to Securitization/Reconstruction Company for asset reconstruction:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
(i) No. of Accounts[1]	3	104
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	183.98	1346.81
(iii) Aggregate Consideration	165.00	1243.70
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/(loss) over net book value	(18.98)	(103.11)

[1]Represents number of customers.

The Bank has sold certain NPAs to Asset Reconstruction Companies (ARC) and spread the shortfall in Net Book Value (NBV) over a period as per the RBI Circular DBOD.No.BP.BC.9/21.04.048/2014-15 on "Prudential norms on income recognition, asset classification and provisioning pertaining to advances" dated July 1, 2014, as amended.
In respect of such sale during FY 16-17, the unamortised balance of shortfall in net book value of ₹76.05 Crore (Previous year: ₹nil) was debited to the Profit and Loss account in the current year by credit to reserve as per RBI circular. The balance unamortised shortfall on sale of assets to ARC as at March 31, 2018 is ₹Nil (Previous year ₹76.05 Crore).

B. Details of Book value of Investments in Security Receipts:

[₹ 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	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Book value of investments in security receipts	1339.22	1258.24	0.00	Nil	1339.22	1258.24

Note: In addition to the above, Bank holds security receipt of ₹16.75 Crore (Previous Year ₹16.75 Crore) which are backed by Standard assets sold by the Bank.

C. Details of ageing of Investments held as Security Receipts:

(i) As at March 31, 2018:

[₹ in Crore]

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
i)	Book value of SRs backed by NPAs sold by the bank as underlying	1339.22	-	-
	Provision held against (i)	252.39	-	-
ii)	Book value of SRs backed by NPAs sold by other banks/ financial institutions/non-banking financial companies as underlying	-	-	-
	Provision held against (ii)	-	-	-
	Total (i) + (ii)	1339.22	-	-

Note: In addition to the above, Bank maintains a provision of ₹8.37 Crore against Security Receipts which are backed up by standard asset sold by the Bank.

(ii) As at March 31, 2017:

[₹ in Crore]

	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
i	Book value of SRs backed by NPAs sold by the bank as underlying	1258.24	-	-
	Provision held against (i)	-	-	-
ii	Book value of SRs backed by NPAs sold by other banks/ financial institutions/non-banking financial companies as underlying	-	-	-
	Provision held against (ii)	-	-	-
	Total (i) + (ii)	1258.24	-	-

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

D. Details of Non-Performing financial assets purchased/sold [₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Non-performing financial assets purchased/sold (from/to banks)	Nil	Nil

12. Provisions on Standard Assets: [₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Provisions towards Standard Assets (including provision towards stressed sector)	205.92	180.46
Provision for Unhedged Foreign Currency Exposure of Borrowers	11.96	10.93
Provision for eligible MSME borrowers classified as standard*	5.46	-
Provision for Specific Standard Assets	7.92	31.46
Grand Total (Refer 5. IV - Other liabilities and provisions)	231.26	222.85

*RBI Circular DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018 permitted banks to continue the exposures to MSME borrowers registered under Goods and Services Tax (GST) to be classified as standard assets where the dues between September 1, 2017 and January 31, 2018 are paid not later than 180 days from their respective original due dates. Accordingly the bank has continued to classify exposure to eligible MSME borrowers of ₹109.17 Crore as standard. In accordance with the provisions of the circular the bank had not recognised interest income of ₹4.63 Crore and has created a standard asset provision of ₹5.46 Crore in respect of such accounts.

13. Business ratios

Particulars	March 31, 2018	March 31, 2017
(i) Interest Income as a percentage to Working Funds [1]	7.97%	8.50%
(ii) Non-interest income as a percentage to Working Funds [1]	1.08%	1.04%
(iii) Operating Profit as a percentage to Working Funds [1, 2]	1.91%	1.77%
(iv) Return on Assets [Based on Working Fund] [1]	0.43%	0.57%
(v) Business (Customer Deposits plus Advances) per employee [3, 4] (₹ in Crore)	16.32	14.84
(vi) Profit per employee [3] (₹In Crore)	0.04	0.05

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 this ratio, Operating profit is net profit for the year before provisions and contingencies.
3. For the purpose of computing the ratios number of employees (excluding Part time employees) as on Balance Sheet date is considered.
4. For the purpose of this ratio, business per employee has been recorded as gross advance plus deposits (excluding inter bank deposits).

14. Lending to sensitive sectors:

A. Exposures to Real Estate Sector [₹ in Crore]

Category	March 31, 2018	March 31, 2017
a) **Direct Exposure**		
(i) Residential Mortgages -	3341.30	2706.17
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	*1539.23*	*1017.07*
(ii) Commercial Real Estate -	1291.15	618.27
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)	930.04	1357.76
Total Exposure to Real Estate Sector	5562.49	4682.20

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

B. Exposure to Capital Market sectors [₹ in Crore]

	Particulars	March 31, 2018	March 31, 2017
(i)	Direct Investments in equity shares	297.43	252.87
(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	11.67	7.32
(iv)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds and convertible debentures and 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:	75.35	111.60
(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	389.45	376.79

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, 2018	Provision held as at March 31, 2018	Exposure (net) as at March 31, 2017	Provision held as at March 31, 2017
Insignificant	1123.52	-	941.33	-
Low	580.02	-	736.22	-
Moderate	14.85	-	8.00	-
High	23.47	-	3.69	-
Very High	7.54	-	1.09	-
Restricted	-	-	-	-
Off Credit	-	-	-	-
TOTAL	1749.40	-	1690.33	-

As the Bank's net 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 required.

15. Floating Provision [₹ in Crore]

	Particulars	2017-18	2016-17
(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

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

16. Maturity Pattern of key assets and liabilities:

As at March 31, 2018: [₹ in Crore]

	Day 1	2-7 days	8-14 days	15-30 days	31 days and up to 2 months	Over 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 years	Over 1 year and up to 3 years	Over 3 year and up to 5 years	Over 5 years	Total
Deposits	144.07	392.52	764.19	2,014.14	4,169.18	5,010.58	3,371.39	5,246.27	5,347.34	4,702.50	40,867.42	**72,029.59**
Advances	1,134.84	1,055.67	658.63	1,761.75	3,642.57	2,756.17	5,176.35	8,235.69	7,055.22	3,230.37	19,855.61	**54,562.89**
Investments	1,100.31	1,485.34	146.31	377.56	761.22	965.40	611.23	1,054.62	1,604.66	1,279.83	8,976.60	**18,363.08**
Borrowings	71.76	1,282.72	-	410.60	-	-	53.30	35.00	1,400.00	-	790.00	**4,043.38**
Foreign Currency-Assets	280.72	145.64	66.40	111.16	207.54	66.92	212.57	689.10	-	-	-	**1,780.05**
Foreign Currency-Liabilities	114.57	11.80	3.21	430.92	113.67	59.54	137.35	376.17	573.67	265.76	-	**2,086.67**

As at March 31, 2017: [₹ in Crore]

	Day 1	2-7 days	8-14 days	15-30 days	31 days and up to 2 months	Over 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 years	Over 1 year and up to 3 years	Over 3 year and up to 5 years	Over 5 years	Total
Deposits	182.70	1,057.63	340.50	2,212.42	4,130.06	2,616.52	3,955.29	7,788.94	3,553.05	4,637.73	35,642.65	**66,117.49**
Advances	813.37	668.98	425.77	1,556.08	1,959.09	2,746.44	4,641.66	6,972.08	6,625.11	3,141.94	16,838.95	**46,389.47**
Investments	2,855.43	1,194.60	87.10	422.38	775.60	479.49	689.10	1,443.00	1,598.93	1,187.75	8,696.29	**19,429.67**
Borrowings	84.35	1,006.62	-	-	-	50.00	152.33	76.16	88.30	200.00	300.00	**1,957.76**
Foreign Currency-Assets	206.83	137.51	37.90	170.85	144.01	63.48	262.40	535.96	-	-	-	**1,558.94**
Foreign Currency-Liabilities	114.75	8.32	4.97	17.73	58.87	50.17	84.01	291.94	594.60	250.67	-	**1,476.03**

Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the returns submitted to the RBI, which has been relied upon by the auditors.

Disclosure format of maturity pattern has been revised by RBI vide circular DBR.BP.BC.No.86/21.04.098/2015-16 dated March 23, 2016. Previous year numbers has been reclassified/rearranged accordingly.

17. Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the Bank:

During the years ended March 31, 2018 and March 31, 2017, the bank has exceeded the credit exposure to single borrower and group borrowers limit as per prudential exposure limit prescribed by RBI w.r.t. investment of ₹1,057.15 Crore in security receipt issued by M/s. Phoenix ARC. The regulator has instructed the Bank not to take any further exposure to the ARC till the exposure is brought within the prudential limit prescribed under large exposure's framework.

18. Unsecured Advances:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Total Advances for which intangible securities such as charge over the rights, licenses, authority etc has been taken as collateral	**350.51**	464.83
Estimated value of such intangible collateral	**350.51**	464.83

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

19. Penalties levied by the Reserve Bank of India:

The penalty imposed by RBI during the year ended March 31, 2018 was ₹2,52,450/- (Previous year ₹1,17,193/-)

During FY 2016-17 there was a single incident of SGL bouncing on 27th October, 2016 due to oversight. Based on the bank's explanation/representation, RBI has taken a lenient view and has waived imposition of any monetary penalty in this regard. Disclosure of the above fact is made in accordance with the letter issued by RBI vide Letter No.: PDO.NDS. Bounce/08.03.000/949/2016-17 dated 21st November, 2016.

20. Asset quality ratios:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Percentage of net NPAs to net advances	**2.60**	1.45
Provision Coverage Ratio (%)	**41.15**	55.07

21. Concentration of Deposits, Advances, Exposures and NPAs:

(i) Concentration of Deposits

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Total Deposits of twenty largest depositors	**6,194.33**	6,750.85
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	**8.60%**	10.21%

Note: Excludes holders of certificate of deposits

(ii) Concentration of Advances*

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Total Advances to twenty largest borrowers	**5816.42**	5865.99
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	**8.77%**	10.21%

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

(iii) Concentration of Exposures*

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Total Exposure to twenty largest borrowers/customers	**6012.07**	6070.75
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	**7.06%**	7.89%

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

(iv) Concentration of NPAs*

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Total Exposure to top four NPA accounts	**692.53**	670.05

*Represents funded balance

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 ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

22. Sector-wise Advances

[₹ in Crore]

Sl. No.	Sector*	2017-18			2016-17		
		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	7,919.24	207.34	2.62%	6,618.01	82.22	1.24
2	Advances to industries sector eligible as priority sector lending	5,155.18	197.39	3.83%	4,764.79	226.91	4.76
2.a	*Textile*	*1,318.61*	*37.45*	2.84%	*1,031.95*	*16.44*	*1.59*
2.b	*Basic Metal*	*565.54*	*15.72*	2.78%	*578.78*	*17.15*	*2.96*
2.c	*Infra*	*88.73*	*	*	*57.67*	*	*
3	Services	7,919.26	225.51	2.85%	6,068.49	86.52	1.43
3.a	*Professional*	*770.49*	*14.16*	1.84%	*746.92*	*7.89*	*1.06*
3.b	*Trade*	*5,749.10*	*193.01*	3.36%	*4,093.62*	*72.54*	*1.77*
3.c	*NBFC*	*140.87*	*	*	*226.97*	*	*
4	Personal loans	1,800.64	86.46	4.80%	1,596.42	75.06	4.70
4.a	*Housing Loan*	*1,480.12*	*42.25*	2.85%	*984.91*	*35.18*	*3.57*
4.b	*Other Personal loans incl. Gold Loan*	*320.52*	*44.21*	13.79%	*360.01*	*1.44*	*0.40*
	Sub-total (A)	**22,794.32**	**716.70**	3.14%	**19,047.71**	**470.71**	**2.47**
B	Non Priority Sector						
1	Agriculture and allied activities	819.25	26.70	3.26%	578.54	0.01	*
2	Industry	10,595.11	1,073.99	10.14%	10,326.84	582.71	5.64
2.a	*Textile*	*1,144.32*	*29.60*	2.59%	*924.24*	*14.10*	*1.53*
2.b	*Basic Metal*	*1,492.67*	*14.56*	0.98%	*1,207.55*	*14.54*	*1.20*
2.c	*Infra*	*2,780.24*	*489.14*	17.59%	*3,440.91*	*198.86*	*5.78*
3	Services	14,696.88	93.85	0.64%	12,412.58	47.71	0.38
3.a	*Professional*	*2,661.09*	*19.12*	0.72%	*1,984.39*	*0.93*	*0.05*
3.b	*Trade*	*1,912.85*	*19.79*	1.03%	*2,680.72*	*13.18*	*0.49*
3.c	*NBFC*	*4,405.58*	*	*	*1,781.28*	-	-
4	Personal loans	6,203.44	69.06	1.11%	4,480.01	47.87	1.07
4.a	*Housing Loan*	*1,666.10*	*27.05*	1.62%	*1,581.65*	*32.39*	*2.05*
4.b	*Other Personal loans incl. Gold Loan*	*4,537.35*	*42.01*	0.93%	*2,715.19*	*14.11*	*0.52*
	Sub-total (B)	**32,314.68**	**1,263.60**	3.91%	**27,797.97**	**678.30**	**2.44**
	Total (A+B)	**55,109.00**	**1,980.30**	3.59%	**46,845.68**	**1,149.01**	**2.45**

Asterisk denotes figure below ₹1,00,000/Percentage below 0.01

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 ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

23. Movement in technical/prudential written off accounts:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Opening balance of Technical/Prudential written-off accounts as at April 1	**352.41**	424.28
Add: Technical/Prudential write-offs during the year	**304.43**	71.88
Sub-total (A)	**656.84**	496.16
Less: Reduction due to recovery made from previously technical/prudential written-off accounts during the year	**74.18**	6.77
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written-off accounts during the year	**153.82**	135.75
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	**3.22**	1.23
Sub-total (B)	**231.22**	143.75
Closing balance as at March 31 (A-B)	**425.63**	352.41

24. Overseas Assets, NPAs and Revenue : Nil

25. Off-balance Sheet SPVs sponsored : Nil

26. Bancassurance Business :

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Fees/remuneration received from bancassurance business:		
- For selling life insurance policies	**9.81**	2.00
- For selling non-life insurance policies	**2.87**	1.60
Total	**12.68**	**3.60**

27. Drawn Down from Reserves :

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2018 and March 31, 2017, except:

a) ₹Nil (Previous year ₹4.73 Crore) towards share issue expenses, incurred for the equity raised through the Right Issue, which have been adjusted against the share premium account in terms of Section 52 of the Companies Act, 2013.

b) In FY 2016-17, ₹76.05 Crore was drawn down from Revenue and Other Reserves being unamortized balance of loss pertaining to advances sold to ARC, as permitted by RBI vide Circular: DBR.No.BP.BC.102/21.04.048/2015-16 dated June 13, 2016. During the year the Bank has credited back the amount drawn down in accordance with the said circular.

c) In FY 2016-17, ₹57.82 Crore was drawn down from revenue and other reserves being unamortized amount of a fraud case as permitted by the RBI in accordance with DBR No.BP.BC.92/21.04.048/2015-16 dated April 18, 2016. During the year the Bank has credited back the amount drawn down in accordance with the said circular.

28. Provision for taxes during the year:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Current Tax	**142.28**	198.92
Deferred Tax (net)	**22.72**	8.80
Total	**165.00**	**207.72**

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

29. Provisions and Contingencies :

a) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Provision for NPAs (including write off, excluding technical write off)	693.46	621.78
Provision for NPIs	(7.14)	36.18
Provision for taxes (Net)	142.28	198.92
Deferred Tax (net)	22.72	8.80
Provision for Standard Assets	7.38	(1.72)
Provision for Restructured Advances	(4.69)	(29.38)
Provision for depreciation in the value of investments	316.11	5.97
Provision for FITL	(6.08)	(58.94)
Provision for unhedged foreign currency exposures	1.03	0.86
Others	(19.18)	39.62
TOTAL	1145.89	822.09

b) Movement in provision for debit card reward points:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Opening provision at the beginning of the year	0.75	0.15
Provision made during the year	1.17	0.98
Reductions during the year	1.08	0.38
Closing provision at the end of the year	0.84	0.75

c) Movement in provision for other contingencies:

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Opening provision at the beginning of the year	16.50	16.55
Incremental expense during the year	26.07	0.45
Redemption during the year	8.12	0.50
Closing provision at the end of the year	34.45	16.50

30. Disclosures on Remuneration:

a) Information relating to the composition and mandate of the Nomination & Remuneration Committee.

Composition:

The Nomination & 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 Nomination & Remuneration Committee inter-alia includes the following:

- Scrutinize 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.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- 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.
- 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.
- 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.
- 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.
- The Committee shall also function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 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 recognised in accordance with Accounting Standard-15 (revised) specified in the Companies (Accounting Standards) Rules, 2006 (as amended).
- 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;
- 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 dated 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 remuneration is fixed by Board/Committee.

Further, the compensation structure for the Whole Time Directors (WTDs)/Managing Director & Chief Executive Officer (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 NRC 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.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

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) Ex-gratia 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.

			2017-18	2016-17
Quantitative disclosures	(a)	• Number of meetings held by the Remuneration Committee during the financial year.	6	6
		• Remuneration paid to its members (₹ in Lakhs)	5.75	5.50
	(b)	(i) Number of employees having received a variable remuneration award during the financial year.	1	1
		(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.	-	-
	(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	95.04	79.20
		• Variable	19.80	16.50
		• Deferred	-	-
		• Non Deferred	-	-
	(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.	-	-

31. Securitisation Transactions:

The Bank has not done any securitisation transactions during the year ended March 31, 2018 and March 31, 2017.

32. Credit Default Swaps:

The bank has not taken any transactions in credit default swaps during the year ended March 31, 2018 and March 31, 2017.

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33. Status of Complaints:

A. **Shareholder complaints:**

		March 31, 2018	March 31, 2017
(a)	No. of complaints pending at the beginning of the year	1	-
(b)	No. of complaints received during the year	67	274
(c)	No. of complaints redressed during the year	68	273
(d)	No. of complaints pending at the end of the year	-	1

B. **Customer complaints:**

		March 31, 2018	March 31, 2017
(a)	No. of complaints pending at the beginning of the year	310	123
(b)	No. of complaints received during the year	27108	15203
(c)	No. of complaints redressed during the year	27060	15016
(d)	No. of complaints pending at the end of the year	358	310

Complaints on ATM transactions (Included in B above):

Complaints against banks own ATM's

		March 31, 2018	March 31, 2017
(a)	No. of complaints pending at the beginning of the year	125	44
(b)	No. of complaints received during the year	8896	5530
(c)	No. of complaints redressed during the year	8896	5449
(d)	No. of complaints pending at the end of the year	125	125

Complaints against other bank ATM's

		March 31, 2018	March 31, 2017
(a)	No. of complaints pending at the beginning of the year	171	79
(b)	No. of complaints received during the year	17246	8806
(c)	No. of complaints redressed during the year	17195	8714
(d)	No. of complaints pending at the end of the year	222	171

C. **Status of Awards passed by the Banking Ombudsman:**

		March 31, 2018	March 31, 2017
(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 certified by the Management and relied upon by the auditors.

34. Letter of Comfort (LoCs) issued by Banks:

The Bank has not issued any reportable Letter of Comfort on behalf of subsidiaries during the year ended March 31, 2018 and March 31, 2017 respectively.

35. 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 ₹11.96 Crore (Previous Year ₹10.93 Crore) and additional capital of ₹10.04 Crore (Previous Year ₹8.89 Crore) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2018.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

36. Liquidity Coverage Ratio (LCR):

[₹ in Crore]

	Particulars	Quarter ended March 31, 2018		Quarter ended December 31, 2017		Quarter ended September 30, 2017		Quarter ended June 30, 2017		Quarter ended March 31, 2017	
		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)		8,639.67		8,660.87		9,256.27		9,424.61		10,382.59
Cash Outflows											
2	Retail deposits and deposits from small business customers, of which:	47,097.46	4,567.06	46,511.66	4,506.89	46,161.10	4,475.34	45,566.14	4,423.31	44,391.58	4,309.88
(i)	Stable deposits	2,853.72	142.69	2,885.55	144.28	2,815.46	140.77	2,666.03	133.30	2,585.50	129.27
(ii)	Less stable deposits	44,243.74	4,424.37	43,626.11	4,362.61	43,345.64	4,334.56	42,900.10	4,290.01	41,806.08	4,180.61
3	Unsecured wholesale funding, of which:	4,425.69	3,367.63	3,778.13	2,827.84	3,034.75	2,394.22	3,323.16	1,874.38	3,437.29	1,811.92
(i)	Operational deposits (all counterparties)	-	-	-	-	93.72	22.08	923.81	213.92	896.18	206.73
(ii)	Non-operational deposits (all counterparties)	2,824.87	2,727.30	2,450.92	2,296.95	2,267.77	2,102.85	1,461.88	1,285.48	1,509.60	1,192.59
(iii)	Unsecured debt	1,600.81	640.32	1,327.21	530.88	673.26	269.30	937.46	374.99	1,031.51	412.60
4	Secured wholesale funding		-		-		-		-		-
5	Additional requirements, of which	0.38	0.38	1.34	1.34	0.06	0.06	1.30	1.30	2.76	2.76
(i)	*Outflows related to derivative exposures and other collateral requirements*	0.38	0.38	1.34	1.34	0.06	0.06	1.30	1.30	2.76	2.76
(ii)	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-	-	-
(iii)	*Credit and liquidity facilities*	-	-	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	311.88	311.88	376.57	376.57	185.01	185.01	266.97	266.97	523.70	523.70
7	Other contingent funding obligations	3,377.73	1,077.53	3,489.03	1,129.31	2,997.23	782.42	2,556.67	518.07	2,968.53	936.35
8	TOTAL CASH OUTFLOWS		9,324.48		8,841.95		7,837.05		7,084.03		7,584.61
Cash Inflows											
9	Secured lending (e.g. reverse repos)	-		-		-		-		-	
10	Inflows from fully performing exposures	4,327.33	2,163.66	4,568.10	2,284.05	4,002.16	2,001.08	3,706.76	1,853.38	4,300.88	2,150.44
11	Other cash inflows	1,125.63	1,057.87	1,047.81	1,011.43	862.31	813.86	931.27	904.68	936.14	876.54
12	TOTAL CASH INFLOWS	5,452.96	3,221.53	5,615.91	3,295.48	4,864.47	2,814.94	4,638.03	2,758.06	5,237.02	3,026.98
13	TOTAL HQLA		8,639.67		8,660.87		9,256.27		9,424.61		10,382.59
14	TOTAL NET CASH OUTFLOWS		6,102.95		5,546.47		5,022.11		4,325.98		4,557.63
15	LIQUIDITY COVERAGE RATIO (%)		141.57%		156.15%		184.31%		217.86%		227.81%

Note: *The LCR for quarter ended 31st March, 2018 is calculated taking daily average whereas the same is calculated for the previous quarter is based on monthly average.*

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

37. 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 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 of providing transition time, the guidelines mandate a minimum requirement of 90% w.e.f. January 1, 2018 and a step up of 10% 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 quarterly daily average LCR of the bank for the quarter ended March 2018 is 141.57%.

The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement, regulatory dispensation allowed up to 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). From February 2016 onwards, RBI has allowed Banks to reckon an additional 3% of NDTL as FALLCR. This has been further increased by 1% by RBI from July 2016 onwards thereby increasing the total FALLCR to 9%.

The principal components of the estimated cash out flows which could arise in next 30 days are retail deposits (48.98%) and unsecured wholesale funding (36.12%). 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. The bank is managing its liquidity from the centralized fund management cell attached to Treasury Department, Mumbai.

38. Transfers to Depositor Education and Awareness Fund (DEAF):

In accordance with the guidelines issued by the RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of ten years or any deposits or any amount remaining unclaimed for more than ten years to DEAF.

Details of amounts transferred to DEAF are set out below: [₹ in Crore]

Particulars	March 31,2018	March 31,2017
Opening balance of amounts transferred to DEAF	**70.90**	54.96
Add : Amounts transferred to DEAF during the year	**14.36**	17.81
Less : Amounts reimbursed by DEAF towards claims	**1.43**	1.87
Closing balance of amounts transferred to DEAF	**83.83**	70.90

39. Intra-Group Exposure : Nil.

40. Inter-bank participation with risk sharing:

The aggregate amount of participation purchased by the Bank, shown as advances as per regulatory guidelines, outstanding as of March 31, 2018 was ₹1200 Crore (Previous Year: ₹600 Crore).

41. Priority sector lending certificates:

The amount of PSLCs (category wise) sold/purchased: [₹ in Crore]

Sl. No.	Type of PSLCs	March 31, 2018		March 31, 2017
		Purchase	Sale	Sale
1	PSLC – Agriculture	-	**1300.00**	300.00
2	PSLC – SF/MF	-	-	-
3	PSLC – Micro Enterprises	**1,000.00**	-	-
4	PSLC – General	-	**4,000.00**	2500.00
	Total	**1,000.00**	**5,300.00**	**2800.00**

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

42. Disclosures on Flexible Structuring of Existing Loans :

[₹ in Crore]

Period	No. of borrowers taken up for flexibly structuring	Amount of loans taken up for flexible structuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
During the FY 2016-17	1	283.88	-	10 Years 10 Months	15 Years 03 Months
During the FY 2017-18	1	21.00	-	7 Years 2 Months	15 Years 07 Months

43. Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)[1,2]

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
No. of accounts where SDR has been invoked	-	1
Gross amount outstanding		
- Standard	-	80.53
- NPA	-	-
Gross amount outstanding for borrowers where conversion of debt to equity is pending		
- Standard	-	80.53
- NPA	-	-
Gross amount outstanding for borrowers where conversion of debt to equity has taken place		
- Standard	-	-
- NPA	-	-

[1] The Bank has not taken stand-still benefit for NPA cases and hence these cases are excluded.

[2] Cases where SDR has been revoked or not implemented within the permitted RBI timelines have been excluded in subsequent periods.

During the year ended March 31, 2018, the Bank has not recognised an amount of ₹Nil towards interest on cases covered under the SDR scheme (Previous Year: ₹3.64 Crore).

44. Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period):

There are no accounts where the bank has decided to affect the change of ownership outside SDR Scheme and which are currently under stand-still period (Previous Year: ₹Nil).

45. Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period):

There are no accounts where the bank has decided to effect the change of ownership of projects under implementation (Previous Year: ₹Nil).

46. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on 31 March, 2018

There were no accounts during the year where S4A has been applied.

47. **Disclosure on Divergence in Asset Classification and Provisioning for NPAs:** as per RBI Circular vide DBR.BP.BC. No.63/21.04.018/2016-17 dated 18th April, 2017

1. The Bank classifies advances into performing and non-performing advances (NPAs) as per the RBI guidelines. NPAs are identified and provided for based on RBI's prudential norms on income recognition, asset classification and provisioning.
2. Based on application of RBI's prudential norms as stated above, the bank classified and made the prescribed provisions against NPAs as at the end of March 31, 2017.
3. As part of risk based supervision exercise for FY 2016-17, the RBI pointed out certain divergences in the banks asset classification and provisioning as detailed below:

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

[₹ in Crore]

Sl. No.	Particulars	Amount
1	Gross NPAs as reported by the Bank as on March 31, 2017	1,149.01
2	Gross NPAs assessed by RBI as on March 31, 2017	1,157.40
3	Divergence in GNPA	8.39
4	Net NPAs as reported by the Bank as on March 31, 2017	674.56
5	Net NPAs assessed by RBI as on March 31, 2017	659.43
6	Divergence in NNPA	(15.13)
7	Provision on NPAs as reported by the Bank as on March 31, 2017	451.00
8	Provision on NPAs as asessed by RBI as on March 31, 2017	588.98
9	Divergence in Provision	137.98
10	Reported PAT for the year ended March 31, 2017	392.50
11	Adjusted Notional PAT after considering divergence in provision	293.91

Note: 1. The Gross and Net NPA figures disclosed above exclude Non-Funded exposure to one borrower of ₹153.92 Crore. However divergence in provision include ₹114.45 Crore in respect of the said Non-Funded Exposure.

2. The "adjusted Notional PAT after considering divergence in provision by RBI" is after considering provision divergence of ₹8.36 Crore (net of taxes) in respect of an item other than NPA.

3. The Bank has duly considered the impact of the above divergences in the financial statements/results for the year ended March 31, 2018. One account classified as NPA by the regulator stands upgraded to standard category upon regularisation of irregularity in that account.

B. Other Disclosures

1. Fixed Assets

a) Fixed Assets as per Schedule 10 include Intangible Assets relating to Software and System Development Expenditure which are as follows:

[₹ in Crore]

Particulars	March 31,2018	March 31,2017
Gross Block		
At the beginning of the year	**58.86**	31.31
Additions during the year	**20.87**	27.55
Deductions during the year	**0.11**	-
Closing Balance	**79.62**	58.86
Depreciation/Amortisation		
At the beginning of the year	**17.36**	6.45
Charge for the year	**16.43**	10.91
Deductions during the year	**0.06**	-
Depreciation to date	**33.73**	17.36
Net Block	**45.89**	**41.50**

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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, 2018	March 31, 2017
Weighted average number of equity shares used in computation of basic earnings per share	**180,50,23,599**	150,31,22,341
Potential equity shares arising out of the Employees Stock Option Scheme	**19,83,079**	19,25,748
Weighted average number of equity shares used in computation of diluted earnings per share	**180,70,06,677**	150,50,48,089
Earnings used in the computation of basic earnings per share (₹ in Crore)	**334.89**	392.50
Earnings used in the computation of diluted earnings per share (₹ in Crore)	**334.89**	392.50
Nominal Value of share (in ₹)	**1.00**	1.00
Basic earnings per share (in ₹)	**1.86**	2.61
Effect of potential equity shares for ESOS	**0.01**	0.00
Diluted earnings per share (in ₹)	**1.85**	2.61

3. Accounting for Employee Share Based Payments

The Company has provided various share based payment schemes to its employees. As on March 31, 2018, the following schemes were in operation;

	Tranche 6	Tranche 7	Tranche 8	Tranche 9
Date of grant	03.12.2013	27.03.2015	06.12.2017	06.12.2017
Date of Board approval	03.12.2013	27.03.2015	06.12.2017	06.12.2017
Date of Shareholders approval	18.08.2008	18.08.2008	18.08.2008	18.08.2008
Number of options granted	213,52,100	22,26,500	43,04,710	15,00,00
Method of settlement	Equity	Equity	Equity	Equity
Vesting period	03.12.2015 to 03.12.2017	27.03.2017 to 27.03.2019	06.12.2019 to 06.12.2021	06.12.2019 to 06.12.2021
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, 2018		March 31, 2017	
	Options	Weighted average exercise price (₹)	Options	Weighted average exercise price (₹)
Options outstanding at the beginning of the year	**16,180,833**	**19.15**	23,482,745	19.13
Options granted during the year	**4,454,710**	**19.05**	-	-
Options exercised during the year	**5,995,121**	**18.88**	18,18,866	18.73
Forfeited/lapsed during the year	**3,793,229**	**19.25**	54,83,046	19.21
Options outstanding at the end of the year	**10,847,193**	**19.22**	16,180,833	19.15
Options Exercisable	**5,629,027**	**19.03**	6,667,433	19.13

The weighted average share price at the date of exercise of the options was ₹30.22 (Previous year ₹22.86)

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Details of exercise price for stock options outstanding as at March 31, 2018

Particulars	Exercise price per share	Number of options outstanding	Remaining contractual life of options
Tranche 6	18.72	5,039,777	0.68
Tranche 7	21.65	1,369,150	1.56
Tranche 8	18.72	4,288,266	3.79
Tranche 9	28.40	150,000	3.79

Tranche 8 and 9 were granted during the year.

Details of exercise price for stock options outstanding as at March 31, 2017

Particulars	Exercise price per share	Number of options outstanding	Remaining contractual life of options
Tranche 6	18.72	13,783,933	1.26
Tranche 7	21.65	20,63,000	2.09

No options were granted during the year.

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

Tranches	Year ended March 31, 2018				Year ended March 31, 2017	
	6	7	8	9	6	7
Exercise Price per share (₹)	18.72	21.65	18.72	28.40	18.72	21.65
Weighted Average Share Price per share (₹)	23.49	27.56	25.91	25.91	23.49	27.56
Expected Volatility (%)	29.95	34.59	33.09	33.09	29.95	34.59
Historical Volatility (%)	32.19	34.83	33.09	34.49	32.19	34.83
Life of the options granted (Vesting and Exercise period in years)	2.16 to 4.16	3.10 to 5.10	3.00 to 5.00	3.00 to 5.00	2.16 to 4.16	3.10 to 5.10
Average Risk Free Interest rate (%)	8.61 to 8.88	8.15 to 8.19	7.10 to 7.44	7.10 to 7.44	8.61 to 8.88	8.15 to 8.19
Expected Dividend Yield (%)	3.41	2.90	1.54	1.54	3.41	2.90

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Effect of the ESOS on the Profit and Loss account and on its financial position: [₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Opening of ESOS Liability	3.45	5.00
Liability on account of ESOS issued	5.57	0.00
Reversal on account of Exercise	(1.26)	(0.38)
Reversal on account of lapsed/forfeiture	(0.84)	(1.18)
Total Employee compensation cost pertaining to ESOS	6.93	3.45
Opening Deferred Compensation Cost	0.43	1.35
Deferred compensation cost on ESOS issued	5.57	0.00
Compensation Cost pertaining to ESOS amortized during the year	(1.00)	(0.90)
Reversal on account of lapse/forfeiture	(0.02)	(0.02)
Deferred compensation cost	4.97	0.43

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, 2018	March 31, 2017
Net Profit as reported (₹ in Crore)	334.89	392.50
Proforma Net profit based on fair value approach (₹ in Crore)	334.26	391.35
Basic EPS as reported (₹)	1.86	2.61
Basic EPS (Proforma) (₹)	1.85	2.61
Diluted EPS as reported (₹)	1.85	2.61
Diluted EPS (Proforma) (₹)	1.85	2.61

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) [₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Deferred Tax Asset (A)		
Provisions for Loans/Investments/others	150.44	147.28
Total (A)	**150.44**	**147.28**
Deferred Tax Liabilities (B)		
Fixed Assets: on differences between book balances and tax balance of fixed asset	1.32	5.39
Special Reserve created u/s 36(1)(viii) of Income Tax Act	78.01	48.06
Total (B)	**79.33**	**53.45**
Deferred Tax Asset (net) (A-B)	**71.11**	**93.83**

5. Related party disclosure:

a. Key Management Personnel

Sri V. G. Mathew, Managing Director & Chief Executive Officer.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

b. Gross Remuneration paid

[₹ in Crore]

Name	Designation	2017-18	2016-17
Sri V. G. Mathew	Managing Director & CEO	**1.29**	1.08

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.

Sri V. G. Mathew, Managing Director and CEO was granted 1,83,333 stock options during current year (Previous year: Nil)

The options allotted in last tranche of 1,50,000 is subject to approval from RBI. Management expects to receive approval without delay.

[₹ in Crore]

Items/Related Party	Key Management Personnel		Relatives of Key Management Personnel		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Deposits:						
Balance outstanding	**0.87**	0.49	**0.56**	0.45	**1.43**	0.94
Peak Balance	**1.01**	0.60	**0.57**	0.45	**1.58**	1.05
Interest paid	**0.04**	0.03	**0.03**	0.03	**0.07**	0.06

6. Employee Benefits

a) Provident Fund:

Employees, who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the South Indian Bank Employees' Provident Fund. The Bank has no obligation other than the monthly contribution.
The Bank recognized ₹0.21 Crore (Previous Year: ₹0.19 Crore) for provident fund contribution in the Profit and Loss Account.

b) New Pension Scheme:

As per the industry level settlement dated April 27, 2010, employees who joined the services of the Bank on or after 1st April, 2010 are not eligible for the existing pension scheme whereas they will be eligible for Defined Contributory Pension Scheme (DCPS) in line with the New Pension Scheme introduced for employees of Central Government. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank will also make a matching contribution. There is no separate Provident Fund for employees joining on or after April 1, 2010.

The Bank recognized ₹17.59 Crore (Previous Year: ₹14.67 Crore) for DCPS contribution in the Profit and Loss Account.

c) Retirement Benefits:

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

[₹ in Crore]

Particulars	March 31, 2018	March 31, 2017
Pension Fund	**113.92**	129.10
Gratuity Fund	**20.71**	17.35
Compensation for absence on privilege/sick/casual leave	**27.41**	25.94

The employee benefits on account of pension, gratuity and Leave have been ascertained on actuarial valuation in accordance with Accounting Standard - 15 prescribed under section 133 of the Companies Act, 2013.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

d) Ministry of Labour and Employment, Government of India on March 29, 2018 has enhanced the gratuity ceiling to an employee under Payment of Gratuity Act, 1972 to ₹20 Lakhs from earlier limit of ₹10 Lakhs. This change has resulted to an increase an incremental gratuity liability amounting to ₹27.26 Crore. As per RBI circular DBR. BP.9730/21.04.018/2017-18 dated April 27, 2018, the bank has an option to spread the incremental gratuity expenditure over four quarters beginning with the quarter ended March 31, 2018. The bank has availed the option to spread the incremental gratuity expenditure over four quarters, beginning with the quarter ended March 31, 2018. Accordingly, during the quarter and year ended March 31, 2018 the bank has charged to the profit and loss account an amount of ₹6.81 Crore and the unamortised gratuity expenditure as at March 31, 2018 is ₹20.45 Crore. Had the above circular been not issued by the RBI, Net Profit of the Bank for the year would have been lower by ₹13.37 Crore (net of taxes) pursuant to the application of AS 15 "Employee Benefits".

The following table as furnished by Actuary sets out the funded status of gratuity/pension plan and the amount recognised in the Bank's financial statements as at March 31, 2018.

e) Changes in the defined benefit obligations

[₹ in Crore]

	Gratuity Plan		Pension Plan	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Projected defined benefit obligation, beginning of the year	**177.33**	165.08	**620.99**	570.16
Current Service Cost	**18.22**	15.09	**147.22**	146.64
Past Service Cost	**27.26**	-	**-**	-
Interest Cost	**12.46**	12.35	**42.89**	38.00
Actuarial (gain)/loss	**(2.75)**	3.88	**(28.79)**	(10.99)
Benefits paid	**(21.02)**	(19.07)	**(132.19)**	(122.82)
Projected defined benefit obligation, end of the year	**211.50**	177.33	**650.12**	620.99
Liability (net) of fair value of plan asset at the end of the year	**31.97**	5.02	**29.14**	46.21

f) Changes in the fair value of plan assets

[₹ in Crore]

	Gratuity Plan		Pension Plan	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Fair value of plan assets, beginning of the year	**172.31**	150.49	**574.78**	409.61
Expected return on plan assets	**12.10**	11.58	**45.94**	37.58
Employer's contributions	**14.20**	26.92	**130.98**	243.44
Actuarial gain/(loss)	**1.94**	2.39	**1.47**	6.97
Benefits paid	**(21.02)**	(19.07)	**(132.19)**	(122.82)
Fair value of plan assets, end of the year	**179.53**	172.31	**620.98**	574.78

The Company expects to contribute ₹31.97 Crore (Previous Year ₹5.02 Crore) towards gratuity and ₹29.14 Crore (Previous Year ₹46.21 Crore) towards pension in the next year.

g) Net Employee benefit expense (recognised in payments to and provisions for employees)

[₹ in Crore]

	Gratuity Plan		Pension Plan	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Current Service Cost	**18.22**	15.09	**147.22**	146.62
Past Service Cost	**27.26**	-	**-**	-
Interest Cost	**12.46**	12.35	**42.89**	38.00
Expected return on plan assets	**(12.10)**	(11.58)	**(45.93)**	(37.58)
Net actuarial (gain)/loss recognised in the year	**(4.68)**	1.49	**(30.26)**	(17.96)
Employee cost	**41.16**	17.35	**(113.92)**	129.10
Unamortized cost	**20.45**	-	**-**	-
Total	**20.71**	**17.35**	**113.92**	**129.10**
Actual return on plan assets	**14.05**	13.97	**47.40**	44.56

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

	Gratuity Plan		Pension Plan	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Government Securities (Central & State)	-	-	50%	55%
High quality Corporate Bonds	-	-	30%	-
Equity Shares of Listed Companies	-	-	-	-
Funds Managed by Insurer *	100%	100%	18%	4%
Others (PSU & Special Deposits)	-	-	2%	41%
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.

i) Experience adjustments

(i) Gratuity

[₹ in Crore]

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined Benefit Obligations	211.50	177.33	165.08	157.33	155.39
Plan Assets	179.53	172.30	150.49	145.56	136.48
(Surplus)/Deficit	31.97	5.02	14.59	11.77	18.91
Unamortized	20.45	-	-	-	-
Net benefit expenses	11.52	5.02	14.59	11.77	18.91
Experience adjustments on Plan Liabilities	(2.75)	3.88	7.02	3.71	8.34
Experience Adjustments on Plan Assets	(1.94)	(2.39)	(1.72)	(2.65)	(3.12)

(ii) Pension

[₹ in Crore]

	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined Benefit Obligations	650.12	620.99	570.16	480.72	415.69
Plan Assets	620.98	574.78	409.61	302.29	246.44
(Surplus)/Deficit	29.14	46.21	160.55	178.43	169.25
Experience adjustments on Plan Liabilities	(28.79)	(10.99)	83.38	38.93	32.64
Experience Adjustments on Plan Assets	(1.47)	(6.97)	(60.00)	(7.68)	5.50

j) Assumptions used by the actuary in accounting for Gratuity/Pension/Compensation for absence

	Gratuity Plan		Pension Plan		Compensation for absence	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	7.73%	7.47%	7.73%	7.47%	7.73%	7.47%
Expected rate of return on plan assets	7.47%	7.50%	8.00%	8.00%	*	*
Increase in compensation cost	6.00%	6.00%	5.00%	5.00%	6.00%	6.10%

*Not applicable

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, taken in to account the inflation, seniority, promotion and other relevant factors.

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

The charge on account of compensation for privilege/sick/casual leave has been actuarially determined and an amount of ₹27.41 Crore (Previous year ₹25.94 Crore) has been debited to Profit and Loss account.

The above information is as certified by actuary and relied upon by the auditor.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

7. Micro Small and Medium Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

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 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/Whole sale Banking:
The Corporate/Whole sale Banking segment provides loans 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 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 confined within one geographical segment (India) and accordingly this is considered as the only secondary segment.

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	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue	1,483.89	1,539.22	3,018.42	2,849.72	2,288.81	1,990.36	238.94	183.34	7,030.06	6,562.64
Result	(117.71)	32.23	(40.83)	(72.09)	463.57	489.60	194.86	150.48	499.89	600.22
Unallocated Expenses/(Income)									-	-
Operating profit									499.89	600.22
Income Taxes									165.00	207.72
Net Profit									334.89	392.50
Other Information:										
Segment Assets	19,380.43	20,537.67	36,346.95	31,801.04	24,782.48	19,723.38	-	-	80,409.86	72,062.09
Unallocated Assets									2,276.01	2250.06
Total Assets									82,685.87	74,312.15
Segment Liabilities	18,335.15	19,401.42	34,530.80	30,282.89	23,609.13	18,781.81	-	-	76,475.08	68,466.12
Unallocated Liabilities									969.57	1,000.56
Total Liabilities									77,444.65	69,466.68

Since the Bank operates only in domestic segment, disclosure regarding geographical segment is not applicable.

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

9. 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, Acceptances, endorsements and other obligations	As a part of banking activities, the Bank issues Letter of Guarantees and documentary credit on behalf of its customers, with a view to augment the customer's credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customer fails to fulfill their financial or performance obligations.
4	Other items for which the bank is contingently liable	Includes capital commitments and amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

* Also refer schedule – 12

The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities/Service Tax Authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities wherever applicable, in its financial statements. The Management believes that the possibility of outflow of resources embodying economic benefits in these cases is possible but not probable and hence no provision is required in these cases. However, a contingent liability has been disclosed with respect to these cases.

10. Provision for long-term contracts:

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the bank has reviewed and recorded adequate provision as required under any Law/ Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

11. Corporate social responsibility:

Operating expenses include ₹7.28 Crore (Previous Year ₹4.03 Crore) for the year ended March 31, 2018 towards Corporate Social Responsibility (CSR), in accordance with the Companies Act, 2013.

The Bank has spent 1.32% of its average net profit for the last three financial years as part of its CSR for the year ended March 31, 2018. The Bank is currently in the process of evaluating strategic avenues for CSR expenditure in order to deliver maximum impact

Details of amount spent during the year towards CSR are as under:

For the year ended March 31, 2018 [₹ in Crore]

	Paid	Yet to be paid	Total
i) Construction/Acquisition of any assets	4.19	-	4.19
ii) For purposes other than (i) above	3.09	-	3.09

For the year ended March 31, 2017

	Paid	Yet to be paid	Total
i) Construction/Acquisition of any assets	-	-	-
ii) For purposes other than (i) above	4.03	-	4.03

SCHEDULE - 18 NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

12. Investor education and protection fund:

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank.

13. Provisioning pertaining to fraud accounts:

The Bank has reported 13 cases as fraud during the Financial Year ended March 31, 2018 amounting to ₹94.69 Crore and has provided for the same in full.

During the year ended March 31, 2017, bank identified a Non Performing Advance as a fraud case. The net book value of ₹115.64 Crore was amortised over a period of four quarters beginning from December 31, 2016. Accordingly, the Bank has charged ₹57.82 Crore (Previous year: ₹57.82 Crore) during the year ended 31st March, 2018 and umamortised amount as at March 31, 2018 is Nil (Previous year: ₹57.82 Crore).

14. Proposed Dividend:

The Board of Directors has proposed a dividend of ₹0.40 per Equity share (40%) [(Previous year ₹0.40 per Equity Share) (40%)] for the year ended March 31, 2018, subject to the approval of the shareholders at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, proposed dividend including dividend distribution tax of ₹87.26 Crore is not recognized as liability as on March 31, 2018. Accordingly the liability has not been reckoned in capital funds for computing capital adequacy ratio as at March 31, 2018. Capital adequacy ratio after considering the impact of proposed dividend is 12.51% as at March 31, 2018.

15. Figures of the previous year have been regrouped to conform to the current year presentation wherever necessary. The figures of previous year were audited by a firm of Chartered Accountants other than S.R Batliboi & Co. LLP.

In terms of our report attached

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Kochi
May 14, 2018

For and on behalf of Board of Directors

Thomas Joseph K.
Executive Vice President

Sivakumar G.
Executive Vice President

Reghunathan K. N.
Executive Vice President

C. P. Gireesh
Chief Financial Officer

Jimmy Mathew
Company Secretary

Vijith S.
Dy. General Manager

Kochi
May 14, 2018

Salim Gangadharan
Chairman
(DIN : 06796232)

K. Thomas Jacob
Director
(DIN : 00812892)

Francis Alapatt
Director
(DIN : 01419486)

Achal Kumar Gupta
Director
(DIN : 02192183)

V. G. Mathew
MD & CEO
(DIN : 05332797)

Dr. John Joseph
Director
(DIN : 00021735)

Parayil George John Tharakan
Director
(DIN : 07018289)

V. J. Kurian
Director
(DIN : 01806859)

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2018

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 have been implemented on 1st April, 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the year ended 31st March, 2018 is 10.875 % with minimum Common Equity Tier 1 (CET1) of 7.375% (including CCB of 1.875%).

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 quartely 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	44,347.75
	Portfolios subject to standardized approach	0.00
	Securitization exposures	0.00
(b)	Capital requirements for Market Risk (Standardised duration approach)	3,758.79
	Interest Rate Risk	2,970.16
	Foreign Exchange Risk (including gold)	48.94
	Equity Risk	739.70
(c)	Capital requirements for Operational Risk (Basic Indicator Approach)	4,182.12
	Total Capital Requirement at 10.875%{ (a)+ (b)+(c) }	52,288.66
	Total Capital Fund	61,040.42
	Common Equity Tier-I CRAR %	10.41 %
	Tier-I CRAR %	10.41 %
	Total CRAR %	12.70 %

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 at operational level. The structure and organization of Risk Management functions of the bank is as follows:

3. Credit Risk: General Disclosures

I. Qualitative Disclosure

Definition of Non Performing Assets

The bank follows extant guidelines of the RBI on income recognition, asset classification and provisioning.

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 instalment 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 instalment 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. Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

vii. 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.

viii. 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.

A loan for an infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines. A loan for an infrastructure project will be classified as NPA if it fails to commence commercial operations within two years from the original Date of Commencement of Commercial Operations ('DCCO'), even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines.

A loan for a non-infrastructure project (other than commercial real estate exposures) will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines. A loan for a non-infrastructure project (other than commercial real estate exposures) will be classified as NPA if it fails to commence commercial operations within one year from the original DCCO, even if is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset' in terms of conditions laid down in the related RBI guidelines.

A loan for commercial real estate project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), or if the project fails to commence commercial operations within one year from the original DCCO or if the loan is restructured.

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2018

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 counter party 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 counter-parties such as corporates, banks, are monitored through counter-party 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.

II. Quantitative Disclosure

a) Gross Credit Risk Exposures as on 31st March, 2018

Amount in ₹ Million

Category	Exposure
Fund Based[1]	7,08,467.29
Non Fund Based[2]	30,856.85
Total	7,39,324.14

Note :

1. Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments, shares, deposits placed 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, 2018

Particulars	Amount in Million
Domestic	7,39,324.14
Overseas	0.00
Total	**7,39,324.14**

c) Industry wise Distribution of gross advances and NPAs as on 31st March, 2018

Industry Name	Gross Advance	GNPA	Standard Advance
A. Mining and Quarrying	**2,670.77**	**8.47**	**2,662.30**
A.1 Coal	35.37	0.91	34.47
A.2 Others	2,635.40	7.56	2,627.84
B. Food Processing	**212.34**	**3.22**	**209.12**
B.1 Sugar	16.29	-	16.29
B.2 Edible Oils and Vanaspati	12.03	-	12.03
B.3 Tea	-	-	-
B.4 Coffee	-	-	-
B.5 Others	184.02	3.22	180.81
C. Beverages (excluding Tea & Coffee) and Tobacco	**3,767.89**	**0.86**	**3,767.03**
C.1 Tobacco and tobacco products	377.50	-	377.50
C.2 Others	3,390.39	0.86	3,389.53
D. Textiles	24,629.26	670.54	23,958.73
D.1 Cotton	11,603.27	209.65	11,393.63
D.2 Jute	374.04	-	374.04
D.3 Man-made	218.43	0.30	218.13
D.4 Others	12,433.52	460.59	11,972.92
Out of D (i.e., Total Textiles) to Spinning Mills	14,724.86	567.48	14,157.38

DISCLOSURE UNDER BASEL III NORMS AS ON MARCH 31, 2018

E. Leather and Leather Products	**1,399.56**	**4.46**	**1,395.09**
F. Wood and Wood Products	**1,023.01**	**58.63**	**964.38**
G. Paper and Paper Products	**4,180.24**	**121.04**	**4,059.20**
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	**1,911.61**	**0.00**	**1,911.61**
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	**9,176.74**	**14.07**	**9,162.67**
I.1 Fertilizers	700.49	-	700.49
I.2 Drugs and Pharmaceuticals	2,541.82	2.65	2,539.17
I.3 Petro-chemicals (excluding under Infrastructure)	-	-	-
I.4 Others	5,934.43	11.43	5,923.01
J. Rubber, Plastic and their Products	**10,411.16**	**97.30**	**10,313.86**
K. Glass & Glassware	**1,164.22**	**0.16**	**1,164.06**
L. Cement and Cement Products	**10,985.28**	**2,272.57**	**8,712.71**
M. Basic Metal and Metal Products	**20,582.09**	**302.88**	**20,279.22**
M.1 Iron and Steel	10,345.90	121.67	10,224.23
M.2 Other Metal and Metal Products	10,236.19	181.21	10,054.98
N. All Engineering	**11,580.68**	**883.71**	**10,696.97**
N.1 Electronics	110.14	-	110.14
N.2 Others	11,470.54	883.71	10,586.83
O. Vehicles, Vehicle Parts and Transport Equipments	**4,165.77**	**2,217.29**	**1,948.49**
P. Gems and Jewellery	**6,073.75**	**1,023.46**	**5,050.29**
Q. Construction	**7,418.50**	**46.94**	**7,371.56**
R. Infrastructure	**28,689.71**	**4,891.36**	**23,798.35**
R.a Transport (a.1 to a.6)	14,602.41	4,291.20	10,311.21
R.a.1 Roads and Bridges	14,602.41	4,291.20	10,311.21
R.a.2 Ports	-	-	-
R.a.3 Inland Waterways	-	-	-
R.a.4 Airport	-	-	-
R.a.5 Railway Track, tunnels, viaducts, bridges	-	-	-
R.a.6 Urban Public Transport (except rolling stock in case of urban road transport)	-	-	-
R.b. Energy (b.1 to b.6)	10,344.45	-	10,344.45
R.b.1 Electricity Generation	6,699.89	-	6,699.89
R.b.1.1 Central Govt. PSUs	-	-	-
R.b.1.2 State Govt. PSUs (incl. SEBs)	908.23	-	908.23
R.b.1.3 Private Sector	5,791.66	-	5,791.66
R.b.2 Electricity Transmission	3,597.55	-	3,597.55
R.b.2.1 Central Govt. PSUs	-	-	-
R.b.2.2 State Govt. PSUs (incl. SEBs)	649.93	-	649.93
R.b.2.3 Private Sector	2,947.62	-	2,947.62
R.b.3 Electricity Distribution	47.01	-	47.01
R.b.3.1 Central Govt. PSUs	-	-	-
R.b.3.2 State Govt. PSUs (incl. SEBs)	-	-	-
R.b.3.3 Private Sector	47.01	-	47.01
R.b.4 Oil pipelines	-	-	-
R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility	-	-	-
R.b.6 Gas pipelines	-	-	-

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R.c. Water and Sanitation (c.1 to c.7)	-	-	-
R.c.1 Solid Waste Management	-	-	-
R.c.2 Water supply pipelines	-	-	-
R.c.3 Water treatment plants	-	-	-
R.c.4 Sewage collection, treatment and disposal system	-	-	-
R.c.5 Irrigation (dams, channels, embankments etc.)	-	-	-
R.c.6 Storm Water Drainage System	-	-	-
R.c.7 Slurry Pipelines	-	-	-
R.d. Communication (d.1 to d.3)	-	-	-
R.d.1 Telecommunication (Fixed network)	-	-	-
R.d.2 Telecommunication towers	-	-	-
R.d.3 Telecommunication and Telecom Services	-	-	-
R.e. Social and Commercial Infrastructure (e.1 to e.9)	-	-	-
R.e.1 Education Institutions (Capital stock)	-	-	-
R.e.2 Hospitals (Capital stock)	-	-	-
R.e.3 Three-star or higher category classified hotels located outside cities with population of more than 1 million	-	-	-
R.e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets	-	-	-
R.e.5 Fertilizer (Capital investment)	-	-	-
R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	-	-	-
R.e.7 Terminal markets	-	-	-
R.e.8 Soil-testing laboratories	-	-	-
R.e.9 Cold Chain	-	-	-
R.f. Others, if any, please specify	3,742.85	600.16	3,142.69
Social Infrastructure	3,742.85	600.16	3,142.69
S. Other Industries	**7,460.24**	**96.90**	**7,363.34**
All Industries (A to S)	**1,57,502.83**	**12,713.85**	**1,44,788.98**

d) Residual Contractual Maturity breakdown of Assets as on 31st March, 2018 (₹ in Million)

Time band	Cash and Balance with RBI	Balance with Banks	Investments	Loans & Advances	Fixed Asset	Other Assets
Next Day	3,279.13	452.57	11,003.12	11,348.43	-	112.03
2 - 7 Day	-	8,642.30	14,853.40	10,556.68	-	443.14
8 - 14 Day	-	46.87	1,463.10	6,586.31	-	555.17
15 - 30 Day	770.97	394.82	3,775.63	17,617.50	-	912.66
31 - 2 Months	1,720.17	89.06	7,612.17	36,425.68	-	1,780.94
29 - 3 Months	1,777.61	2.50	9,654.00	27,561.70	-	1,784.20
3 - 6 Months	2,043.33	-	6,112.30	51,763.54	-	4,492.78
6 - 12 Months	2,108.90	-	10,546.17	82,356.91	-	8,593.36
1 - 3 years	2,740.26	-	16,046.63	70,552.22	-	18,476.61
3 - 5 years	1,850.41	-	12,798.25	32,303.75	-	699.58
Over 5 Years	16,291.60	-	89,766.01	1,98,556.15	6,807.81	10,730.32
Total	**32,582.38**	**9,628.12**	**1,83,630.78**	**5,45,628.87**	**6,807.81**	**48,580.79**

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e) The composition of Gross NPAs and NPIs, Net NPAs, NPA ratios and provision for GNPAs and GNPIs as on 31st March, 2018 and movement of gross NPAs and provisions during the year ended 31st March, 2018 are given in following table:

(₹ in Million)

1.	Amount of Gross NPAs	19,803.00
	• Substandard	12,354.70
	• Doubtful-1	2,614.20
	• Doubtful-2	4,354.70
	• Doubtful-3	164.90
	• Loss	314.50
2.	Net NPA	14,158.00
3.	NPA Ratios	
	• Gross NPA to Gross Advance (%)	3.59%
	• Net NPA to Net Advance (%)	2.60%
4.	Movement of NPA (Gross)	
	• Opening Gross NPA (balance as on 01.04.2017)	11,490.10
	• Additions to Gross NPA	18,103.40
	• Reductions to Gross NPA	
	• Up gradations	2,496.60
	• Recoveries (excluding recoveries made from upgraded accounts)	1,004.40
	• Technical/prudential write offs	3,068.50
	• Reduction by sale of assets to ARCs	3,221.00
	• Closing Balance of Gross NPA	19,803.00

Movement of Specific & General Provision – Position as on 31st March, 2018

(₹ in million)

Movement of Provision	Specific Provision	General Provision
• Opening Balance as on 01.04.2017	4,510.00	0.00
• Provision made in 2017-18	6,425.50	0.00
• Write off/Write back of excess provision	5,524.90	0.00
• Closing Balance as on 31.03.2018	5,410.60	0.00

NPIs and Movement of Provision for Depreciation on Investments – Position as on 31st March, 2018

(₹ in million)

1	Amount of Non-Performing Investments (Gross)	454.14
2	Amount of Provisions held Non-performing Investments	448.70
3	Movement of Provisions for Depreciation on Investments	
	• Opening Balance (as on 01.04.2017)	566.40
	• Provision made in 2017-18	3,564.60
	• Write-offs/Write-back of excess provisions during the period	704.80
	• Closing Balance (as on 31.03.2018)	3,426.20

Geographical Distribution of NPA and Provision

Geography	Gross NPA	Specific Provision	General Provision
Domestic	19,803.00	5,410.60	0.00
Overseas	0.00	0.00	0.00
Total	19,803.00	5,410.60	0.00

4. Credit Risk: Disclosure for Portfolios under Standardized Approach

I. Qualitative Disclosure

a. Names of credit rating agencies used

Bank has approved all the seven 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. Credit Rating Information Services of India Limited (CRISIL)
2. Credit Analysis and Research Limited (CARE)
3. India Ratings and Research Private Limited (Formerly FITCH INDIA)
4. ICRA Limited (ICRA)
5. Brickwork Ratings India Pvt. Ltd.
6. SMERA Ratings Ltd.
7. Infomerics Valuation and Rating Pvt. Limited

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 III 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 counter-party, 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 counter-party, whether long-term or short-term, should also receive a 150 percent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims.
- The unrated short-term claim of counter-party 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 counter-party attracts a 20 per cent or a 50 per cent risk weight, unrated short-term claims to the same counter-party cannot attract a risk weight lower than 30 per cent or 100 percent respectively.

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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 un-assessed 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 counter-party, 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.

II. Quantitative Disclosures

Amount of exposure (after risk mitigation) outstanding as on 31st March, 2018 under major three risk buckets

Description of risk bucket	₹ in Million
Below 100% Risk Weight	5,05,592.66
Risk Weight at 100%	1,88,422.08
More than 100% Risk Weight	53,341.97
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 counter-party 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 counter-party. 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 decision on the type and quantum of collateral for each transaction is taken by the credit approving committees 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 counter-party;
  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

a. **Details of exposure covered by eligible financial collateral and information about (credit or market) concentration within the mitigation taken as on 31st March, 2018 is given in table below**

[₹ in Million]

Sr. No.	Nature of Exposure	Exposure	Amount of Risk Mitigants	Risk Weighted Assets
1	Exposure covered by Gold	47,656.38	70,532.93	2.56
2	Exposure covered by deposits	16,779.03	18,643.36	0.00
3	Loan against KVP/IVP/NSC/LIC	79.95	112.15	0.00

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.
- 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 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 III.
- 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

Sr. No.	Particulars	Capital Requirement
1	Interest Rate Risk	2,970.16
2	Foreign Exchange Risk	48.94
3	Equity Position Risk	739.70

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, 2018
Change in NII	
Probable impact on Net Interest income for 100 Bps downward movement in interest rate	332.23
Change in MVE	
Probable impact on Market Value of equity (MVE) for a 200 Bps movement in interest rates.	4,551.29

10. General Disclosure for Exposures Related to Counter-party Credit Risk

I. Qualitative disclosures

Bank has put in place Counter-party Credit Risk limits for banks as counter-party, based on internal rating considering a number of financial parameters like net worth, capital adequacy ratio, rating etc. of the counter-party bank and with the approval of the Board. Counter-party exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counter-party 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, 2018 is as follows:

Particulars	₹ in Million
Forward Contracts valued based on CEM	1,960.67
Total	**1,960.67**

Table DF 11. Composition of capital as on 31st March, 2018

₹ in Million

Basel III common disclosure template			Ref. No.
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	17,342.76	
2	Retained earnings	15,713.22	
3	Accumulated other comprehensive income (and other reserves)	2,500.54	
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)*	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**51,090.45**	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	343.77	
8	Goodwill (net of related tax liability)	0.00	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	458.93	
10	Deferred tax assets	0.00	
11	Cash-flow hedge reserve	0.00	
12	Shortfall of provisions to expected losses	0.00	
13	Securitization gain on sale	0.00	

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₹ in Million

14	Gains and losses due to changes in own credit risk on fair valued liabilities	0.00	
15	Defined-benefit pension fund net assets	0.00	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0.00	
17	Reciprocal cross-holdings in common equity	27.68	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0.00	
20	Mortgage servicing rights (amount above 10% threshold)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00	
22	Amount exceeding the 15% threshold	0.00	
23	*of which: significant investments in the common stock of financial entities*	0.00	
24	*of which: mortgage servicing rights*	0.00	
25	*of which: deferred tax assets arising from temporary differences*	0.00	
26	National specific regulatory adjustments (26a+26b+26c+26d)	204.50	
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	0.00	
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	0.00	
26c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00	
26d	*of which:* Unamortized pension funds expenditures	*204.50*	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00	
28	**Total regulatory adjustments to Common equity Tier 1**	**1,034.90**	
29	**Common Equity Tier 1 capital (CET1)**	**50,055.55**	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	0.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	0.00	
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	0.00	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0.00	
35	*of which: instruments issued by subsidiaries subject to phase out*	0.00	
36	**Additional Tier 1 capital before regulatory adjustments**	**0.00**	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.00	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0.00	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
41	National specific regulatory adjustments (41a+41b)	0.00	

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₹ in Million

41a	*of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries*	0.00	
41b	*of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank*	0.00	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.00	
43	**Total regulatory adjustments to Additional Tier 1 capital**	0.00	
44	**Additional Tier 1 capital (AT 1)**	0.00	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	**50,055.55**	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	8,700.00	
47	Directly issued capital instruments subject to phase out from Tier 2	0.00	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0.00	
49	*of which: instruments issued by subsidiaries subject to phase out*	0.00	
50	Provisions	2,312.62	
51	**Tier 2 capital before regulatory adjustments**	**11,012.62**	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments	27.75	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0.00	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
56	National specific regulatory adjustments (56a+56b)	0.00	
56a	*of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries	0.00	
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
57	**Total regulatory adjustments to Tier 2 capital**	**27.75**	
58	Tier 2 capital (T2)	**10,984.87**	
59	**Total capital (TC = T1 + T2) (45 + 58)**	**61,040.42**	
60	**Total risk weighted assets (60a + 60b + 60c)**	**4,80,815.32**	
60a	*of which: total credit risk weighted assets*	**4,07,795.44**	
60b	*of which: total market risk weighted assets*	**34,563.62**	
60c	*of which: total operational risk weighted assets*	**38,456.26**	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	**10.41%**	
62	Tier 1 (as a percentage of risk weighted assets)	**10.41%**	
63	Total capital (as a percentage of risk weighted assets)	**12.70%**	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirement plus G-SIB buffer requirement , expressed as a percentage of risk weighted assets)	**0.00**	
65	*of which: capital conservation buffer requirement*	**1.875%**	
66	*of which: bank specific countercyclical buffer requirement*	**0.00**	
67	*of which: G-SIB buffer requirement*	**0.00**	

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₹ in Million

68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	3.04%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	0.00	
73	Significant investments in the common stock of financial entities	0.00	
74	Mortgage servicing rights (net of related tax liability)	0.00	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0.00	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	2,312.62	
77	Cap on inclusion of provisions in Tier 2 under standardized approach	5,097.44	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0.00	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0.00	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	*Current cap on CET1 instruments subject to phase out arrangements*	0.00	
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	0.00	
82	*Current cap on AT1 instruments subject to phase out arrangements*	0.00	
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	0.00	
84	*Current cap on T2 instruments subject to phase out arrangements*	0.00	
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	0.00	

Notes to the Template

Row No of the Template	Particular	(₹ in Million)
10	Deferred tax assets associated with accumulated losses	0.00
	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	0.00
	of which: Increase in Common Equity Tier 1 capital	0.00
	of which: Increase in Additional Tier 1 capital	0.00
	of which: Increase in Tier 2 capital	0.00
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0.00
	(i) Increase in Common Equity Tier 1 capital	0.00
	(ii) Increase in risk weighted assets	0.00
50	Eligible Provisions included in Tier 2 capital	2,312.62
	Eligible Revaluation Reserves included in Tier 2 capital	0.00
	Total of row 50	

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Table DF 12 : Composition of Capital-Reconciliation Requirements

Step I

As on the reporting date there is consolidation and hence the bank is not required to disclose the reported balance sheet under the regulatory scope of consolidation.

Step II

₹ in Million

		Balance Sheet as in financial statements	Balance Sheet under regulatory scope of consolidation	Ref. No.
		As on reporting date	As on reporting date	
A	Capital & Liabilities			
i.	Paid-up Capital	1,808.83		(a)
	of which : Amount eligible for CET1	1,808.83		(a)(i)
	of which : Amount eligible for AT1	0.00		
	Reserves & Surplus	50,603.38		(b)
	of which : Amount eligible for CET1	49,281.62		
	Statutory Reserve	10,532.74		(b)(i)
	Share Premium	15,533.93		(b)(ii)
	General Reserve	14,419.89		(b)(iii)
	Capital Reserve	1,419.09		(b)(iv)
	Special reserve under Section 36(i) (viii) of Income Tax Act	2,254.20		(b)(v)
	Balance in P/L a/c. at the end of the previous financial year	2,692.99		(b)(vi)
	Current Financial Year carry forward Profit	1,347.32		(b)(vii)
	Investment Reserve Account (part of Tier 2 Capital)	0.00		(b)(viii)
	Revaluation Reserve (part of Tier 2/Tier I Capital, at a discount of 55 per cent)	1,081.44		(b)(ix)
	Minority Interest	0.00		
	Total Capital	52,412.21		(a)+(b)
ii	Deposits	7,20,295.94		(c)
	of which: Deposits from banks	16,005.12		(c)(i)
	of which: Customer deposits	6,34,581.07		(c)(ii)
	of which: Other deposits (pl. specify)	69,709.75		
iii	Borrowings	40,433.8		(d)
	of which: From RBI	3,920.00		(d)(i)
	of which: From banks	1,550.00		(d)(ii)
	of which: From other institutions & agencies	20,240.19		(d)(iii)
	of which: Others (pl. specify) Borrowings from outside India	4,823.61		(d)(iv)
	of which: Capital instruments	9,900.00		(d)(v)
iv.	*Other liabilities & provisions & ESOP*	13,716.80		(e)
	of which: Standard Asset provision included under Tier 2 Capital	2,193.02		(e)(i)

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₹ in Million

	of which : DTLs related to goodwill	0.00		(e)(ii)
	of which : Details related to intangible assets	0.00		
	Total	**8,26,858.75**		(a)+(b)+(c)+(d)+(e)
B	*Assets*			
i	*Cash and balances with Reserve Bank of India*	32,582.38		(f)
	Balance with banks and money at call and short notice	9,628.12		(g)
ii	*Investments:*	1,83,630.78		(h)
	of which: Government securities	1,61,193.49		(h)(i)
	of which: Other approved securities	0.00		(h)(ii)
	of which: Shares	2,569.99		(h)(iii)
	of which: Debentures & Bonds	8,705.99		(h)(iv)
	of which: Subsidiaries/Joint Ventures/Associates	0.00		
	of which: Others (Commercial Papers, Mutual Funds etc.)	11,165.306		(h)(v)
iii	*Loans and advances*	5,45,628.87		(i)
	of which: Loans and advances to banks	0.00		
	of which: Loans and advances to customers	5,45,628.87		(i)(i)
iv	*Fixed assets*	6,807.81		(j)
v	*Other assets*	485,80.79		(k)
	of which: Goodwill and intangible assets	458.94		
	Out of which :			
	Goodwill	0.00		(k)(i)
	Other Intangibles (excluding MS₹)	458.94		(k)(ii)
	Deferred tax assets	711.13		(k)(iii)
vi	*Goodwill on consolidation*	0.00		(l)
vii	*Debit balance in Profit & Loss account*	0.00		(m)
	Total Assets	**8,26,858.75**		(f)+(g)+(h)+(i)+(j)+(k)+(l)+(m)

Table DF 13: Main Features of Regulatory Capital Instruments

Series 1

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	Sub-ordinated 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)	₹800 Million
9	Par value of instrument	₹1 Million
10	Accounting classification	Liability

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11	Original date of issuance	20-08-2009
12	Perpetual or dated	Dated
13	Original maturity date	20-08-2019
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	Noncumulative 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

Series II

1	Issuer	The South Indian Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE683A08028
3	Governing law(s) of the instrument	Indian Law
	Regulatory treatment	
4	Transitional Basel III rules	Sub-ordinated 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)	₹ 3000 Million
9	Par value of instrument	₹ 10,00,000
10	Accounting classification	Liability
11	Original date of issuance	30-09-2015
12	Perpetual or dated	Dated
13	Original maturity date	31-10-2025
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA

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16	Subsequent call dates, if applicable	NA
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	10.25%
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative 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	Yes
31	If write-down, write-down trigger(s)	PONV
32	If write-down, full or partial	Full
33	If write-down, permanent or temporary	Permanent
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

Series III

1	Issuer	The South Indian Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE683A08036
3	Governing law(s) of the instrument	Indian Law
	Regulatory treatment	
4	Transitional Basel III rules	Sub-ordinated Tier 2 Bonds
5	Post-transitional Basel III rules	Eligible
6	Eligible at solo/group/group & solo	Solo
7	Instrument type	Non-convertible, Redeemable, Fully Paid-Up, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures for augmenting Tier 2 capital of the Issuer with face value of ₹1,00,000 each .
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹4,900 Million
9	Par value of instrument	₹1,00,000
10	Accounting classification	Liability
11	Original date of issuance	28-11-2018
12	Perpetual or dated	Dated
13	Original maturity date	28-05-2028
14	Issuer call subject to prior supervisory approval	YES
15	Optional call date, contingent call dates and redemption amount	On the fifth anniversary from the Date of Allotment i.e. November 28, 2022

16	Subsequent call dates, if applicable	On every anniversary of Coupon Payment Date after First Call Option Due Date
	Coupons/dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9.50 % p.a.
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
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	Yes
31	If write-down, write-down trigger(s)	PONV
32	If write-down, full or partial	Full
33	If write-down, permanent or temporary	Permanent
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

Table DF-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

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Series II

Nature of Instrument	10.25% Unsecured Redeemable Non Convertible Basel III Compliant Tier 2 Bonds in the nature of Debentures
Amount Subscribed	₹3,000 Million
Face Value	₹10,00,000/-
Date of Allotment	30-09-2015
Date of Redemption	31-10-2025
Coupon Rate	10.25% p.a.
Put and call option	Nil
Issuance, Trading & Listing	Listed in BSE

Series III

Nature of Instrument	Non-convertible, Redeemable, Fully Paid-Up, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures for augmenting Tier 2 capital of the Issuer with face value of ₹1,00,000 each.
Amount Subscribed	₹4900 Million
Face Value	₹1,00,000/-
Date of Allotment	28-11-2017
Date of Redemption	28-05-2028
Coupon Rate	9.50% p.a.
Put and call option	Put option: NA Call option: Applicable
Issuance, Trading & Listing	Listed in BSE

Table DF 15: Disclosures on Remuneration

a) Information relating to the composition and mandate of the Nomination & Remuneration Committee.

➢ Composition

The Nomination & 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 Nomination & Remuneration Committee inter-alia include the following:

i. 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, 2011on Fit & Proper Criteria of the Banks.

ii. To devise a Succession Planning Policy for the Board and Senior Management.

iii. To formulate a Nomination policy of the Board to guide the Board in relation to appointment/re-appointment/ removal of Directors.

iv. 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.

v. To formulate the criteria for evaluation of Independent Directors and the Board/Committees.

vi. To devise a policy on Board diversity.

vii. 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.

viii. To perform such other functions as may be necessary or appropriate for the performance of its duties.

ix. 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.

x. 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.

xi. 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.

xii. The Committee shall also function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 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.

xiii. 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.

xiv. 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.

xv. 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;

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

xvii. To conduct the annual review of the Compensation Policy.

xviii. 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 NRC 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

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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:

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.

V. Quantitative Disclosures

Number of meetings held by the Remuneration Committee during the year ended 31-03-2018 (from 01-04-17 – 31-03-18)	6
Remuneration paid to its members (from 01-04-17 – 31-03-18)	₹5,75,000.00
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 31-03-2018 (from 01-04-17 – 31-03-18)	
- Fixed	9.50 Million
- Variable	1.98 Million

Summary comparison of accounting assets vs. leverage ratio exposure measure

Leverage Ratio:

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage.

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I Capital)}}{\text{Exposure Measure}}$$

Summary comparison of accounting assets vs. leverage ratio exposure measure		
	Item	(₹ in Million)
1	Total consolidated assets as per published financial statements	8,26,858.75
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0.00
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(1,034.90)

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4	Adjustments for derivative financial instruments	1,960.67
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	261.51
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	37,864.85
7	Other adjustments	0.00
8	**Leverage ratio exposure**	**8,65,910.88**

Leverage ratio common disclosure template		
	Item	Leverage ratio framework (₹ in million)
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	8,19,358.75
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(1,034.90)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**8,18,323.85**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	577.80
5	Add-on amounts for PFE associated with all derivatives transactions	1,382.87
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00
9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	**Total derivative exposures (sum of lines 4 to 10)**	**1,960.67**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	7,500
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
14	CCR exposure for SFT assets	261.51
15	Agent transaction exposures	0.00
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**7,761.51**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	1,87,455.82
18	(Adjustments for conversion to credit equivalent amounts)	(1,49,590.97)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**37,864.85**
	Capital and total exposures	
20	**Tier 1 capital**	**50,055.55**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**8,65,910.88**
	Leverage ratio	
22	**Basel III leverage ratio**	**5.78 %**

SOUTH INDIAN Bank
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Form No. SH-13

Nomination Form

[Pursuant to Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

(To be filed in duplicate)

To,
The South Indian Bank Limited
Regd. Office, SIB House
PB No. 28, T. B. Road, Thrissur, Kerala – 680 001.

I/We ..... the holder(s) of the securities of **The South Indian Bank Ltd. Thrissur – 680 001 Kerala**, particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made):

Nature of Securities	Folio No.	No. of Securities	Certificate No.	Distinctive Nos.

(2) PARTICULARS OF NOMINEE:

Name:	
Date of Birth:	
Father's/Mother's/Spouse's name:	
Occupation:	
Nationality:	
Address:	
E-mail id:	
Relationship with the Security Holder:	

(3) IN CASE NOMINEE IS A MINOR:

Date of Birth:	
Date of Attaining Majority:	
Name of Guardian:	
Address of Guardian:	

(4) SHAREHOLDERS INFORMATION

HOLDER 1	Signature	
	Name	
	Address	
	Date	
HOLDER 2	Signature	
	Name	
	Address	
	Date	

(5) NAME, ADDRESS AND SIGNATURE OF TWO WITNESSES

Name and Address	Signature with Date
1.	
2.	

Encl.: Photo ID Proofs of shareholder(s) : Please mark [√] and write ID Registration No.(s)

Driving Licence	Electoral Voter ID	PAN Card	Passport	Bank Pass book (With photo)	Bank/Govt. employee ID card	Others (specify)

(For instructions, please see overleaf)

INSTRUCTIONS:

1. Please read the instructions given below very carefully and follow the same. If the form is not filed as per instructions, the same will be rejected.
2. The Nomination can be made by Individuals holding shares on their own behalf singly or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta or Hindu Undivided Family, Holders of Power of Attorney cannot nominate. If the shares are held jointly, all joint holders shall sign (as per the specimen registered with the Company) the nomination form.
3. A Minor can be nominated by a holder of shares and in that event, the name and address of the Guardian should be provided.
4. The Nominee shall not be a Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family or a Power of Attorney Holder; A Non-Resident Indian can be a nominee on re-patriable basis.
5. Nomination stands rescinded upon transfer of shares.
6. Transfer of shares in favour of Nominee shall be valid discharge by the Company against the Legal heir.
7. Only one person can be nominated to a given folio.
8. Details of all holders in a folio need to be filled. Else the request will be rejected.
9. The nomination will be registered only when it is complete in all respects including the signature of all registered holders (as per the specimen lodged with the company).
10. Whenever the shares in the given folio are entirely transferred, transpositioned or dematerialized with some other folio, then this nomination shall stand rescinded.
11. The Nomination form shall be **filed in duplicate** with the Share Transfer Agents **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, Tamilnadu,** who will return one copy thereof to the Shareholders.
12. Upon receipt of a duly executed nomination form, the Company/Share Transfer Agent of the Company will register the form and allot a registration number. The registration number and Folio No. should be quoted by the nominee in all future correspondence.
13. The nomination can be varied or cancelled by giving a notice to the Company in Form No. SH-14. The cancellation/variation shall take effect from the date on which the notice of such variation or cancellation is received by the company.
14. This form is meant for shareholders holding shares in physical mode.
15. Shareholders holding shares in dematerialized mode, nomination is required to be filled with the Depository Participants (DPs) in their prescribed form.

FOR OFFICE USE ONLY

Nomination Registration Number and Date   Share Registrar/Company Seal

SOUTH INDIAN Bank
Experience Next Generation Banking

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:__/___/ 2018

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 11, 2018 for receipt of dividend declared, if any, for the financial year 2017-18.
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).

SIB Mahila Achievers Day

South Indian Bank honoured three women achievers at the SIB Mahila Achievers Day, held as part of the Bank's 89th anniversary celebrations. (From left to right) Padmashree Bharat Mammootty, Kalaripayattu veteran Padmashree Meenakshi Gurukkal, Ace athlete Padmashree Anju Bobby George, Playback singer Smt. Sujatha Mohan and Mr. V.G. Mathew, Managing Director & CEO.

SIB Scholar 2nd Edition- Bank's Scholarship Scheme

Mr. V. G. Mathew, MD & CEO and Mr. Raphael T. J., Senior General Manager with students who won the second edition of the merit scholarship scheme- "SIB Scholar"- a CSR initiative to promote the deserving and meritorious students of Kerala.

Social Banking Excellence Award - 2017 (Priority Sector Lending)

Mr. G. Sivakumar, Executive Vice President (Credit) receiving the Social Banking Excellence Award - 2017 in Priority Sector Lending instituted by ASSOCHAM from Mr. Shiv Pratap Shukla, Hon'ble Minister of State for Finance.

Digital India Excellence Award 2017

Mr. Thomas Joseph K., EVP (Operations), receiving Digital India Excellence Award 2017 from Mr. K. K. Sharma, Secretary (MHRD) & Justice Rajesh Tandon, Former Judge, Uttarakhand High Court in the presence of Prof. Dinesh Sharma, Hon. Deputy Chief Minister, Uttar Pradesh

FIEO Regional Export Award

South Indian Bank's EVP (Treasury) Mr. Reghunathan K.N, receiving the FIEO Export Excellence Award 2015-16 in the Best Financial Services & Foreign Exchange Earner in Southern Region (Gold) category, from Mr. M. Venkaiah Naidu, Hon'ble Vice President of India.

IDRBT Best Bank Awards

Mr. V.G. Mathew, Managing Director & CEO of South Indian Bank along with Mr. Raphael T.J, Senior General Manager receiving the IDRBT Best Bank Award from Mr. Sudarshan Sen and Mr. S Ganesh Kumar, Executive Directors, RBI.

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 treating customers in a fair, transparent and non-discriminatory manner.