



98th

ANNUAL REPORT

2019-2020



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BOARD OF DIRECTORS



S. Annamalai



K.V. Rama Moorthy



P.C.G. Asok Kumar



S.R. Ashok



S. Ezhil Jothi



N. Gopal



B.S. Keshava Murthy



K. Nagarajan



D.N. Nirranjan Kani



A. Sivagami



B. Vijayadurai



A. Shidambaranathan
Vice President



D. Inbamani
General Manager



P. Suriaraj
General Manager



R. Arumugapandi
General Manager



C. Sukumaran
Chief Financial Officer



P.C. Panda
Company Secretary

Board of Directors (As on 24.06.2020)
இயக்குநர்கள் குழு

Thiru K.V Rama Moorthy

திரு. K.V ராமமூர்த்தி

Thiru S.Annamalai

திரு. S. அண்ணாமலை

Thiru P.C.G. Asok Kumar

திரு. P.C.G. அசோக் குமார்

Thiru S.R Ashok

திரு. S.R. அசோக்

Tmt S.Ezhil Jothi

திருமதி. S. எழில் ஜோதி

Thiru N.Gopal

திரு. N. கோபால்

Thiru B.S. Keshava Murthy

திரு. B.S. கேசவமூர்த்தி

Thiru K. Nagarajan

திரு. K. நாகராஜன்

Thiru D.N.Nirranjan Kani

திரு. D.N. நிரஞ்சன் கனி

Tmt A.Sivagami

திருமதி. A. சிவகாமி

Thiru B.Vijayadurai

திரு. B. விஜயதுரை

Managing Director & CEO

நிர்வாக இயக்குநர் மற்றும் தலைமை நிர்வாக அதிகாரி

RBI Nominee

ரிசர்வ் வங்கி நியமனதாரர்

RBI Nominee

ரிசர்வ் வங்கி நியமனதாரர்

Auditors

M/s.G Balu Associates LLP, Chennai

திருவாளர்கள். G பாலு அசோஸியேட்ஸ் எல்எல்பி, சென்னை.

Registered Office : 57, V.E. ROAD, THOOTHUKUDI - 628 002

பதிவு அலுவலகம் : 57 வி.இ. ரோடு, தூத்துக்குடி - 628 002.

Board's Report for the year 2019-20

Your Board of Directors has great pleasure in presenting the Ninety Eighth Annual Report along with the Audited Balance Sheet as on March 31, 2020, the Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2020.

1. Business Performance

The Bank has had a successful year in its 98th year of operations and recorded satisfactory performance. During the year under review, the total business increased from ₹61,624.19 crores to ₹64,540.79 crores registering a growth of 4.73%. The gross NPAs and net NPAs both in absolute terms and as a percentage of total advances decreased over the previous year.

Performance Highlights:

- ⇒ Operating profit increased from ₹884.24 crores to ₹995.05 crores.
- ⇒ Net profit Increased from ₹258.58 crores to ₹407.69 crores (+57.66%).
- ⇒ Deposits of the Bank increased from ₹35,136.25 crores to ₹36,825.03 crores (+4.81%) during the year.
- ⇒ Gross Advances increased from ₹27,018.66 crores to ₹28,236.18 crores (+4.51%) during the year.
- ⇒ Net Advances increased from ₹26,487.94 crores to ₹27,715.76 crores (+4.64%) during the year.
- ⇒ Gross NPAs decreased from 4.32% to 3.62%.
- ⇒ Net NPAs decreased from 2.40% to 1.80%.
- ⇒ Provision Coverage Ratio (PCR) improved from 73.61% to 80.75%

The total income increased by ₹353.83 crores during the year from ₹3,638.73 crores in the previous year to ₹3,992.56 crores during the year under review (+9.72%).

Interest income increased from ₹3,224.46 crores to ₹3,466.11 crores. Other income increased from ₹414.31 crores to ₹526.45 crores during the

இயக்குநர்கள் குழுவின் அறிக்கை 2019-20 :

உங்கள் வங்கியின் இயக்குநர் குழு, தொண்ணூற்றி எட்டாவது வருடாந்திர அறிக்கையுடன், தணிக்கை செய்யப்பட்ட 31.03.2020 அன்று முடிவடைந்த வருடத்திற்கான இருப்பு நிலை கணக்கு இலாப நஷ்ட கணக்கு மற்றும் பணப்புழக்க அறிக்கை ஆகியவற்றை உங்கள் முன் சமர்ப்பிப்பதில் பெருமகிழ்ச்சி அடைகிறது.

1. வங்கியின் வணிக செயல்திறன் :

நமது வங்கியின் 98வது வருடமான இவ்வாண்டு அனைத்து துறைகளிலும் சீரிய செயல்திறனுடன் செயல்பட்டதால் நமது வங்கிக்கு ஒரு வெற்றிகரமான ஆண்டாக அமைந்துள்ளது இவ்வாண்டு வங்கியின் மொத்த வணிகம் 61,624.19 கோடியிலிருந்து 64,540.79 கோடியாக உயர்ந்து 4.73% சதவிகிதம் வளர்ச்சி கண்டுள்ளது. வங்கியின் மொத்த கடனில் மொத்த மற்றும் நிகர வராக்கடன்கள் மற்றும் அதன் சதவிகிதம் கடந்த வருடத்தைவிட சற்றே குறைந்துள்ளது.

செயல்பாட்டின் சிறப்பு அம்சங்கள் :

- செயல்பாட்டு இலாபம் ₹884.24 கோடியிலிருந்து ₹995.05 கோடியாக உயர்ந்துள்ளது
- நிகர இலாபம் ₹258.58 கோடியிலிருந்து ₹407.69 கோடியாக உயர்ந்துள்ளது (+57.66%)
- வங்கியின் வைப்பு நிதி ₹35,136.25 கோடியிலிருந்து ₹36,825.03 கோடியாக உயர்ந்துள்ளது (+4.81%)
- வங்கி வழங்கிய மொத்த கடன்கள் ₹27,018.66 கோடியிலிருந்து ₹28,236.18 கோடியாக உயர்ந்துள்ளது (+4.51%)
- வங்கி வழங்கிய நிகர கடன்கள் ₹26,487.94 கோடியிலிருந்து ₹27,715.76 கோடியாக உயர்ந்துள்ளது (+4.64%)
- மொத்த வராக்கடன் 4.32% சதவீதத்திலிருந்து 3.62% சதவீதமாக குறைந்துள்ளது
- நிகர வராக்கடன் 2.40% சதவீதத்திலிருந்து 1.80% சதவீதமாக குறைந்துள்ளது
- பாதுகாப்பு ஒதுக்கீடு விகிதம் 73.61% சதவீதத்திலிருந்து 80.75% சதவீதமாக உயர்ந்துள்ளது.

வங்கியின் மொத்த வருமானம் 353.83 கோடி உயர்ந்து கடந்த வருட வருமானமான ₹3,638.77 கோடியிலிருந்து ₹3,992.56 கோடியாக உயர்ந்துள்ளது. (+9.72%)

வட்டி வருவாய் ₹3,224.46 கோடியிலிருந்து ₹3,466.11 கோடியாக உயர்ந்துள்ளது. இதர வருமானம்

current year. Increase in total expenditure was at ₹242.98 crores. The total expenditure increased from ₹2,754.53 crores during the previous year to ₹2997.51 crores during the current year. Earnings per share increased from ₹18.14 to ₹28.61, the book value of the share increased from ₹253.89 to ₹279.25.

2. Profit and appropriation

The net profit stood at ₹407.69 crores for the financial year ended 31.03.2020 after making all necessary provisions under various categories as per the prudential norms prescribed by Reserve Bank of India. The appropriation out of the profit earned for the financial year 2019-20 are as under:

| Transferred to: | ₹ in crore |
|---|---------------|
| Profit and Loss account opening balance | 57.20 |
| Less: Interim Dividend for 2018-19 (₹3.20 per share) | 45.60 |
| Less: Tax on Interim Dividend @ 20.56% | 9.38 |
| Available balance in Profit and Loss account | 2.22 |
| Net profit | 407.69 |
| Available for appropriation | 409.91 |
| Statutory Reserve | 123.00 |
| Special Reserve u/s 36(1)(viii) of IT Act, 1961 | 24.00 |
| Investment Fluctuation Reserve | 29.49 |
| Capital Reserve | 20.71 |
| Transfer to General Reserve | 162.00 |
| Balance carried over to next year | 50.71 |
| Total | 409.91 |

3. Dividend

The Reserve Bank of India vide its letter dated 11.06.2019 has restricted your Bank from declaring or distributing any interim or final dividend till further order due to noncompliance of Section 12(1)(i) of Banking Regulation Act, 1949. Further, RBI vide its circular Ref. DOR.BP.BC.No.64/21.02.067/2019-20 dated 17.04.2020 directed that all the banks shall not make any further dividend pay outs from the profits pertaining to the financial year ended March 31, 2020 until further instructions. Hence your Board of

நடப்பு ஆண்டில் ₹414.31 கோடியிலிருந்து ₹526.45 கோடியாக உயர்ந்துள்ளது. மொத்த செலவுகள் ₹242.98 கோடி உயர்ந்துள்ளது. வங்கியின் மொத்த செலவுகள் நடப்பாண்டில் ₹2,754.53 கோடியிலிருந்து ₹2,997.51 கோடியாக உயர்ந்துள்ளது. ஒவ்வொரு பங்கிற்கும் ஈட்டிய இலாபம் ₹18.14 ரூந்து ₹28.61 ஆக உயர்ந்துள்ளது. பங்குகளின் புத்தக மதிப்பு ₹253.89 இலிருந்து ₹279.25 ஆக உயர்ந்துள்ளது.

2. இலாபமும் ஒதுக்கீடுகளும் :

31.03.2020 அன்று முடிவடைந்த நிதியாண்டில் பாரத ரிசர்வ் வங்கியின் வரையறைக்கு இணங்க தேவையான ஒதுக்கீடுகளை பல்வேறு பிரிவுகளின் கீழ் செய்த பின்பு வங்கி ₹407.69 கோடி நிகர லாபம் ஈட்டியுள்ளது. இலாபம் கீழே கொடுக்கப்பட்டுள்ளபடி பகிரப்பட்டுள்ளது

| ஒதுக்கீடுகள் | ₹ கோடியில் |
|---|---------------|
| இலாப மற்றும் நடடக் கணக்கு தொடக்க இருப்பு | 57.20 |
| (-) இடைக்கால ஈவுத்தொகை 2018-19 (ஒரு பங்கிற்கு 3.20) | 45.60 |
| (-) இடைக்கால ஈவுத்தொகை மீதான வரி @20.56% | 9.38 |
| இலாப மற்றும் நடடக் கணக்கில் இருக்கக்கூடிய இருப்பு | 2.22 |
| நிகர லாபம் | 407.69 |
| ஒதுக்கீடுகளுக்கான இருப்பு | 409.91 |
| சட்டப்பூர்வ ஒதுக்கீடு | 123.00 |
| சிறப்பு ஒதுக்கீடு வருமான வரிச்சட்டம் 1961 பிரிவு 36 (I) (VIII) ன் கீழ் | 24.00 |
| முதலீடு ஏற்ற இறக்க ஒதுக்கீடு | 29.49 |
| மூலதன ஒதுக்கீடு | 20.71 |
| பொது ஒதுக்கீட்டிற்கு மாற்றப்பட்டது | 162.00 |
| அடுத்த ஆண்டிற்கு கொண்டு செல்லப்படும் மீதிக் தொகை | 50.71 |
| மொத்தம் | 409.91 |

3. இலாபப் பங்கீடு :

பாரத ரிசர்வ் வங்கி தனது 11.06.2019 தேதி கடிதத்தின்படி நமது வங்கி இடைக்கால / இறுதி இலாப பங்கீடை பகிர்ந்து கொள்ள தடை விதித்துள்ளது. மேலும் பிரிவு 12(1)(i) வங்கி வரையறுக்கப்பட்ட சட்டம் 1949ன்படி தடை விதித்துள்ளது. மேலும் பாரத ரிசர்வ் வங்கி சுற்றறிக்கை DOR.BP.BC. No. 64/21.02.067/2019-20 தேதி 17.04.2020ன் படி அனைத்து இந்திய வங்கிகளும் அவர்களுடைய நிதியாண்டு 2019-20 இலாப பங்கீட்டை பகிர்ந்து கொள்ள தடை விதித்துள்ளது. அதனால் நமது வங்கியின் இயக்குநர் குழு இலாபபங்கீட்டை பகிர்ந்து

Directors has not recommended any dividend for the financial year 2019-20 and also decided not to distribute the pending declared dividend for the financial year 2018-19 until the restrictions removed by RBI.

4. Capital and Reserves

The Bank's issued and paid up capital was ₹142.51crores as on March 31, 2020.

During the Financial Year 2019-20, there was no change in the capital structure of the bank. The capital plus reserves of the Bank has moved up from ₹3,618.26 crores to ₹3,979.65 crores on account of balance of profit transferred from Profit and Loss Account during the current financial year.

5. Issue of Equity shares

During the year under review there was no fresh issue of equity shares.

6. Capital adequacy

The accretion to capital funds during the year amounted to ₹361.39 crores which raised the net worth of the Bank to ₹3,979.65 crores. The Capital to Risk Weighted Assets Ratio (CRAR) stood at 16.74% (as per Basel III) as on March 31, 2020, which is more than the minimum required level of 10.875% (including the Capital Conservation Buffer) stipulated by Reserve Bank of India. The CRAR consisted predominantly of Common Equity Tier I (CET 1) which constituted 15.87% of CRAR.

7. Deposits

The aggregate Deposits of the Bank as on 31.03.2020 stands at ₹36,825.03 crores, registering a growth of 4.81% over ₹35,136.25 crores as on 31.03.2019. The interest rates for deposits were kept aligned with the prevailing trends in the Banking Industry.

8. Advances portfolio – management of assets and development of business

The Bank continued its lending activities in conformity with its Board approved policies and guidelines of Reserve Bank of India. The Gross Advances of the Bank increased from ₹27,018.66 crores as on 31.03.2019 to ₹28,236.18 crores as on

கொள்ள பரிந்துரை செய்யவில்லை. மேலும் இயக்குநர் குழுவானது நிலுவையுள்ள நிதியாண்டு 2018-19 இலாப பங்கீட்டை பகிர்ந்து கொள்ள பாரத ரிசர்வ் வங்கி விதித்த தடையை நீக்கும் வரை அறிவிக்கப்பட்ட இலாப பங்கீட்டை வழங்க வேண்டாம் என முடிவு செய்தது

4. மூலதனம் மற்றும் ஒதுக்கீடுகள் :

2020ம் ஆண்டு மார்ச் 31ம் தேதியன்று வங்கியில் வழங்கப்பட்ட மற்றும் செலுத்தப்பட்ட மூலதனம் ₹142.51 கோடி ரூபாயாக இருந்தது.

2019-20ம் ஆண்டில் வங்கியின் மூலதன அமைப்பில் எந்தவொரு மாற்றமும் இல்லை. நடப்பு நிதியாண்டில் இலாப நடடக் கணக்கில் இருந்து இலாபத்தினை மாற்றம் செய்ததில் வங்கியின் மூலதனம் மற்றும் இருப்புகள் ₹3,618.26 கோடியில் இருந்து ₹3,979.65 கோடியாக உயர்ந்துள்ளது.

5. சம பங்கு மூலதனம் வழங்குதல் :

இந்த ஆண்டு முழுவதும் எந்தவொரு பங்குகளும் வெளியிடப்படவில்லை

6. மூலதன கன்னினைவு :

வங்கியின் மூலதன நிதி அளவு ₹ 361.39 கோடி அதிகரித்ததினால் வங்கியின் நிகர மதிப்பு ₹ 3,979.65 கோடியாக உயர்ந்துள்ளது BASEL III-ன் படி மூலதனத்திற்கும் இடர் சார்ந்த சொத்துகளுக்கான விகிதம் 31.03.2020 அன்று 16.74% இது பாரத ரிசர்வ் வங்கியினால் வரையறுக்கப்பட்டுள்ள குறைந்த பட்ச அளவான 10.875% விட அதிகமாகும். (மூலதன பாதுகாப்பு இடையகமும் சேர்த்து). சம பங்கு அடுக்கு 1 (CET I) பிரதானமாக மூலதனத்திற்கும் இடர் சார்ந்த சொத்துகளுக்குமான சதவீதத்தில் 15.87% சதவீதமாக உள்ளது.

7. வைப்பு நிதி வளர்ச்சி :

வங்கியின் வைப்புநிதி கடந்த ஆண்டு 2019 மார்ச் 31ம் தேதி நிலையான 35,136.25 கோடியிருந்து 2020 மார்ச் 31ம் தேதி 36,825.03 கோடியாக உயர்ந்து 4.81% வளர்ச்சியடைந்துள்ளது. வைப்பு நிதிக்கு வழங்கப்படும் வட்டி விகிதம் வங்கித்துறையில் நிலவும் வட்டி விகிதத்திற்கு நிகரான அளவிலேயே வைக்கப்பட்டிருந்தது.

8. வங்கியின் கடன் வழங்கல் துறை :

பாரத ரிசர்வ் வங்கியின் வரையறைக்கு உட்பட்டு நமது வங்கி கடன் வழங்குவதில்

31.03.2020. The increase in growth was mainly attributable to the growth in Retail advances, Agricultural Advances and MSME advances.

The Bank continued its thrust on lending to priority sectors including Agriculture and Micro and Small Enterprises comprising both manufacturing and service enterprises. The level of advances to priority sectors stood at ₹18,710.71 crores as on March 31, 2020, which constituted 68.48% as against the regulatory minimum requirement of 40%.

Agricultural Advances reached ₹6,724.76 crores as on March 31st, 2020, which constituted 24.61% of quarterly average ANBC (including the RIDF advances and other qualifying investments for priority Agri. Advances and netting off Inter Bank Participatory Certificates (IBPC) Small & marginal farmers sale of Rs.500 crores to M/s.City Union Bank Ltd.) as against the regulatory minimum requirement of 18%.

Total advances to the weaker sections stood at ₹5,004.86 crores as on March 31, 2020, which represented 18.32 % of the quarterly average Adjusted Net Bank Credit, as against the regulatory minimum requirement of 10%.

The bank also achieved the mandatory targets for the sub-sectors like Loans to Small and Marginal Farmers and Advances to Micro Enterprises with comfortable margin.

Under export credit, the bank achieved a level of ₹594.46 crores as on 31.03.2020 as against ₹672.52 crores achieved as on March 31, 2019, which is due to underutilization of sanctioned Export limit.

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

The bank has been actively participating in all the initiatives and schemes of Government of India including Pradhan Mantri Mudra Yojna (PMMY), Dairy Entrepreneurship Development Scheme (DEDS), PMAY- Pradhan Mantri Awas Yojana, Entrepreneurship Development & Employment Generation Scheme (EDEGS) etc, are implemented by the Bank.

தொடர்ந்து ஈடுபட்டு வருகிறது. வங்கியில் அளிக்கப்பட்ட மொத்தக்கடன் தொகையானது 2019 மார்ச் 31 அன்று ₹ 27,018.66 கோடியிலிருந்து சற்று அதிகரித்து 2020 மார்ச் 31 அன்று ₹ 28,236.18 கோடியாக இருந்தது. சில்லறை விற்பனை மற்றும் சிறு, குறு, நடுத்தர வணிக கடன்களின் வளர்ச்சி முக்கியமாக அதிகரித்துள்ளது.

வங்கியானது சிறு, நடுத்தர தொழில், விவசாயம் சம்மபந்தப்பட்ட உற்பத்தி, சேவை நிறுவனங்களுக்கும் மற்றும் முன்னுரிமை துறை பிரிவினருக்கும் கடன் வழங்குவதிலும் அதிக முக்கியத்துவம் கொடுத்து வருகின்றது. 2020 மார்ச் 31ம் தேதி நிலவரப்படி முன்னுரிமை துறைகளுக்கு வழங்கப்பட்ட மொத்த கடன்கள் ₹18,710.71 கோடி கடந்த ஆண்டில் குறைந்த பட்ச தேவையான 40% விட அதிகமாக 68.48% சதவீதமாக உள்ளது.

2020 மார்ச் 31ம் தேதி நிலவரப்படி விவசாயக் கடன்கள் ₹6,724.76 கோடியாகும். கடந்த ஆண்டு நிகரக்கடனில் இது 24.61% உள்ளது. இது வரையறுக்கப்பட்ட குறைந்த பட்ச அளவை விட அதிகமானது. (முன்னுரிமை விவசாய கடன்கள் ஆர்.ஐ.டி.எப்.கடன்கள் மற்ற தகுதி பெற்ற முதலீடுகள், சிறு மற்றும் குறு விவசாய கடன்கள் விற்பனை ரூ500 கோடி சிட்டி யூனியன் வங்கிக்கு உள்பட.) 2020 வருட மார்ச் 31ம் தேதி நிலவரப்படி நலிந்த பிரிவினருக்கு வழங்கப்பட்ட கடன்கள் ₹ 5,004.86 கோடியாகும். இது நிகர கடனில் 10% என்ற குறைந்த பட்ச அளவை விட உயர்ந்து 18.32% உள்ளது.

வங்கியானது துணைத்துறைகளில் நிர்ணயிக்கப்பட்ட இலக்குகளை அடைந்திருக்கிறது அதுவும் சிறு மற்றும் குறு விவசாய கடன்கள் நுண்ணிறுவனங்களுக்கான கடன்களில் பெரும்பான்மையுடன் இலக்குகளை அடைந்துள்ளது. 2020 மார்ச் 31ம் தேதி நிலவரப்படி ஏற்றுமதி கடன்பிரிவில் வங்கி ₹672.52 கோடி அடைந்துள்ளது.

நல்பு நிதி ஆண்டில் வங்கி விவசாயம், சில்லறை வணிகம், நலிவடைந்த பிரிவினர் மற்றும் சிறு குறுத்தொழில்களுக்கு வழங்கப்படும் கடன்களை அதிகப்படுத்தியுள்ளது.

வங்கி அரசாங்கத்தின் திட்டங்களில் கலந்து கொண்டு முனைப்புடன் தனது பங்களிப்பை வழங்குகிறது பிரதான மந்திரி முத்திரையோஜனா திட்டம் பால்பண்ணை, தொழில் மேம்பாட்டு திட்டம், பிரதான மந்திரி ஆவாஸ்யோஜனா, தொழில் முயற்சி அபிவிருத்தி

Financial Inclusion:

Under the Financial Inclusion (FI) programme the number of villages allotted to the Bank has increased to 138. We had added 10 new villages in our Financial inclusion plan during FY 2019-20. Total BSBDA accounts of the bank as on 31st March 2020 stood at 7.32 lakh accounts, with major share of around 5.74 lakh accounts under Small accounts category.

9. Investments and treasury operations

During the year ended March 31st, 2020, the Bank achieved a turnover of ₹47,825.01 crores in trading operations, resulting in a net profit of ₹68.19 crores, as against ₹29.16 crores in the previous year. Sale of securities from 'Held to Maturity' category was made to the tune of ₹1,266.72 crores during the year resulting in a profit of ₹39.54 crores (previous year ₹6.72 crores). This sale from HTM category includes sale through RBI OMO buy auctions, sale up to 5% on HTM category at the beginning of the year as well as sale made in excess of 5% HTM securities held in the beginning of the year.

The net investments of the Bank stood at ₹9467.33 crores as on March 31, 2020, as against ₹9,106.59 crores as at the end of the previous year. The Investment-to-Deposit Ratio of the Bank was 25.71%, as against 25.92% at the end of the previous year.

The average realized yield on the investment portfolio during the year stood at 7.35% as against 7.56% in the previous year. The fall in the portfolio yield was due to investments at current yield levels after steep decline in yields during the year and comparatively lower returns from investments like CDs and MF due to continuous rate cut by RBI. The income earned during the year from investments, comprising of interest income and dividend income excluding income from RIDF was ₹710.04 crores as against ₹750.44 crores in the previous year.

10. Foreign Exchange Business

The total merchant turnover of our bank for the year 2019-20 was ₹ 14,798.56 crores against ₹

மற்றும் வேலை வாய்ப்புதிட்டம் போன்றவற்றை வங்கி நடைமுறைப் படுத்தியுள்ளன.

அனைவருக்கும் வங்கி சேவை திட்டத்தின் கீழ் நமது வங்கிக்கு ஒதுக்கப்பட்ட கிராமங்கள் 138 ஆக உயர்ந்துள்ளது. இந்த வருடம் புதிதாக 10 கிராமங்கள் இணைந்துள்ளது. அனைவருக்கும் வங்கி சேவை திட்டத்தின் கீழ் 5.74 இலட்சம் SBFIN கணக்குகளும் மற்றும் 7.02 இலட்சம் அடிப்படை சேமிப்பு கணக்குகளும் எங்கள் வங்கி கிளைகளில் பராமரிக்கப்பட்டு வருகிறது.

9. முதலீடுகள் மற்றும் கருவூல நடவடிக்கைகள் :

31.03.2020 அன்று முடிவடையும் ஆண்டில் வங்கியானது அரசாங்க கடன் பத்திரங்கள் வாங்கி விற்கும் வணிகத்தில் ரூ.47,825.01 கோடி வியாபாரம் செய்துள்ளது. இவ்வணிகத்தின் மூலம் ஈட்டிய இலாபம் ரூ.68.19 கோடியாகும். (முந்தைய வருடம் ரூ.29.16 கோடியாகும்) இவ்வருடம் முதிர்வு காலம் வரை வைத்திருக்கக் கூடிய முதலீடுகளிலிருந்து ரூ.1266.72 கோடியை விற்று ரூ.39.54 கோடி இலாபம் ஈட்டியுள்ளது (முந்தைய வருடம் இலாபம் ரூ.6.72 கோடி).

வங்கியின் நிகர முதலீடுகள் 31.03.2020 அன்று ரூ.9,467.33 கோடியாக இருந்தது (முந்தைய வருடம் ரூ.9,106.59 கோடியாகும்) வங்கியின் முதலீடுகளுக்கும் வைப்பு நிதிக்கும் உள்ள விகிதம் 25.71 சதவீதமாக உள்ளது. (முந்தைய வருடம் 25.92 சதவீதம்)

இவ்வருடம் வருவாய் தரக்கூடிய பத்திரங்கள் மூலம் கிடைத்த சராசரி வருமானம் 7.35% (முந்தைய வருடம் 7.56%) பாரத் ரிசர்வ் வங்கி தொடர்ச்சியாக வட்டி விகிதத்தை குறைத்தும் பரஸ்பர நிதி மற்றும் வைப்புச்சான்றிதழ்களில் செய்த முதலீட்டிற்கு வருவாய் குறைந்ததும் முதலீடுகளுக்கான வட்டி விகிதம் இவ்வருடம் மிகவும் குறைந்துவிட்டபடியால் அதில் செய்த முதலீடுகளும் இவ்வருடம் முதலீட்டிற்கான சராசரி வருவாய் குறைந்ததற்கு காரணங்களாகும். முதலீடுகளிலிருந்து கிடைத்த வட்டி மற்றும் பங்கீட்டு தொகையின் வருமானம் நடப்பு ஆண்டில் ரூ. 710.04 கோடியாக உள்ளது. (முந்தைய வருடம் ரூ.750.44) (கிராமப்புற உள்கட்டமைப்பு மேம்பாட்டு நிதி முதலீட்டிற்கு கிடைக்கும் வருமானம் தவிர)

10. அந்நியச் செலாவணி வணிகம்:

2019-20 ஆண்டில் வங்கியின் அந்நிய செலாவணி வணிகம் ரூ.14,798.56 கோடியாக உள்ளது (முந்தைய வருடம் ரூ.15,726.27 கோடி). குறுகிய கால

15,726.27 crores during the previous year 2018-19. This is due to the decrease in import turnover by the importers in branches in view of stagnant market conditions for the commodities viz., Gold, Pulses and Edible Oil imported by them. The profit on foreign exchange business for the year 2019-20 was ₹ 31.04 crores against ₹ 19.42 crores during the previous year 2018-19.

Our Bank has arrangement with a global network of 449 overseas banks by exchange of bilateral key under SWIFT (Society for Worldwide Interbank Financial Telecommunication). It facilitates smooth and fast flow of communication in the international business. The SWIFT arrangement has enabled the Bank to give timely and efficient service to its NRI customer.

The total number of 'B' category branches that deals in foreign exchange business is 39. Our Bank has the necessary infrastructure to render fast and efficient service relating to inward remittance and for crediting the beneficiary's accounts on receipt of the foreign currency funds in our Nostro accounts abroad.

Our International Banking Division, Chennai, provides information on Foreign Exchange market and market rates on the Bank's website to help the clients in knowing up to date information on forex. Our Bank is committed to increasing the Forex Business activities significantly for adding good revenues to the bank in the coming year. We have provided online Electronic trading platform named as TMBFXBRIDGE for concluding exchange rate to all our 39 authorised branches and direct view access to 50 of our forex customers.

11. Branch network

During the year 2019-20, due to the RBI restrictions, our bank did not add any new branch and the branch network of the bank continues to be at 509 branches. However, the bank relocated 10 ATMs to the viable locations, while we added 4 new ATMs, 4 e-lobbies and 11 number of jewel loan shoppes. The Bank's ATM and alternate delivery channel network stood at 1,156 ATMs, 31 e-lobbies and 22 jewel loan shoppes, covering 16 States and 4 Union Territories.

வர்த்தககடன் தொகை அந்நியச் செலாவணி வணிகத்தில் சேர்க்கப்படவில்லை. அந்நிய செலாவணி வணிகத்தில் ஈட்டிய இலாபம் இவ்வாண்டில் (2019-20) ரூ.31.04 கோடி முந்தைய வருடம் ரூ.19.42 கோடியாக இருந்தது. பருப்பு, தங்கம் மற்றும் சமையல் எண்ணெய் பொருட்களின் மந்தமான சந்தை நிலைகள் காரணமாக அந்நிய செலாவணி வணிகம் குறைந்தது.

நமது வங்கி உலக அளவிலான வங்கிகளுக்கு இடையேயான பணமாற்று தொலை தொடர்பு அமைப்பில் இருப்பதினால் உலகத்தில் உள்ள 449 வங்கிகளுடன் தொடர்பு கொள்ள முடிகிறது. இதன் மூலம் வெளிநாட்டில் தகவல் பரிமாற்றங்கள் மிக விரைவாகவும் இலகுவாகவும் நடப்பதற்கு ஏதுவாகிறது. வங்கியின் வாடிக்கையாளர்களுக்கு சிறந்த முறையில் சேவைபுரியவும் உதவுகின்றது.

இவ்வாண்டு அந்நியச் செலாவணியில் ஈடுபடும் கிளைகளின் எண்ணிக்கை 39ஆக உள்ளது. நமது வங்கியானது வெளிநாட்டில் இருந்து இந்தியாவிற்கு அனுப்பப்படும் பணத்தை வங்கி வெளிநாட்டில் வைத்திருக்கும் கணக்கில் தொகையை பெற்று கொண்ட உடனடியே பயனாளிகள்கணக்கிற்கு துரிதமாக பரிமாற்றம் செய்வதற்கு வங்கியின் உட்கட்டமைப்பு போதுமானதாக உள்ளது.

நமது வங்கி அந்நியச் செலாவணி தகவல்கள் மற்றும் சந்தை நிலவரங்களளை வங்கியின் இணையதளத்தில் வெளியிட்டு வருவது வாடிக்கையாளர்களுக்கு அந்நியச் செலாவணி நிலவரங்களை உடனுக்குடன் அறிந்து கொள்வதற்கு உதவியாக உள்ளது. நமது வங்கி அந்நியச் செலாவணி வணிகத்தை அதிகரிப்பதன் மூலம் வங்கியின் வருவாயை உயர்த்துவதற்கு உறுதி பூண்டுள்ளது. அந்நியச் செலாவணி அங்கீகாரம் பெறப்பட்டுள்ள 39 கிளைகள் மற்றும் 50 அந்நியச் செலாவணி வாடிக்கையாளர்களுக்கு வணிக விகிதம் அறிந்துகொள்ள TMBFXBRIDGE என்ற பெயரில் இணைய மின்னனு வர்த்தக தளம் வழங்கப்பட்டுள்ளது.

11. கிளைகள் விரிவாக்கம் :

2019-20 வருடத்தில் நமது வங்கி புதிதாக கிளைகளை திறக்கவில்லை. மொத்த கிளைகளின் எண்ணிக்கை 509 ஆகவே உள்ளது. இந்த வருடம் 4 புதிய தானியங்கி பணப்படுவாடா இயந்திரங்கள், 4 இலாபிகள் மற்றும் 11 நகைகடன் மையங்கள் திறக்கப்பட்டுள்ளது. இந்தியா முழுவதும் 16 மாநிலங்கள் மற்றும் 4 யூனியன் பிரதேசங்களில் வங்கியின் கட்டமைப்பு 509 கிளைகள் 1,156 தானியங்கி

12. Human Resources Development

The Bank's total staff strength was 4325 (including 19 contract employees) as on 31st March 2020, consisting of 1687 Officers, 1911 Clerks and 727 Supporting Staffs. During the year, 161 regular employees and 10 contract employees were recruited / appointed in various cadres. The Bank promoted 276 employees to the next cadre in the normal promotion process.

The Bank's Staff Training College at Nagercoil and Staff Training Center at Chennai conducted 99 programmes, imparting training to 3016 employees during the year. In addition to the in-house trainings, 397 Officers were deputed to other institutions like SIBSTC - Bengaluru, NIBM - Pune, IDRBT - Hyderabad, FEDAI and other training institutions for 128 training programmes -

In addition, we conducted "Online Training and certification "Programme on KYC and AML" through our Staff Training College, Nagercoil in association with Manipal Global Education (MaGE). The KYC & AML training programme was attended by 1022 Staff members (358 Officers and 664 Clerks) in four phases.

No employee received remuneration above the limit prescribed under section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 requiring the Bank to furnish a statement with particulars prescribed under the Act. Since the bank is an unlisted company disclosure of the details with regard to remuneration paid to its employees as referred to in 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, is not applicable to it.

13. Inter branch adjustments

The Bank has continued to maintain a very good record in internal housekeeping. The core banking solution made it possible for the branches to balance all their accounts and the tally balances up to March 31st, 2020. There was also timely submission and scrutiny of the control returns, which was given

பணப்பட்டுவாடா இயந்திரங்கள் 12 மண்டல அலுவலகங்கள் மற்றும் 27 இ-லாபிக்களாக உயர்த்தப்பட்டுள்ளது.

12. மனிதவள மேம்பாட்டுத்திறை :

2020ம் வருடம் மார்ச் 31ல் வங்கியின் மொத்த ஊழியர்களின் எண்ணிக்கை 4,325 ஆகும் (19 ஒப்பந்த ஊழியர்கள் உட்பட). இதில் 1,687 அதிகாரிகள், 1,911 எழுத்தர்கள் மற்றும் 724 ஆதரவு ஊழியர்கள் அடங்குவர். இந்த வருடத்தில் 161 நிரந்தர ஊழியர்களும் 10 ஒப்பந்த ஊழியர்களும் நியமிக்கப்பட்டுள்ளனர். 276 ஊழியர்களுக்கு வழக்கமான பதவி உயர்வு வழங்கப்பட்டுள்ளது

வங்கியின் ஊழியர் பயிற்சி கல்லூரியில் 99 பயிற்சி வகுப்புகளில் 3,016 ஊழியர்கள் கலந்து கொண்டுள்ளனர். மேலும் 397 அதிகாரிகள் பிற நிறுவனங்கள் முறையே SIBSTC பெங்களூர் IDRBT-ஹைதராபாத், NIBM - பூனே மற்றும் FEDAI நடத்தும் 128 பயிற்சி வகுப்புகளில் கலந்து கொண்டனர்

மேலும் நமது வங்கியின் நாகர்கோவில் பயிற்சி கல்லூரி மணிப்பால் உலக கல்வியகத்துடன் சேர்ந்து இணையவழி மூலம் நடத்திய "வாடிக்கையாளர்களை அறிந்து கொள்ளுதல் மற்றும் பணமோசடி" பற்றிய சான்றிதழ் பயிற்சி வகுப்புகளில் 1022 ஊழியர்களும் (358 அதிகாரிகள் மற்றும் 664 எழுத்தர்கள்) 4 முறைகளாக பயிற்சி அளிக்கப்பட்டது.

இவ்வாண்டில் வங்கி நிர்வாகத்திற்கும் அதிகாரிகள் சங்கத்திற்கும் மற்றும் ஊழியர் சங்கத்திற்கும் இடையே அடிக்கடி கருத்து பரிமாற்றங்கள் நடைபெற்றன. சமூக உறவு தொடர்ந்து காணப்பட்டது. ஊழியர் நலனுக்கான பல்வேறு நடவடிக்கைகள் மேற்கொள்ளப்பட்டன நிறுவனங்கள் சட்டம் 2013 பிரிவு 197 மற்றும் நிறுவன (நியமன மற்றும் நிறுவன பணியாளர்கள் ஊதியம்) விதிகள் 2014ன் படி வரையறைக்கு மேல் வங்கியில் சம்பளம் எந்த ஊழியருக்கும் வழங்கப்படவில்லை

வங்கி ஒரு பட்டியலிடப்படாத நிறுவனமாதலால் ஊழியர்கள் சம்பளம் பற்றிய விபரங்கள் நிறுவன சட்டம் 2013 பிரிவு 197 உட்பிரிவு 12 மற்றும் நிறுவன (நியமன மற்றும் நிறுவன பணியாளர்கள் ஊதியம்) விதி 2014ன்படி வெளியிட தேவையில்லை.

13. கிளைகளுக்கிடையேயான கணக்குகளை சரிபார்த்தல் :

வங்கியானது கிளைகளுக்கிடையே உள்ள நடவடிக்கைகளை ஒழுங்குபடுத்துவதில் கடைபிடிக்கும் சிறப்பு தன்மையை தொடர்ந்து கடைபிடித்து வருகிறது.

adequate importance at all levels with necessary follow up.

14. Internal Control and Inspection / Audit

Risk Based Internal Audit system

The bank has put in place an effective and strong Risk Based Internal Audit (RBIA) System. During the financial year 2019-20, RBIA audits were conducted through e-audit Module in 462 branches (Totally 535 audits) of the bank. Submission of compliance reports and closure of audits are followed up through the respective regional offices. Besides, RBIA Audit has been conducted for 10 critical Departments (KYC/AML Cell, CPC-Tirunelveli, CPC-Chennai, Treasury, Credit, Compliance, IT, IBD, RMD and Service branch)

Credit Audit

All accounts having credit limits of ₹3.00 crores and above were subjected to post-credit sanction audit. Totally 1044 such accounts in 215 branches were covered during this year. Receipt of compliance reports is monitored by Credit Audit & Monitoring Department.

Concurrent Audit system

The bank continued to have the system of Concurrent Audit, which covered 191 branches and important departments. Concurrent Audit has been recognized as an important tool of internal control and is in force at major branches including all the 39 'B' category branches designated for forex business. From May 2019 onwards Concurrent Audit has been conducted through e-audit Module.

Further (11 Departments, 2 CPC's and 4 Currency Chests) International Banking Division, Treasury Department, DPS Cell, Transaction Reconciliation at various divisions of ITD, Chennai Service branch, Accounts Department, Establishment Department, Planning and Development & Resource Mobilization Department, Expenses approval of ITD, Central Processing Centers at Chennai and Tirunelveli. Submission of compliance reports and closure of audits are followed up through the respective regional offices / departments.

From August 2019 onwards as per RBI

கிளைகள் அனைத்தும் 100% பிரத்யேக மென்பொருள் மூலம் இணைக்கப்பட்டதன் பயனாக 2020ம் ஆண்டு மார்ச் 31ம் தேதியன்று அனைத்து கிளைகளுக்கிடையேயான கணக்குகள் நேர் செய்யப்பட்டுள்ளன. மேற்பார்வைக்காக வாங்கப்படும் தகவல் காலதாமதம் இல்லாமல் வாங்கி சரிபார்ப்பதற்கு போதிய முக்கியத்துவம் கொடுக்கப்படுகிறது. உரிய நேரத்தில் கிளைகளுக்கு இடையிலான பற்று வரவு கணக்குகளில் தற்காலிக வித்தியாசங்களை கண்டுபிடித்தல் மற்றும் நிலுவைகளை நேர் செய்தல் எங்கள் வங்கியில் கடைபிடிக்கப்படுகின்றன.

14. உட்கட்டுபாடு, ஆய்வு மற்றும் தணிக்கை :

இடர்சார்ந்த உள்தணிக்கை அமைப்பு

வங்கி உறுதியான மற்றும் திறமையான இடர்சார்ந்த உள்தணிக்கை அமைப்பை கொண்டுள்ளது. 2019-20ம் வருடத்தில் 462 கிளைகள் மற்றும் இடர் மேலாண்மை துறையிலும் மின்தணிக்கை மூலம் ஆய்வு மேற்கொள்ளப்பட்டன ஆய்வு அறிக்கையில் இருக்கும் குறைகளை சரி செய்தல் மற்றும் தணிக்கையை முடித்து வைத்தல் போன்றவை அந்தந்த பிராந்திய அலுவலகங்கள் மூலம் கண்காணிக்கப்படுகிறது. மேலும் இந்த வருடம் இடர்சார்ந்த உள்தணிக்கை அமைப்பு 10 துறைகளில் மேற்கொள்ளப்பட்டது.

கடன் வழங்கிய பின் மேற்பார்வை செய்தல்

ரூ.3.00 கோடி மற்றும் அதற்கு மேற்பட்ட கடன் வரம்புகள் கொண்ட அனைத்து கணக்குகளும் கடன் வழங்கியபின் கண்காணிப்புக்கு உள்ளாக்கப்படுகின்றன. இவ்வருடம் 215 கிளைகளில் மொத்தமாக இது போன்ற 1,044 கணக்குகள் ஆய்வு செய்யப்பட்டன.. இணங்கதல் பெறுவதின் மூலமாக கடன் தணிக்கை மற்றும் கண்காணிப்பு துறையால் கண்காணிக்கப்படுகிறது.

உடனுக்குடன் தணிக்கை அமைப்பு :

நமது வங்கி உடனுக்குடன் தணிக்கை செய்யும் முறையை தொடர்ந்து கொண்டிருக்கிறது. இதில் 191 வங்கி கிளைகளையும் மற்றும் முக்கிய துறைகளையும் உள்ளடக்கியது. உடனுக்குடன் தணிக்கை என்பது உட்கட்டுபாட்டின் ஒரு முக்கிய கருவியாக அங்கீகரிக்கப்பட்டுள்ளது. அந்நிய செலவாணி வணிகத்திற்காக நியமிக்கப்பட்ட அனைத்து 39பி வகை கிளைகளும் மற்றும் முக்கிய கிளைகளிலும் நடைமுறையில் உள்ளது. மே 2019 முதல் மின்னணு தணிக்கை தொகுதி மூலம் ஒரே நேரத்தில் தணிக்கை நடத்தப்பட்டுள்ளது..

மேலும் (11 துறைகள், 2-CPC மற்றும் 4- நாணய மார்க்கங்கள்) சர்வதேச வங்கி பிரிவு கருவலத்துறை டி.பி.எஸ்.டி.டி.டி சென்னை சேவை கிளை

directions all the four Currency Chests (Chennai, Podanur, Madurai and Thoothukudi-Pudukottai) were also subjected for the verification of cash balance and entire transactions in the currency chest by the concurrent auditors on a weekly basis.

Information System Audit

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

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

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

Management Audit system

To assess the robustness of the systems and procedures established in various operational units in the Bank and to have an oversight on the effectiveness of the management of the various departments at Head Office and all Regional Offices are subjected to Management Audits once in two years.

During the year under review, Management Audits were conducted at 2 Regional Offices and 15 Departments. Coimbatore Region, Mumbai Region, KYC/AML Cell, STC, Nagercoil, IT-Thoothukudi, IT-Chennai, Vigilance, HRD, PD&RM, OSD, CAM, Accounts, MIS, Inspection, Recovery, Credit, Risk Management Departments.

Revenue Audit

For the calendar year 2019, offsite Revenue Audit & onsite Revenue Audit were conducted for all the branches during the month of January 2020 and March 2020 respectively. Besides engaging the services of the internal inspectors, revenue audit was conducted for 50 branches having advance portfolio of Rs.100 crores and above. Further revenue leakages

கணக்குத்துறை தீட்டமிடல் மற்றும் மேம்பாடு மற்றும் வளங்கள் அணி தீரட்டல் துறை செலவின ஒப்புதல் ஐ.டி.டி சென்னை மற்றும் திருநெல்வேயில் உள்ள மத்திய செயலாக்க மையங்கள் இணக்க அறிக்கைகளை சமர்ப்பித்தல் மற்றும் தணிக்கைகளை இடுவது அந்தந்த பிராந்திய அலுவலகங்கள் / துறைகள் மூலம் பின்பற்றப்படுகிறது.

ஆகஸ்ட் 2019 முதல் ரிசர்வ் வங்கியின் அறிவுறுத்தல்களின்படி நான்கு கருவலங்களும் (சென்னை போதனூர், மதுரை மற்றும் தூத்துக்குடி-புதுக்கோட்டை) வாராந்திர அடிப்படையில் உடனுக்குடன் தணிக்கையாளர்களால் பணஇருப்பு மற்றும் முழு பரிவர்த்தனைகளும் சரிபார்க்க உட்படுத்தப்பட்டுள்ளன.

தகவல் அமைப்பு தணிக்கை :

ரிசர்வ் வங்கியின் வழிகாட்டுதலின் படி ஆய்வு துறையின் கீழ் ஒரு தகவல் அமைப்பு தணிக்கை செல் நிறுவப்பட்டுள்ளது. இடர் அடிப்படையிலான உள்தணிக்கை, 9 துறைகள் மற்றும் 12 பிராந்திய அலுவலகங்களுடன் 509 கிளைகளில் தகவல் அமைப்பு தணிக்கை நடத்தப்பட்டது.

தொடர்ச்சியான ஆஃப்ஸைட் கண்காணிப்புக்கான (OFMS) ஒரு செயல்முறை ஐ எஸ் தணிக்கை கலத்தால் பயன்படுத்தப்படுகிறது. மென்பொருள் அடிப்படையிலான மேற்பார்வை செயல்பாட்டின் கீழ் சில முக்கிய பகுதிகள் ஆஃப்ஸைட் கண்காணிப்புக்கு உட்படுத்தப்படுகிறது.

ஒவ்வொரு அண்டும் எங்கள் வங்கியில் கோர் பேங்கிங் சிஸ்டம், இ-பேங்கிங், மொபைல் பேங்கிங், ஏடிஎம், ஆர்டிஜிஎஸ், கருவலம் சிடிஎஸ் தீர்வு செயல்முறை, SERVER, SOC, HRMS மற்றும் மென்பொருள் உள்கட்டமைப்பு போன்றவை, வெளி தணிக்கையாளரால் தகவல் அமைப்புகள் தணிக்கைக்கு உட்படுத்தப்படுகின்றன.

மேலாண்மை தணிக்கை :

வங்கியின் பல்வேறு இயக்கங்களின் அலகுகளில் உள்ள அமைவுகள் மற்றும் நடைமுறைகளின் வலுவான ஆரோக்கியமான நிலையை மதிப்பீடு செய்வதற்கும், மற்றும் மேலாண்மை திறனை மேற்பார்வை செய்வதற்கும், தலைமை அலுவலகத்தில் உள்ள பல்வேறு துறைகளும் மற்றும் அனைத்து பிராந்திய அலுவலகங்களிலும் இரண்டு ஆண்டுக்கு ஒரு முறை மேலாண்மை தணிக்கைக்கு உட்படுத்தப்படுகின்றது.

இவ்வாண்டில் புலனாய்வு துறை, மனிதவள மேம்பாடு, தீட்டமிடுதல்துறை, வணிகவளர்ச்சி துறை, KYC/AML மையம், கடன் தணிக்கை மற்றும் மேற்பார்வை துறை, கணக்கு துறை, நிர்வாக தகவல் அமைப்பு துறை, தகவல் தொழில்நுட்ப துறை, ஊழியர் பயிற்சி கல்லூரி நாகர்கோவில், கண்காணிப்பு துறை,

which are monitored and reported at branches were followed up for recovery through the concerned Regional Offices immediately.

15. Vigilance

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

The Vigilance Department plays a vital role in the implementation and follow-up of the directives and guidelines issued from time to time by Reserve Bank of India. Upon the directions of RBI, Vigilance Department has also formulated/implemented a Vigilance Policy from 13th July 2011 and the Policy was lastly reviewed on March 23, 2020. The 'Whistle Blower mechanism is being actively encouraged as a tool for better governance.

16. Customer Service

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

As per the provisions of the Internal Ombudsman Scheme 2018, we have appointed Dr. D. Sivaguru as Internal Ombudsman and he took charge on 29.05.2019. The Internal Ombudsman examines customer complaints which are in the nature of deficiency in service on the part of the bank, that are

கடன் வசூலித்தல் மற்றும் கண்காணிப்புதுறை, கடன் துறை இடர்மேலாண்மை துறை ஆகியவைகள் மேலாண்மை தணிக்கைக்கு உட்படுத்தப்பட்டுள்ளன.

வருவாய் தணிக்கை :

2019-ஆம் ஆண்டு காலண்டர் ஆண்டிற்கு அனைத்து கிளைகளுக்கும் முறையே 2020 ஜனவரி மற்றும் மார்ச் மாதங்களில் ஆஃப்ஸைட் வருவாய் தணிக்கை நடத்தப்பட்டன. உள்ளூர்வாளர்களின் சேவையில் ஈடுபடுவதை தவிர ரூ100 கோடி மற்றும் அதற்கு மேற்பட்ட கடன்கள் வழங்கிய 50 கிளைகளுக்கு வருவாய் தணிக்கை நடத்தப்பட்டது. கிளைகளில் கண்காணிக்கப்பட்டு அறிக்கையிடப்படும். மேலும் வருவாய் கசிவுகள் இருப்பின் சம்பந்தப்பட்ட பிராந்திய அலுவலகங்கள் மூலம் உடனடியாக மீட்கப்படுகின்றன.

15. கண்காணிப்பு :

கண்காணிப்பு பிரிவின் வேலையானது மூன்று வகையாக பிரிக்கப்படுகிறது. அவை தடுத்தல் முன்கூட்டியறிதல் தண்டித்தல் நடப்பில் உள்ள கண்காணிப்புமுறை தவறுகளை தடுப்பதற்கு ஏதுவாக குறிப்பிட்ட கால இடைவெளியில் விதிமுறைகள் மாற்றியமைக்கப்படுகிறது. மேலும் ஊழியர்களுக்கு கல்வி புகட்டும் வகையில் முறைகேடு தொடர்பான சுற்றறிக்கைகள் சரியான கால இடைவெளியில் பயிற்சி அளிக்கப்பட்டு வருகிறது. ஊழியர்களுக்கிடையே விழிப்புணர்வு ஏற்படுத்துவதற்கான ஒவ்வொரு வருடமும் அக்டோபர் 31ம் தேதியன்று விஜிலென்ஸ் தினம் கடைபிடிக்கப்படுகிறது.

கண்காணிப்பு துறையானது பாரத ரிசர்வ் வங்கி அவ்வப்போது வெளியாகும் சுற்றறிக்கைகளையும் வழிகாட்டல் களையும் வங்கியினால் அமுல்படுத்தப்படுவதற்கும் கடைபிடிப்பதற்கும் முக்கிய பங்காற்றுகிறது. மேலும் ரிசர்வ் பேங்க் ஆப் இந்தியாவின் வழிகாட்டுதல்படி கண்காணிப்பு துறையானது கண்காணிப்பு கொள்கைகளை 13 ஜூலை 2011 தினத்திலிருந்து வழங்கிவருகிறது. இதன் மறுபரிசீலனை மார்ச் 23, 2020ல் செய்யப்பட்டது. "WHISTLE BLOWER" என்ற கொள்கை நடைமுறைப்படுத்தப்பட்டுள்ளது.

16. வாடிக்கையாளர் சேவை :

வாடிக்கையாளர் சேவையின் முக்கிய பங்கு நடப்பு வாடிக்கையாளர் உறவை பராமரிப்பதாகும். இதன் மூலம் தொடர்ச்சியான வியாபார வளர்ச்சி மற்றும் வாடிக்கையாளர்களை தக்க வைத்து கொள்ள முடிகிறது. வங்கியானது அதன் சிறந்த கனிவான மற்றும் பரிபூரண சேவைக்கு பெயர் பெற்றது. மற்றும் நவீன தொழில்நுட்ப வாடிக்கையாளர்களின் எதிர்பார்ப்புகளை பூர்த்தி செய்யும் பொருட்டு தொடர்ச்சியான டிஜிட்டல் அனுபவத்தின் மூலம் புதுமையான தயாரிப்புகளை தந்து கொண்டிருக்கிறது.

partly or wholly rejected by the bank. As the banks shall internally escalate all complaints, which are not fully redressed, to Internal Ombudsman, the customers need not approach the Internal Ombudsman directly.

17. Technology Advancement:

Our Bank is taking various steps to provide technology-enabled products and services to customers by adopting latest technologies. Expansion of Branches and ATMs by using multiple network technologies, such as MPLS, Leased Line, VSAT, GSM and VPNoBB with redundant connectivity to provide continuous customer service without any disruption through various delivery channels viz. Internet Banking, ATM, Mobile Banking, AEPS, IMPS, UPI, Point of Sale terminals, Cash Deposit Kiosk, Passbook Printing Kiosk, Cheque Deposit Kiosk, Product Information Kiosk etc.

Internet Banking: Bank introduced the Internet Banking facility to customers during November 2008. Currently this Internet banking facility has been extended to all customers. Also 11 numbers of Payment Gateway service providers have been empanelled for utility bill payment. Corporate Net banking with maker/checker facility has been introduced.

Mobile Banking: Mobile banking facility is available for Android and Apple Phones. Mobile Banking registrations can be done at any TMB ATMs and through Branches. Presently more than 4.5 Lakh customers have availed the facility. By using mobile banking facility customers can perform account/loan/deposit inquiry, transfer of funds (Within TMB/NEFT/IMPS), Foreign Inward Remittance, Deposit Opening, TNEB payment, Recharge, ATM/Branch/e Lobby Locator etc.

18. Product Innovation, New Products and Services

Major initiatives during 2019-20:

- Robotic operation at Currency Chest, Chennai for cash sorting, segregation and bundling has

உள் ஓம்புட்ஸ்மன் தீட்டம் 2018ன் விதிகளின்படி டாக்டர் டி. சிவகுருவை உள் ஓம்புட்ஸ்மனாக நியமித்துள்ளோம். அவர் 29.05.2019 அன்று பொறுப்பேற்றார். வங்கியின் ஒரு பகுதியிலுள்ள சேவையின் குறைபாட்டின் தன்மையை கொண்ட வாடிக்கையாளர் புகார்களை உள் ஓம்புட்ஸ்மேன் ஆராய்கிறார். அவை வங்கியால் ஓரளவு அல்லது முழுமையாக தீர்க்கப்படாத அனைத்து புகார்களையும் வங்கிகள் உள் ஓம்புட்ஸ்மேனிடம் விரிவாக்குவதால் வாடிக்கையாளர்கள் உள் ஓம்புட்ஸ்மேனை நேரிடையாக அனுக வேண்டியதில்லை.

17. தொழில் நுட்ப வளர்ச்சி :

வாடிக்கையாளர்களுக்கு சிறந்த சேவை அளிப்பதற்காக வங்கி முன்பு இருந்து போலவே பல்வேறு உயர்ந்த தொழில்நுட்பங்களை அளித்து வருகிறது. HRLS, குத்தகை இணைப்பு, VSAT, GPRS, CDMA போன்ற பலதரப்பட்ட தொழில்நுட்பங்கள் மூலம் கிளை மற்றும் ATM விரிவாக்கம் செய்து வருகிறது. வாடிக்கையாளர் வசதிக்காக ATM இணையதள வங்கி சேவை, மொபைல் வங்கி சேவை, பாயின்ட் ஆப் சேல், பற்று அட்டை பணம் செலுத்தும், இயந்திரம் காசோலை செலுத்தும் இயந்திரம், வங்கி சேவைகள் பற்றி அறிய உதவும் தகவல் இயந்திரம் ஆகியவற்றின் மூலம் தடையில்லா சேவை வழங்கி வருகிறது.

இணையதள வங்கி:

நவம்பர் 2008-ல் வங்கி வாடிக்கையாளர்களுக்கு இணைய வங்கி வசதியை அறிமுகப்படுத்தியது. தற்போது இணைய வங்கி வசதி அனைத்து வாடிக்கையாளர்களுக்கும் விரிவுபடுத்தப்பட்டுள்ளது. பயன்பாட்டு பில் கட்டணம் செலுத்துவதற்காக 11 எண்கள் நுழைவாயில் சேவை வழங்குநர்கள் அங்கீகாரம் செய்யப்பட்டுள்ளனர். தயாரிப்பாளர்/சரிபார்ப்பவர் வசதியுடன் பெருநிறுவன இணைய வங்கி அறிமுகப்படுத்தப்பட்டுள்ளது.

மொபைல் வங்கி :

ஆண்டிராய்டு மற்றும் ஆப்பிள் தொலைபேசிகளுக்கு மொபைல் வங்கி வசதி உள்ளது. மொபைல் வங்கி பதிவுகளை எந்த TMB ATM மற்றும் கிளைகள் மூலமாகவும் செய்யலாம். தற்போது 4.5 லட்சத்திற்கும் மேற்பட்ட வாடிக்கையாளர்கள் கணக்கு / கடன் / வைப்பு விசாரணை, நிதி பரிமாற்றம் (TMB-க்குள் மற்றும் NEFT/IMPS) வெளிநாட்டு உள் பணம் அனுப்புதல், வைப்பு திறப்பு, TNEB கட்டணம், ரிசார்ஜ், ATM / BRANCH / E-LOBBY LOCATOR போன்றவற்றிற்காகவும் பயன்படுத்தலாம்.

18. புதிய சேவைகள் :

2019-20 நிதி ஆண்டின் புதிய சேவைகள் :

- ★ மனித இயந்திரம் மூலம் வரிசைப்படுத்தல்

been introduced

- Bank's website has been revamped with additional information and user friendly features.
- Urban BCs have been engaged to promote our CASA products in surrounding areas of urban centres
- National Common Mobility Card has been launched
- Co-branded cards, launched initially with M/s.Velavan Hyper Market, Thoothukudi and Chennai & M/s.The Chennai Silks, Tirunelveli and Thoothukudi.

19. Awards / Ratings obtained by the Bank:

The Corona virus outbreak and nationwide lockdown impeded award announcements by various awards issuing agencies / institutions, during the year 2019-20.

External Rating:

During the financial year 2019 -20, CRISIL renewed the rating for the Certificate of Deposit programme of the Bank for ₹1,000 crores as A1+ (indicating "Very Strong" rating).

20. Risk Management

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

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

The Board of Directors of the Bank is primarily responsible for laying down risk parameters and establishing an integrated risk management and control system. The Board of Directors is supported by a Sub-Committee of the Board known as the Risk Management Committee of the Board (RMCB), which

பிரித்தல் மற்றும் தொகுத்தல் சேவைகளை சென்னை பண பாதுகாப்பு மையத்தில் அறிமுகம் செய்யப்பட்டுள்ளது. வங்கியின் வலைதளம் கூடுதல் தகவல் மற்றும் பயனர் நட்பு அம்சங்களுடன் புதிப்பிக்கப்பட்டள்ளது.

- * நகர்ப்புற மையங்களின் சுற்றுப்புறங்களில் வங்கியின் நட்பு சேமிப்பு சேவைகளை ஊக்குவிப்பதற்காக நகர்புற முகவர்கள் சேவை அறிமுகப்படுத்தப்பட்டள்ளது.
- * தேசிய பொதுப்பயன்பாட்டு கையடக்க அட்டை அறிமுகம் செய்யப்பட்டுள்ளது
- * வேலவன் ஹைப்பர் மார்க்கெட் தூத்துக்குடி மற்றும் சென்னை & சென்னை சில்க்ஸ் திருநெல்வேலி மற்றும் தூத்துக்குடி ஆகிய நிறுவனங்களுடன் இணைந்து கூட்டணைவு அட்டைகள் அறிமுகம் செய்யப்பட்டுள்ளன.

19. வங்கி பெற்ற விருதுகள் மற்றும் மதிப்பீடுகள் :

கொரோனா வைரஸ் மற்றும் நாடு தழுவிய முடக்கம் ஆகியவை காரணமாக 2019-20-ம் ஆண்டில் விருது வழங்கும் நிறுவனங்களுக்கு விருது அறிவிப்புகளுக்கு தடையாக இருந்தன.

தர மதிப்பீடு :

நிதி ஆண்டு 2019-20 நிதி ஆண்டு CRISIL தர மதிப்பீட்டில் நமது வங்கிக்கான வைப்பு சான்றிதழ் திட்டம் 1,000 கோடியாக பதுப்பிக்கப்பட்டுள்ளது மேலும் A1+ (மிகுந்த வலிமையானது) என்ற தர மதிப்பீடும் வழங்கப்பட்டுள்ளது.

20. இடர் மேலாண்மை :

நமது வங்கியானது இடர் மேலாண்மையின் முன் நடவடிக்கை அணுகுமுறையை கையாண்டு வருகிறது வங்கி ஒழுங்குமுறை விதிகளுக்கு உட்பட்டு தனக்கு ஏற்ப ஒரு ஆரோக்கியமான இலாக்காவை உருவாக்கி பராமரித்து வருவதே வங்கியின் கொள்கையாகும்.

மேலாண்மை கட்டமைப்பு ஒரு சுதந்திரமான இடர் மேலாண்மை அமைப்பை கொண்டுள்ளது. இடர் மேலாண்மை கொள்கை இடர் அளவீட்டு கருவிகள், இடர் கண்காணிப்பு மற்றும் நிர்வாக அமைப்பு. இடர் கோட்பாடுகளுக்கு உட்பட்ட வங்கி செயல்பாட்டினை உறுதி செய்ய வங்கியானது நன்கு வரையறுக்கப்பட்ட இடர் அறிக்கை மற்றும் சுயாதீனமான இடர் செயல்பாட்டினை கொண்டுள்ளது.

ஒருங்கிணைந்த இடர் மேலாண்மையை நிறுவுதல் கட்டுப்படுத்துதல் மற்றும் இடர் அளவுகளை

in turn is aided by the Asset Liability Committee (ALCO) and the Risk Management Committee of the Executives (RMCE). The executive level Committees are headed by the MD & CEO of the Bank. The Bank's RMCB reviews its Risk Management policies and recommends to the Board for approval. The Board also sets out limits taking into account the risk appetite of the Bank and the goals set.

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

21. Board of Directors

The Bank's Board as on March 31st, 2020 consists of 11 Directors, the composition of Board was:

| S.No | Name | Designation |
|------|---------------------------|--|
| 1 | Thiru K.V Rama Moorthy | Majority – Banking |
| 2 | Thiru S.Annamalai | Minority |
| 3 | Thiru P.C.G. Asok Kumar | Majority-SSI |
| 4 | Thiru S.R Ashok | Minority |
| 5 | Tmt S.Ezhil Jothi | Majority – Corporate Law |
| 6 | Thiru N.Gopal | RBI Nominee |
| 7 | Thiru B.S. Keshava Murthy | Majority – Banking |
| 8 | Thiru K. Nagarajan | Majority – Law, Agriculture and Rural economy (Independent Director) |
| 9 | Thiru D.N.Nirranjan Kani | Minority |
| 10 | Tmt A.Sivagami | RBI Nominee |
| 11 | Thiru B.Vijayadurai | Majority – Accountancy (Independent Director) |

All Directors, other than Managing Director and CEO are non-executive Directors on the Board.

The composition of the Board of Directors is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The Board comprises of 11 Directors as on 31.03.2020, with rich experience and specialized knowledge in various areas of relevance to the Bank, including banking, accountancy, small scale industry, agriculture, law and corporate law, etc., Except the MD & CEO, all other members of the Board are non-executive directors and two directors out of the total eleven directors are Independent directors. The declaration of independence has been obtained from the Independent Directors as required under the

குறைத்தல் ஆகியவை வங்கி இயக்குநர் குழுவின் முதன்மை பொறுப்பாகும் நிர்வாக குழுவின் துணை குழுவான இடர் மேலாண்மைக்குழு மற்றும் சொத்து பொறுப்பு குழு ஆகியவை நிர்வாக இயக்குநர்களுக்கு துணை புரிகின்றன. நிர்வாகிகள் நிலையில் நடைபெறும் வங்கியின் இடர் மேலாண்மை குழு இடர் மேலாண்மை கொள்கையை ஒப்புதல் அளிப்பதுடன் இடர் மேலாண்மைக்கு காலவரையற்ற அமைத்தல் மற்றும் அதற்கான திறன் அறிதல் ஆகியவற்றையும் நிர்வகிக்கின்றன.

நமது வங்கியானது முன் நடவடிக்கையாக பாஸல் 3 நெறிமுறைகளின்படி மூலதன தேவை, பணப்புழக்க விகிதங்கள் மற்றும் பங்கு மூலதனத்திற்கு கடனுக்கான விகிதங்களை உள்மதிப்பீடு செய்கிறது. வங்கியின் மூலதன விகிதம் பாஸல் 3 விதிமுறைகளின்படி தேவைப்படும் குறைந்தபட்ச அளவைவிட அதிகமாக உள்ளது.

21. இயக்குநர்கள் குழு :

வங்கி இயக்குநர் குழு மார்ச் 31, 2020 அன்று 11 இயக்குநர்களை உள்ளடக்கியுள்ளது.

| S.No | Name | Designation |
|------|---------------------------|--|
| 1 | Thiru K.V Rama Moorthy | Majority – Banking |
| 2 | Thiru S.Annamalai | Minority |
| 3 | Thiru P.C.G. Asok Kumar | Majority-SSI |
| 4 | Thiru S.R Ashok | Minority |
| 5 | Tmt S.Ezhil Jothi | Majority – Corporate Law |
| 6 | Thiru N.Gopal | RBI Nominee |
| 7 | Thiru B.S. Keshava Murthy | Majority – Banking |
| 8 | Thiru K. Nagarajan | Majority – Law, Agriculture and Rural economy (Independent Director) |
| 9 | Thiru D.N.Nirranjan Kani | Minority |
| 10 | Tmt A.Sivagami | RBI Nominee |
| 11 | Thiru B.Vijayadurai | Majority – Accountancy (Independent Director) |

நிர்வாக இயக்குநர் மற்றும் தலைமை நிர்வாக அதிகாரி தவிர அனைத்து இயக்குநர்களும் செயல்சாரா இயக்குநர்கள் ஆவார்கள்.

இயக்குநர் குழுவானது வங்கி ஒழுங்குமுறை சட்டம் 1949, நிறுவனச் சட்டம் 2013 மற்றும் வங்கியால் ஏற்று கொள்ளப்பட்ட நிறுவன இணக்கநடத்தை விதி ஆகிய சட்ட விதிமுறைகளுக்கு உட்பட்டு உருவாக்கப்பட்டுள்ளது. இயக்குநர் குழுவானது சிறந்த அனுபவம் மற்றும் வங்கியியல், கணக்கியல், சிறுதொழிலுக்கான துறை, விவசாயம், சட்டம் போன்ற பல்வேறு துறைகளில் வங்கி சார்ந்த சிறப்பு அறிவுடன் கூடிய 11 இயக்குநர்களை கொண்டுள்ளது. நிர்வாக இயக்குநர் தவிர மற்ற இயக்குநர்கள் செயல்சாரா இயக்குநர்கள் ஆவார்கள். 11 இயக்குநர்களில் 2 இயக்குநர்கள்

Companies Act, 2013. The independent directors also have registered their name in the databank of IICA and cleared the online proficiency test exam conducted by IICA.

The remuneration and other benefits paid to MD & CEO and the sitting fees paid to other Non-Executive directors of the Bank during the financial year 2019-20 are disclosed in Corporate Governance Report.

22. Changes in the composition of the Board of Directors and other Key Managerial Personnel

During the year, Smt Shivavel Ezhil Jothi (DIN: 07772888), Thiru S.R.Ashok (DIN: 07933713), Thiru B.S Keshavamurthy (DIN:06965846) and Thiru D.N. Nirranjan Kani (DIN: 00455352) were co-opted as the Additional Directors of the Bank with effective from October 03, 2019 pursuant to the provisions of Section 161 of the Companies Act, 2013 after their automatic vacation of office as additional directors on September 30, 2019.

23. MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER (MD & CEO)

Shri. K.V.Rama Moorthy (DIN 07034994), was appointed as Managing Director & CEO for a period of 3 years as per RBI approval letter DBR.Appt.No.12067/08.55.001/2016-17 dated 10.04.2017, till 03.09.2020. Considering his contribution to the growth of the Bank in these years under challenging business environment, the Board of Directors recommends his continuation in the office for a further period of one year. The RBI vide its letter dated 11-06-2019 has frozen the remuneration of the MD & CEO until further advice for non-compliance of section 12(1)(i) of the Banking Regulation Act, 1949. Due to this restriction, the Bank is not able to consider any increase in the remuneration of the MD & CEO for the period of re-appointment. The approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949 for his reappointment for a further period of one year w.e.f. 4th September 2020 at the existing remuneration as per compliance with guidelines as defined in RBI Circular dated 4th November 2019 on Compensation to WTDs/CEOs and other Material Risk Takers is pending.

தன்னிச்சையான இயக்குநர்கள். நிறுவனச்சட்டம் 2013 ன்படி தன்னிச்சையான இயக்குநர்களிடம் உறுதிமொழி பெறப்பட்டுள்ளது. தன்னிச்சையான இயக்குநர்கள் தங்கள் பெயரை ஐ.ஐ.சி.ஏ-வின் தரவுதளத்தில் பதிவு செய்து ஐ.ஐ.சி.ஏ நடத்திய ஆன்லைன் தேர்வில் தேர்ச்சி பெற்றுள்ளனர்.

2019-20 நிதியாண்டில் நிர்வாக இயக்குநர் மற்றும் செயல்சாரா இயக்குநர்களுக்கு வழங்கப்படும் ஊதியம் மற்றும் இதரசலுகைகள் நிறுவன இணக்க அறிக்கையில் வெளியிடப்பட்டுள்ளது

22. இயக்குநர்கள் குழு மற்றும் பிற முக்கிய மேலாண்மை பணியிடத்தில் மாற்றங்கள் :

இந்த வருடம் திருமதி.சிவவேல் எழில்ஜோதி (DIN:07772888) திரு.S.R.அசோக் (DIN:07933713), B. S. கேசவமூர்த்தி (DIN: 06965846), மற்றும் திரு.D.N.நிரஞ்சன்கனி (DIN:00455352) ஆகியோர் செப்டம்பர் 30, 2019 அன்று கூடுதல் இயக்குநர் பதவியிலிருந்து விடுவிக் கப்பட்டனர். அதன்பின் நிறுவனச்சட்டம் 2013 பிரிவு 161 ன்படி 10.10.2019 முதல் மறுபடியும் கூடுதல் இயக்குநர்களாக நியமிக்கப்பட்டனர்.

23. நிர்வாக இயக்குநர் மற்றும் தலைமை நிர்வாக அதிகாரி :

திரு. கே.வி. ராமமூர்த்தி (DIN : 07034994) ரிசர்வ் வங்கி ஒப்புதல் கடிதம் DBR.Appt.No. 12067/08.55.001/2016-17 தேதி 10/04/2017 படி 3 வருட காலத்திற்கு அதாவது 03/09/2020 வரை நிர்வாக இயக்குநராகவும் தலைமை நிர்வாக அதிகாரியாகவும் நியமிக்கப்பட்டார். வங்கியின் வளர்ச்சிக்கு அவர் அளித்த பங்களிப்பைக் கருத்தில் கொண்டு இயக்குநர்கள் குழு மேலும் ஒரு வருடத்திற்கு அவர் அலுவலகத்தில் தொடர பரிந்துரைத்துள்ளது. 11.06.2019 தேதி ரிசர்வ் வங்கி கடிதத்தில் தலைமை நிர்வாக அதிகாரியின் ஊதியத்தை 1949 வங்கி ஒழுங்குமுறைச்சட்டத்தின் பிரிவு 12(1)(1)க்கு இணங்காதற்கான கூடுதல் ஆலோசனை வரும்வரை முடக்கியுள்ளது.

இந்த கட்டுப்பாடு காரணமாக மறுநியமணம் செய்யும் காலத்திற்கு தலைமை நிர்வாக அதிகாரியின் ஊதியத்தில் எந்தவொரு அதிகரிப்பையும் வங்கியால் பரிசீலிக்க முடியாது. 1949 வங்கி ஒழுங்குமுறைச் சட்டத்தின்படி பிரிவு 35B-ன் படி இந்திய ரிசர்வ் வங்கியின் ஒப்புதல் அவர் மீண்டும் ஒரு வருட காலத்திற்கு 2019 நவம்பர் 4ம் தேதி ரிசர்வ் வங்கியின் சுற்றறிக்கையில்

24. Appointment of independent directors

As per the definition of Independent director as prescribed under Section 149(6) of Companies Act, 2013 and based on the confirmation/disclosures received from the Directors, the following are the Independent directors of the Bank as on the date of this report

1. Thiru K. Nagarajan (DIN 02274426)
2. Thiru B. Vijayadurai. (DIN 07403509)

Thiru K.Nagarajan and Thiru B.Vijayadurai Independent Directors have given their declarations as referred to in sub-section (7) of Section 149 of the Companies Act, 2013 to the effect that they meet the criteria of independence as provided in the Act.

25. Woman Director

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

26. Directors' Responsibility Statement

Pursuant to the requirement under section 134(5) of the Companies Act 2013, it is hereby confirmed that

- (a) in the preparation of the annual accounts for the financial year ended March 31st, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the accounting policies adopted by the Bank has been applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year 2019-20 and of the profit of the Bank for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate

வரையறுக்கப்பட்டுள்ள வழிகாட்டுதல்களின் படி தற்போதைய ஊதியத்தில் நியமிக்கப்படுவதற்கு, நிலுவையில் உள்ளது..

24. தன்னிச்சையான இயக்குநர்களின் நியமனம் :

நிறுவனச்சட்டம் 2013 பிரிவு 149(6)ன் கீழ் பரிந்துரை செய்யப்பட்ட தன்னிச்சையான இயக்குநர்களுக்கான வரையரையுடன் இயக்குநர்களிடம் இருந்து பெறப்பட்ட உறுதிப்படுத்துதல் / வெளிப்படுத்துதல் ஆகியவற்றின் அடிப்படையில் இந்த அறிக்கையின் தேதியில் கீழ்க்கண்டவர்கள் தன்னிச்சையான இயக்குநர்களாக உள்ளார்கள்.

1. திரு.K.நாகராஜன் (DIN 02274426)
2. திரு.B.விஜயதுரை (DIN 07403509)

திரு.K.நாகராஜன் மற்றும் திரு.B.விஜயதுரை ஆகிய தன்னிச்சையான இயக்குநர்கள் 2013 ஆண்டு நிறுவனச்சட்டம் பிரிவு149 உட்பிரிவு 7-ல் குறிப்பிட்டுள்ள விதிகளின்படி தங்களின் உறுதிமொழிகளை வழங்கியுள்ளனர்.

25. பெண் இயக்குநர் :

நிறுவனச்சட்டம் 149ஆம் பிரிவின்படி வங்கியின் பெண் இயக்குநராக திருமதி.சிவவேல் எழில்ஜோதி (DIN: 07772888) நியமிக்கப்பட்டார்.

26. இயக்குநர்களின் பொறுப்புணர்வு அறிக்கை :

நிறுவனச்சட்டம் 2013 பிரிவு 134(5)ன் தேவைக்கிணங்க கீழ்க்கண்டவைகள் உறுதிப்படுத்தப்பட்டுள்ளது.

அ. 2019ம் ஆண்டின் மார்ச் 31ம் தேதி முடிவடைந்த நிதியாண்டிற்கான வருடாந்திர கணக்கை தயாரிப்பதில் பொருந்தக்கூடிய கணக்கு நெறிமுறைகள் கடைபிடிக்கப்பட்டுள்ளது. முறையான விளக்கங்களும் அளிக்கப்பட்டுள்ளது.

ஆ. வங்கியால் ஏற்றுக்கொள்ளப்பட்ட கணக்குக் கொள்கைகள் தொடர்ச்சியாக பயன்படுத்தப்பட்டு வருகின்றன. மேலும் முடிவு மற்றும் மதிப்பீடுகள் ஆகியவை 2019-20 நிதியாண்டின் இறுதியில் வங்கியின் நிலைமை மற்றும் இவ்வருடதிற்கான இலாபம் குறித்து உண்மையான மற்றும் நேர்மையான பார்வையை வழங்குவதற்கு நியாயமாகவும், விவேகமாகவும் செய்யப்பட்டுள்ளது.

இ. இயக்குநர்குழு நிறுவனச்சட்டம் 2013ஆம்

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 31st, 2020, 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.

27. Details of contracts or arrangements with related parties

During the year under review, the bank has not entered into any significant material transactions with related parties, which could lead to potential conflict of interest, other than transactions entered into in the ordinary course of business. As such disclosure in Form AOC-2 is not applicable. However, for better corporate governance, even the transactions entered into by the Bank with related parties in normal course of business were also placed before the Audit Committee of Board and the Board for their approval/ ratification.

28. Board Level Performance Evaluation

The Companies Act, 2013 stipulates evaluation of the performance of the Directors including Chairman, Board and its Committees. In terms of the said provisions, the formal performance evaluation of the directors has been done.

The Committee of Independent Directors at their separate meeting evaluated the performance of MD & CEO, Non-Independent Directors including Part Time Non-Executive Chairman, (tenure end on 02.02.2020) and the Board as a whole. The Board evaluates the performance of the Independent Directors, wherein the director who were evaluated

ஆண்டின் விதிகளின்படி, வங்கியின் சொத்துக்களைப் பாதுகாப்பதற்கும் மேலும் பிற ஒழுங்கற்றவைகளை தடுத்தல் மற்றும் கண்டறிதல் ஆகியவற்றிற்காக போதுமான கணக்கு பதிவுகளை பராமரிப்பதற்கு முறையான மற்றும் போதுமான அக்கறை எடுத்துக்கொண்டது.

ஈ. 2020ம் ஆண்டின் மார்ச் 31ம் தேதி முடிவடைந்த நிதி ஆண்டிற்கான வருடாந்திர கணக்குகளை இயக்குநர்கள் தயாரித்துள்ளனர்.

உ. இயக்குநர்கள் அமல்படுத்திய உள்நிதிக்கட்டுப்பாடுகள் வங்கியால் பின்பற்றப்படுகிறது மற்றும் அத்தகைய உள்நிதிக்கட்டுப்பாடுகள் போதுமானவையாகவும் திறம்படவும் செயல்படுகின்றன.

ஊ. இயக்குநர்கள் சரியான நெறிமுறைகளை திட்டமிட்டு பொருந்தும் அனைத்து சட்டங்களின் விதிமுறையின்படி இணங்குவதற்கு போதுமானதாகவும் திறம்பட செயல்படுவதாகவும் வகுத்துள்ளனர்

27. வங்கியுடன் தொடர்புடையவர்களோடு செய்த ஒப்பந்தங்கள் அல்லது உடன்படிக்கையின் விபரங்கள்:

மதிப்பாய்வு செய்யப்பட்ட ஆண்டில் தொடர்புடைய நபர்களுடன் எந்தவொரு குறிப்பிடத்தக்க பொருள் பரிவர்த்தனையிலும் வங்கி நுழையவில்லை. இது சாதாரண வணிகப்போக்கில் நடைபெறும், முரண்பாடில்லாத பரிவர்த்தனைகள் ஆகும். படிவம் -2 இல் இது போன்ற வெளிப்பாடு பொருந்தாது. எவ்வாறாயினும் சிறந்த கார்ப்பரேட் ஆளுகைக்காக சாதாரண வணிகப்போக்கில் தொடர்புடைய நபர்களுடன் வங்கி செய்த பரிவர்த்தனைகள் கூட இயக்குநர் குழுவின் ஒப்புதலுக்காக, தணிக்கை குழு வாரியத்தின் முன் வைக்கப்பட்டன.

28. இயக்கநர்க்குழு செயல்திறன் மதிப்பீடு :

கம்பெனி சட்டம் 2013 தலைவர், வாரியம் மற்றும் அதன் குழுக்கள் உள்ளிட்ட இயக்குநர்களின் செயல்திறனை மதிப்பீடு செய்கிறது. கூறப்பட்ட விதிகள் அடிப்படையில் இயக்குநர்களின் முறையான செயல்திறன் மதிப்பீடு செய்யப்பட்டுள்ளது. தன்னிச்சையாக இயக்குநர்களின் குழு அவர்களின் தனி கூட்டத்தில் நிர்வாக இயக்குநர் மற்றும் தலைமை நிர்வாக அதிகாரி, பகுதி நேர நிர்வாக தலைவர் உட்பட தன்னிச்சையற்ற

had abstained during the evaluation. The Board also evaluated the performance of Board level committees.

29. Bank's policy on directors' appointment and remuneration

The Bank has a Board approved compensation policy which deals with the compensation & benefits of the employees of the Bank and Managing Director & CEO.

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

The remuneration of the MD & CEO is recommended by the Nomination & Remuneration Committee (NRC) to the Board for approval after considering the factors prescribed under the Compensation Policy. The Board considers the recommendations of NRC and approves the remuneration, without modifications, subject to shareholders' and regulatory approvals. The remuneration payable to MD & CEO is subject to prior approval of the Reserve Bank of India (RBI). Therefore, the remuneration or any revision in remuneration to MD & CEO is payable only after receipt of the approval from RBI.

The other non-executive directors are paid only sitting fees for attending the meetings of the Board and its Committees. None of the directors including the MD & CEO receives any profit linked remuneration. The sitting fees payable to the non-executive directors did not undergo any change during the year 2019-20.

30. Board/Committee meetings

The Bank's Board met 23 times, and its sub-committees including the Committee of Directors held a total of 88 meetings during the year 2019-2020. The date of Board meeting conducted are as detailed below:

இயக்குநர்கள் மற்றும் வாரியம் முழுவதையும் மதிப்பீடு செய்தது. தன்னிச்சையான இயக்குநர்களின் செயல் திறனை வாரியம் மதிப்பீடு செய்கிறது. அதில் மதிப்பீடு செய்யப்படும் இயக்குநர் பங்குபெறமாட்டார். வாரிய அளவிலான குழுக்களின் செயல்திறனையும் வாரியம் மதிப்பீடு செய்தது.

29. இயக்குநர்களின் நியமனம் மற்றும் ஊதியம் பற்றி வங்கியின் கொள்கை :

வங்கியானது நிர்வாக குழுவால் அங்கீகரிக்கப்பட்ட இழப்பீடுக்கொள்கை, வங்கி ஊழியர்களுக்கும் நிர்வாக இயக்குநர் தலைமை நிர்வாக அதிகாரிக்கும் பொருந்துவதாக கொண்டுள்ளது.

வங்கி ஒழுங்குமுறை சட்டம் 1949 பிரிவு 10அ (2)ன்படி இயக்குநர்கள் ஐம்பத்து ஒரு சதவீதத்திற்கு குறைவாக இருக்கக்கூடாது என்று இருப்பதை நிறைவேற்றி உள்ளது. வங்கி இயக்குநர்களின் சுதந்திரத்தை தீர்மானிப்பதில் உட்பிரிவு 6 பிரிவு 149 நிறுவனச் சட்டம் 2013ல் குறிப்பிடப்பட்டுள்ள விதிகளை பின்பற்றுகிறது.

நிர்வாக இயக்குநர் மற்றும் தலைமை நிர்வாக அதிகாரியின் ஊதியத்தை நியமனம் மற்றும் ஊதியக்குழுவின் கீழ் பரிந்துரைக்கப்படும் காரணிகளை கருத்தில் கொண்டு இயக்குநர் குழு கூட்டத்தில் ஒப்புதல் தரப்படும். NRC-ன் பரிந்துரைகளை கருத்தில் கொண்டு பங்குதாரர்களின் மற்றும் ரிசர்வ் வங்கியின் அனுமதிக்கு உட்பட்டு மாற்றங்களுடன் அல்லது இல்லாமல், ஊதியம் அங்கீகரிக்கப்படுகிறது MD & CEO-வின் ஊதியத்தில் ஏதேனும் மாற்றம் இருந்தால் மத்திய ரிசர்வ் வங்கியின் ஒப்புதலுக்கு பின்னரே கொடுக்கப்படும்

செயல்சாரா இயக்குநர்களுக்கு உட்காருதல் கட்டணம் நிர்வாககுழு மற்றும் அதன் துணை குழுவில் கலந்து கொள்பவருக்கு மட்டுமே கொடுக்கப்படுகிறது. MD & CEO உள்ளிட்ட இயக்குநர்களுக்கு லாபம் சம்பந்தப்பட்ட ஊதியம் கொடுக்கப்படுவதில்லை செயல்சாரா இயக்குநர்களுக்கு கொடுக்கப்படும் உட்காருதல் கட்டணத்தில் 2019-20ல் எந்த ஒரு மாற்றமும் இல்லை.

30. இயக்குநர் குழு மற்றும் துணைகுழு கூட்டங்கள் :

2019-20 ஆண்டில் வங்கியின் இயக்குநர் குழு 23 முறையும் துணை குழுக்கள் 88 முறையும் கூடியுள்ளது.

| Date of Board Meeting | | |
|-----------------------|------------|------------|
| 16.04.2019 | 12.08.2019 | 27.12.2019 |
| 04.05.2019 | 30.08.2019 | 28.01.2020 |
| 06.05.2019 | 14.09.2019 | 08.02.2020 |
| 15.05.2019 | 27.09.2019 | 24.02.2020 |
| 30.05.2019 | 03.10.2019 | 17.03.2020 |
| 13.06.2019 | 25.10.2019 | 23.03.2020 |
| 11.07.2019 | 12.11.2019 | 31.03.2020 |
| 22.07.2019 | 03.12.2019 | |

The details of attendance of each Director at the Board meetings and Committee meetings held during the period from 1st April 2019 to 31st March 2020 are:

2019-20ம் ஆண்டில் நடைபெற்ற இயக்குநர்க்குழு மற்றும் அதன் உட்குழுக்கள் கூட்டங்களில் கலந்துகொண்ட இயக்குநர்களின் வருகை விபரம்

| SI No. | Directors Name | No of Board meetings held | No of Board meetings attended | No of Committee Meetings held | No of committee meetings attended |
|--------|---------------------------|---------------------------|-------------------------------|-------------------------------|-----------------------------------|
| 1 | Thiru K.V Rama Moorthy | 23 | 23 | 74 | 74 |
| 2 | Thiru S.Annamalai | 23 | 22 | 8 | 8 |
| 3 | Thiru P.C.G. Asok Kumar | 23 | 23 | 45 | 42 |
| 4 | Thiru S.R Ashok | 23 | 23 | 56 | 56 |
| 5 | Tmt S.Ezhil Jothi | 23 | 23 | 14 | 13 |
| 6 | Thiru N.Gopal | 23 | 22 | 25 | 24 |
| 7 | Thiru B.S. Keshava Murthy | 23 | 23 | 44 | 44 |
| 8 | Thiru K. Nagarajan | 23 | 23 | 69 | 69 |
| 9 | Thiru D.N.Nirranjan Kani | 23 | 22 | 28 | 22 |
| 10 | Tmt A.Sivagami | 23 | 21 | 26 | 23 |
| 11 | Thiru B.Vijayadurai | 23 | 23 | 80 | 80 |

31. Audit Committee

The Audit Committee of the Board is chaired by Thiru Vijayadurai, who is a Chartered Accountant and an independent director. The other members of the committee are Thiru B. S. Keshava Murthy, Thiru K. Nagarajan (Independent Director) and Thiru N.Gopal, Tmt A.Sivagami (RBI Nominee Directors). The constitution of the Committee is in compliance with the regulatory requirements. The terms of reference of the Audit Committee are as per the Companies Act, 2013 and RBI guidelines.

32. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reconstituted with three directors as its members including two independent directors and is in

31. தணிக்கை குழு :

தணிக்கை குழு தலைவராக உள்ள திரு. B. விஜயதுரை அவர்கள் ஒரு பட்டய கணக்காளர் மற்றும் தன்னிச்சை இயக்குநர். இக்குழுவின் உறுப்பினர்களாக திரு. B. S. கேசவமூர்த்தி, திரு. K. நாகராஜன் (தன்னிச்சை இயக்குநர்) மற்றும் திரு. N. கோபால், திருமதி A. சிவகாமி (RBI நியமன இயக்குநர்கள்) உள்ளனர். இந்த அமைப்பு நிறுவன சட்டம் 2013 மற்றும் ரிசர்வ் வங்கி வழிகாட்டுதல்களுக்கு இணக்கமாக உள்ளது.

32. நியமனம் மற்றும் ஊதியக்குழு :

மாற்றியமைக்கப்பட்ட நியமன மற்றும் ஊதியக்குழுவில் இரண்டு தன்னிச்சையான இயக்குநர்கள் உட்பட மூன்று உறுப்பினர்கள் உள்ளனர். இது நிறுவன சட்டம் 2013 பிரிவு 178 மற்றும் ரிசர்வ்

compliance with the requirements of Section 178 of the Companies Act 2013 and RBI guidelines. The Nomination and Remuneration policy as recommended by the Nomination and Remuneration committee and approved by the Board is available in our Bank website. The link is given below:

<https://www.tmb.in/Remuneration-policy.aspx>

33. Corporate Social Responsibility (CSR) Committee and Stakeholders Relationship and Capital Planning Committee

The Bank has re-constituted the Corporate Social Responsibility Committee of the Board in pursuance of the requirements of Section 135. The CSR Committee met twice during the year under review. The Stakeholders Relationship and Capital Planning Committee of the Board were constituted in pursuance of the requirements of Section 178 of the Companies Act, 2013.

34. Annual General Meetings

The Hon'ble High Court of Madras had passed an order on February 6, 2020, in W.A.No.2 of 2016 & CMP.Nos.10145, 16385, 16388, 16389 of 2019 and 16419 of 2019 & WP.Nos.23056 of 2019 and WMP.22748, 22751 of 2019., allowing conduct of the overdue annual general meetings (94th, 95th, 96th and 97th Annual General Meeting for the years 2015-16, 2016-17, 2017-18 and 2018-19) of the Bank within a period of 70 clear days from the date of receipt of the order. The date of AGM was fixed on 9th April, 2020. But due to the outbreak of Covid-19 pandemic and the proclamation of country wide lock down by the Government of India, the Annual General Meetings was deferred. The fresh date will be fixed depending upon the situations and after obtaining permission from the Hon'ble High Court of Madras.

35. Corporate Governance

The Bank's Corporate Governance philosophy is woven around its total commitment to ethical practices in the conduct of its business, while striving hard to enhance the stakeholders' value. Your Bank has endeavoured to adopt the best corporate governance practices across the spectrum of its activities. It also adheres to the principles of transparency and accountability in transactions,

வங்கி வழிகாட்டுதல்களுக்கு இணக்கமாக உள்ளது. நியமனம் மற்றும் ஊதியக்குழு பரிந்துரைத்த மற்றும் வாரியத்தால் அங்கீகரிக்கப்பட்ட பரிந்துரை மற்றும் ஊதியக் கொள்கை வங்கி இணையதளத்தில் உள்ளது. இதற்கான இணைப்பு கீழே கொடுக்கப்பட்டுள்ளது.

<http://www.tmb.in/remuneration-policy.aspx>

33. நிறுவன சமூகப்பொறுப்பு குழு மற்றும் பங்குதாரர்களின் உறவுமுறை மற்றும் மூலதன திட்டமிடல் குழு :

நிறுவனச்சட்டம் 2013, பிரிவு 135ன் படி விதிகளை பின்பற்றும் வகையில் வங்கியானது நிறுவன சமூக பொறுப்பு குழு ஒன்றையும் பிரிவு 178ன் படி விதிகளை பின்பற்றும் வகையில் பங்குதாரர்களின் உறவுமுறை மற்றும் மூலதன திட்டமிடல் குழு ஒன்றையும் ஏற்படுத்தியது. நிறுவன சமூகப்பொறுப்புக்குழு இவ்வருடத்தில் இருமுறை கூடியுள்ளது

34. வருடாந்திர பொதுக்குழு கூட்டங்கள் :

மாண்புமிகு சென்னை உயர்நீதிமன்றம் பிப்ரவரி 6 2020 அன்று வங்கியின் நிலுவையிலுள்ள 94, 95, 96 மற்றும் 97 வது, 2015-16, 2016-17, 2017-18 மற்றும் 2018-19 வது வருடங்களுக்கான வருடாந்திர பொதுக்குழு கூட்டங்களை உத்தரவு பெற்ற 70 நாட்களுக்குள் நடத்த உத்தரவு பிறப்பித்தது. வங்கியின் வருடாந்திர பொதுக்குழு கூட்டம் 2020 ஏப்ரல் 9ம் தேதி நிர்ணயிக்கப்பட்டது. ஆனால் கொரோனா தொற்றுநோய் பரவியதாலும் இந்திய அரசால் நாடு முழுவதும் முழு ஊரடங்கு அறிவிக்கப்பட்டதாலும் வருடாந்திர பொதுக்குழு கூட்டம் ஒத்திவைக்கப்பட்டது. மேலும் வருடாந்திர பொதுக்குழு கூட்டம் நடத்த தேதியானது கூந்நிலைகளை பொறுத்து சென்னை உயர்நீதி மன்றத்தில் அனுமதி பெற்ற பிறகு நிர்ணயிக்கப்படும்.

35. நிறுவன மேலாண்மை:

வங்கி மேலாண்மை தத்துவம் பங்குதாரரின் மதிப்பை அதிகரிக்க கடினமாக முயற்சி செய்துள்ளது. மேலும் அதன் வணிக நடத்தையில் உள்ள ஒழுக்க நடைமுறைகள் அதன் முழுமையான அர்ப்பணிப்பு சுற்றி பின்னப்பட்டுள்ளது. உங்கள் வங்கி எங்கெல்லாம் முடியுமோ அங்கெல்லாம் சிறந்த நிறுவன ஆளுகையின் நடைமுறைகளை பின்பற்ற பெருமுயற்சியில் ஈடுபட்டிருந்தது. இது வணிக நடவடிக்கைகள் தகவல்களை வெளியிடுதல்,

disclosure of information, integrity, social responsibilities and statutory compliance. The Bank has followed the directions and guidelines issued by RBI from time to time regarding Corporate Governance. Further, the Bank also adheres to its time tested traditional values based on business ethics and contribution to society as a principle.

It has also complied with the various requirements of the Companies Act, 2013 with regard to corporate governance.

The Bank has set up the following committees of the Board for focused governance in the important functional areas and for effective control of the affairs of the Bank.

| Sl. No | Name of the Committee |
|--------|---|
| 1 | Management Committee |
| 2 | Information Technology Strategy Committee |
| 3 | Audit Committee |
| 4 | NPA Monitoring Committee |
| 5 | Fraud Monitoring Committee |
| 6 | Customer Service Committee |
| 7 | HRM Committee |
| 8 | Disciplinary Committee (Appellate Authority for Officers) |
| 9 | Risk Management Committee |
| 10 | Nomination and Remuneration Committee |
| 11 | Corporate Social Responsibility Committee |
| 12 | Stakeholders Relationship and Capital Planning Committee |
| 13 | Share Transfer Committee |
| 14 | Independent Directors Committee |
| 15 | Review of Willful Defaulters Committee |

The Bank has been exhibiting its keenness to attain and maintain high standards in corporate governance by constituting various committees, both mandatory and non-mandatory, to guide the bank in crucial aspects of banking business. As a mark of its urge to embark on the path of excellence in corporate governance, the Bank has chosen voluntarily to selectively adhere to the provisions of SEBI (Listing obligations and Disclosure requirements) Regulations, 2015. The Bank considers shareholders' rights as paramount and takes all efforts to protect that right as well as facilitate the participation of shareholders to exercise the rights.

36. Compliance Function

The bank has embraced compliance as a part of good governance and not purely meeting the regulatory requirement. Hence, the Bank has

ஒருமைப்பாடு, சமூக பொறுப்பு, சட்டவிதிகளை கடைப்பிடித்தல் ஆகியவற்றில் வெளிப்படையான கொள்கைகளை பின்பற்றுகிறது. வங்கி நிறுவன ஆளுகையில் அவ்வப்போது வழங்கப்படும் ரிசர்வ் வங்கியின் நெறிமுறைகள் மற்றும் வழிகாட்டுதலின்படி செயல்படுகிறது. மேலும் மதிப்பான தொழில் நெறிமுறைகளை சமூகத்திற்கு வழங்குவதை கொள்கையாக கொண்டுள்ளது

வங்கி நிறுவன ஆளுகையில் நிறுவனச்சட்டம் 2013க்கு இணக்கமாய் பல்வேறு சீர்திருத்தங்களை செய்துள்ளது.

வங்கி முக்கிய செயல்பாட்டுப் பகுதிகளில் வங்கி நடவடிக்கைகளில் சரியான கவனம் செலுத்துவதற்கும் மற்றும் கட்டுப்பாட்டை கடைபிடிப்பதற்கும் பின்வரும் குழுக்களை அமைத்துள்ளது

| வ.எண் | குழுவின் பெயர் |
|-------|--|
| 1 | நிர்வாகக் கிளைக் குழு |
| 2 | தகவல் தொழில் நுட்ப செயல் திட்டக்குழு |
| 3 | தணிக்கைக் குழு |
| 4 | செயல்பாட்டு கடைபிடிப்பு கண்காணிக்கும் குழு |
| 5 | மோசடி வேலைகள் நடைபெறா வண்ணம் கண்காணிக்கும் குழு |
| 6 | வாடிக்கையாளர்கள் சேவைக் குழு |
| 7 | மனிதவள மேலாண்மைக் குழு |
| 8 | ஒழுங்கு நடவடிக்கைக் குழு (அதிகாரிகளுக்கான மேல் முறையீடு) |
| 9 | இடர் மேலாண்மைக் குழு |
| 10 | நியமனம் மற்றும் ஊதியக்குழு |
| 11 | சமூக பொறுப்புணர்வு குழு |
| 12 | பங்குதாரர்கள் உறவுமுறைக் குழு மற்றும் மூலதன திட்டக்குழு |
| 13 | பங்கு மாற்றும் குழு |
| 14 | தன்னிச்சையான இயக்குநர்கள் குழு |
| 15 | திராணி இருந்தும் திரும்ப செலுத்தாத கடனாளிகளின் மீளாய்வு திட்டக் குழு |

வங்கியானது சிறப்பான குழு மேலாண்மையை செயல்படுத்த பல்வேறு குழுக்களை அமைத்து கொள்கைகளையும் வசதிகளையும் ஏற்படுத்தியுள்ளது. இதன் சிறப்பு அம்சமான SEBI ஒழுங்குமுறைச் சட்டம் (கடமைப்பட்டியல் மற்றும் தேவைகளை வெளிப்படுத்துதல்) 2015ல் கண்டுள்ள விதிமுறைகளை பின்பற்றி வருகிறது. வங்கியானது பங்குதாரர்களின் பங்கேற்பை அதிகரிப்பதற்கும் எல்லா விதமான முயற்சிகளையும் எடுத்து வருகிறது

36. வங்கி நிறைவேற்ற வேண்டியவைகள் :

வங்கி நல்ல ஆட்சியின் ஒரு பகுதியாக இணக்கத்தை ஏற்றுக் கொண்டது. அதன் அணுகுமுறையில் முழுமையாக ஒழுங்கு நெறிமுறைகளை பின்பற்றும் நோக்கம் கொண்டது. எனவே வங்கி முழுவதும் வலுவான ஒத்துழைப்பு

institutionalized a strong compliance culture and mechanism across the organization, founded on the principles of transparency and trust by involving all the stakeholders. The Bank has a dedicated Compliance Department headed by Deputy General Manager for ensuring regulatory compliance, across all its businesses and operations. The key functions of this department includes, dissemination of key regulatory updates affecting the various business verticals of the Bank, review of processes from a regulatory compliance perspective, provide guidance on compliance-related matters, among others.

37. Compliance with the provisions of Companies Act, 2013

The Bank has complied with all the provisions of the Companies Act, 2013 to the extent that they are applicable to the Bank. Due to non-conduct of AGMs, the Bank is unable to comply with the Provisions of Section 96 of the Companies Act and the related provisions on AGMs.

38. Internal Auditors

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

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

39. Statutory Auditors

The Board of Directors has recommended the appointment of M/s G.Balu Associates LLP, Chennai as the Statutory Central Auditors of the Bank for the year 2019-20, to Reserve Bank of India. Reserve Bank of India vide its letter dated 13.08.2019 has approved

கலாச்சாரம் மற்றும் அமைப்பு முழுவதும் நிறுவன மயமாக்கப்பட்டது. அனைத்து பங்குதாரர்களும் சம்பந்தப்பட்ட வெளிப்படைத் தன்மை மற்றும் நம்பிக்கையின் கொள்கைகளை அடிப்படையாக கொண்டது இதற்காக துணை பொது மேலாளர் அவர்களின் தலைமையில் அனைத்து வர்த்தக நடவடிக்கை செயல்பாடுகளை கண்காணிக்கப்படுகிறது. இதன் முக்கிய நோக்கம் வியாபார பாதிப்பைக் கண்டறிதல் முன்னோக்கி செயல்படுதல் மற்றும் வழிகாட்டுதல்களையும் வழங்குகிறது.

37. நிறுவனச் சட்டம் 2013ன் படி பின்பற்றப்பட வேண்டியவை:

வங்கியானது நிறுவன சட்டம் 2013ன் படி நிறுவனச் சட்ட பிரிவுகளை பொருத்தமான முறையில் செயல்படுத்தி வருகிறது. வருடாந்திர பொதுக்குழு கூட்டங்கள் நடைபெறாத காரணத்தினால் நிறுவனச்சட்டம் பிரிவு 96ன் விதிமுறைகளையும் அது சம்பந்தமான வருடாந்திர பொதுக்குழு கூட்டங்களின் விதிமுறைகளையும் வங்கியால் பின்பற்ற இயலவில்லை.

38. உள் தணிக்கையாளர்கள் :

நிறுவனச்சட்டம் 2013 பிரிவு 138 தேவைகளின்படி வங்கி ஒரு பட்டயக்கணக்கர் அல்லது ஒரு அடக்க மதிப்பு கணக்காளர் அல்லது மற்ற தொழில் முறை சார்ந்த நபரை உள் தணிக்கையாளராக நியமிக்க வேண்டும் என்றும் வங்கியின் செயல்பாடுகள் மற்றும் நடவடிக்கைகள் உள் தணிக்கை செய்யப்படும் என்றும் குழுவில் முடிவு செய்யப்பட்டது. உள் தணிக்கையாளர்கள் தேவைக்கேற்ப வங்கியில் ஏற்கனவே தணிக்கையாளர்கள் உள்ளூர்வு அதிகாரிகள், இணக்கத்துறை ஆகியோர் உள்ளதால் வேறுபட்ட தேவைகளும் ஏற்கனவே இணக்கம் செய்யப்பட்டுள்ளது.

39. சட்டப்பூர்வமான தணிக்கையாளர்கள் :

இயக்கநர்கள் குழு 2019-20ன் வங்கியின் சட்டப்பூர்வமான மத்திய தணிக்கையாளராக M/s.G.பாலு அசோசியேடஸ் LLP சென்னை அவர்களை நியமிக்க இந்திய ரிசர்வ் வங்கி 13.08.2019 தேதியில் உள்ள கடிதத்தில் ஒப்புதல் அளித்துள்ளது. இவர்களது நியமனம் வங்கியின் ஆண்டு பொதுக்குழு கூட்டத்தின் ஒப்புதலுக்கு

the same subject to the approval of members at the Annual General Meeting.

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

40. Comments on Auditors' Report

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

41. Details in respect of frauds reported by auditors

There was no fraud reported by auditors under sub-section (12) of section 143 of the companies Act, 2013.

41. Secretarial Audit

As the Bank is a public company having a turnover of more than Rs.250 crores, in terms of Section 204 of Companies Act, 2013, Secretarial audit has to be conducted and a report as prescribed in Form MR-3 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is required to be annexed to this report.

The Bank had appointed M/s P Sriram & Associates, Practicing Company Secretaries, Chennai as its Secretarial Auditors to conduct the secretarial audit of the Bank for the FY 2019-20. The report of the Auditor is annexed as Annexure 2

There are no material remarks or observations in the report which require any explanation on the part of the Board, except the following:

(i) Regarding compliance with Section 12 (1) of Banking Regulation Act, 1949: -

The Bank is taking effective steps to comply

உட்பட்டது.

நிறுவனச்சட்டம் 2013 பிரிவு 141ன்படி தங்களை தணிக்கையாளர்களாக நியமிக்க உத்தேசிக்கப்பட்டுள்ள இவர்கள் அவ்வாறு வங்கியின் தணிக்கையாளர்களாக நியமிப்பதற்கு தங்களுக்கு தகுதியுள்ளது என்பதை உறுதிசெய்துள்ளனர்.

40. தணிக்கையாளர்களின் அறிக்கை மீதான விளக்கங்கள் :

தணிக்கையாளர்களின் அறிக்கையில் குறிப்பிட்டுள்ள குறிப்புகள் சுயவிளக்கம் உள்ளவை. நிறுவனச்சட்டம் 2013 பிரிவு 134(3)(f) ன்படி எந்த ஒரு குறிப்புகளும் பாதகமானதாக இல்லாததால் இயக்குநர் குழுவின் விளக்கங்கள் தேவையானதாக இல்லை

41. மோசடி பற்றிய தணிக்கையாளர்களின் விவர அறிக்கை :

நிறுவனச்சட்டம் 2013 பிரிவு 143 உட்பரிவு 12ன்படி தணிக்கையாளர்களால் எந்த மோசடியும் அறிவிக்கப்படவில்லை.

41. செயலக தணிக்கை :

நிறுவனச்சட்டம் 2013 பிரிவு 204 ன்படி 250 கோடிக்கு அதிகமாக வருவாய் கொண்ட ஒரு பொது நிறுவனமாக வங்கி செயல்பட்டு வருவதால் செயலக தணிக்கை நடத்தப்பட்டு மற்றும் அதன் அறிக்கையை பரிந்துரைக்கப்பட்ட படிவும் MR-3 நிறுவன (நியமனம் மற்றும் நிர்வாக பணியாளர்கள் ஊதியம்) விதிகள் 2014 ன்படி இந்த அறிக்கை இணைக்கப்பட வேண்டும்

வங்கி திருவாளர்கள் ஸ்ரீராம் & அசோசியேடஸ் பணிபுரியும் நிறுவனசெயலர்கள், சென்னை, நிதி ஆண்டு 2019-20 க்கான செயலக தணிக்கை செய்வதற்கான செயலக தணிக்கையாளர்களாக நியமித்துள்ளது. தணிக்கையாளர்களது அறிக்கை இணைப்பு 2 ல் கொடுக்கப்பட்டுள்ளது.

கீழே குறிப்பிட்டுள்ள சிலவற்றை தவிர பாதகமான எந்தவிதமான குறிப்பும் அவர்களது அறிக்கையில் இல்லாததால் இயக்கநர் குழுவின் எந்த விளக்கமும் தேவைப்படவில்லை.

- வங்கி பொதுக்குழு கூட்டம் நடத்தப்படாதது குறித்த வங்கி ஒழுங்குமுறை சட்டம் 1949 பிரிவு

same by conducting Annual General Meeting of the Bank.

(ii) Regarding non conduct of AGM: - As per the order dated 06.02.2020 by the Hon'ble High Court of Madras we had scheduled to conduct the 94th to 97th Annual General Meetings on 09.04.2020. But, in view of the outbreak of Covid-19 pandemic and the proclamation of country wide lock down by the Hon'ble Prime Minister of India on 24.03.2020, the meeting was deferred. As per the MCA circular dated 05.05.2020 permitting the companies to conduct the AGMs through VC/OAVM, we have filed an application dated 16.05.2020 seeking permission to resume the process of AGMs from the stage of receiving nominations and sought extension of time for conducting the AGMs through VC/OAVM by adopting the guidelines of the MCA. We have also explained the urgency in hearing our case. The case is likely to be listed for hearing shortly.

(iii) Other observations made by the Secretarial Auditor are self-explanatory.

42. Compliance to Secretarial Standards

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

43. Funding sources of renewable energy

The Bank has been supporting and financing various activities for development of alternative energy generation to the tune of Rs.7.00 crores. The Bank recognizes wind and solar energy as main sources of best renewable and pollution free energy throughout the year and considers funding these initiatives as its contribution towards the worldwide effort against global warming. Accordingly, bank encourages setting up of solar panels by financing solar energy generation plants. The Bank has also taken various steps to conserve energy in its own premises, by establishing solar plant in 12 branches, of which 3 branches are

12(1)ன்படி கூட்டம் நடத்துவதற்கான தேவையான நடவடிக்கைகள் வங்கி எடுத்து வருகிறது.

- வருடாந்திர பொதுக்குழு கூட்டம் நடத்தப்படாதது குறித்து 6.2.2020 தேதியிட்ட சென்னை உயர்நீதிமன்ற உத்தரவுக்கு இணங்க 94 முதல் 97 வரையிலான வருடாந்திர பொதுக்குழு கூட்டம் 9.4.2020 அன்று நடத்த திட்டமிடப்பட்டது. ஆனால் COVID 19 நோய் தொற்று மற்றும் மாண்புமிகு பிரதம மந்திரியின் 24.3.20 அன்று உத்தரவுபடி நாடு தழுவிய அடைப்பு காரணமாக கூட்டம் ரத்து செய்யப்பட்டது. 16.5.2020 தேதி நிறுவன அமைச்சரகம் (MCA) சுற்றறிக்கையின்படி நிறுவனங்கள் தங்களது ஆண்டு பொதுக்குழு கூட்டத்தை வீடியோ கான்பரன்சிங் / OAVM மூலம் நடத்திட அனுமதி அளித்துள்ளது. நாங்கள் ஆண்டு பொதுக்குழு கூட்டம் மீண்டும் நடத்துவதற்கும் அதற்குரிய நடவடிக்கைகளை தொடர கால நீட்டிப்பு ஆண்டு பொதுக்குழு கூட்டம் வீடியோ கான்பரன்சிங் / OAVM மூலம் வழிகாட்டுதல்படி நடத்திட அனுமதி பெறவும் நாங்கள் 16.05.2020 அன்று விண்ணப்பம் செய்துள்ளோம். வழக்கு விசாரணை நடத்துவதற்குரிய தேவையையும் நாங்கள் தெரியப்படுத்தி உள்ளோம் வழக்கு விசாரணைக்கு எடுத்துக்கொள்ளப்படும் விவரம் குறுகிய காலத்தில் தெரியவரும்
- செயலக தணிக்கையாளர்களின் மற்ற அறிக்கைகளில் சுயவிளக்கம் உள்ளது.

42. செயலக கோட்பாடுகள் இணக்கம் :

இந்திய நிறுவனச் செயலர்கள் நிறுவனம் (ICSI) வழங்கிய செயலக கோட்பாடுகள் மற்றும் நிறுவன அமைச்சரகத்தால் ஏற்றுக்கொள்ளப்பட்ட கோட்பாடுகளின்படி வங்கி இணக்கமாக செயல்படுகிறது.

43. புதுப்பிக்கக்கூடிய ஆற்றலுக்கான நிதியுதவி :

வங்கி பல்வேறு மாற்று ஆற்றல் உற்பத்தியை ஆதரிக்கவும் மற்றும் வளர்க்கவும் ரூ 7.00 கோடி அளவிற்கு கடனுதவி வழங்கியிருக்கிறது. புனி வெப்பமயமாதலுக்கு எதிராக உலக அளவிலான முயற்சிக்கு உதவும் பொருட்டு காற்று மற்றும் சூரிய ஒளி மூலம் கிடைக்கக்கூடிய சிறந்த புதுப்பிக்கக்கூடிய மற்றும் மாசு இல்லா ஆற்றலுக்கான நிதியுதவியை வங்கி அங்கீகரிக்கிறது. வங்கி சூரிய ஒளி தகடு (SOLAR PANEL) அமைக்க நிதியுதவி செய்வதன் மூலம்

equipped with solar plant during the financial year 2019-20.

44. Corporate Social Responsibility

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

As per Section 135 of the Companies Act 2013 and Rules thereunder, the total amount to be spent of ₹798.43 lakhs for the Corporate Social Responsibility activities for the financial year 2019-20 and the bank has spent the same. In view of Covid-19 pandemic, your bank has donated Rs.500 lakh to PM Cares Fund out of the above total CSR amount. In addition to that your Bank has also donated Rs.150 lakh (Employee contribution – 60.15 lakhs) to the Chief Minister Relief Fund.

45. Extract of annual return

Extracts of Annual Return Pursuant to provision of sec 134(3)(a) and sec 92(3) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at 31st March 2020 is given as Annexure 4 of this report and also uploaded in Bank's website. The same can be accessed at <https://www.tmb.in>.

46. 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 towards any act 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 woman working in the Bank. The Policy provides for prevention and protection against sexual

ஊக்கப்படுத்துகிறது. மேலும் வங்கி சூரிய ஒளி தகடு மூலம் பெறப்படும் ஆற்றலை தங்களது சொந்த இடங்களில் நடைமுறைப்படுத்த நடவடிக்கை எடுத்துள்ளது. சூரிய ஒளி மூலம் மின் உற்பத்தியை வங்கி அதன் 12 கிளைகளில் ஏற்படுத்தியுள்ளது. அவற்றில் 3 கிளைகளில் நிதியாண்டு 2019-20ம் ஆண்டு செயல்படுத்தப்பட்டது.

44. சமூக பொறுப்புணர்வு :

மற்ற இடங்களில் குறிப்பிட்டது போன்று வங்கி ஒரு சமூக பொறுப்புணர்வு குழுவை அமைத்துள்ளது. மேலும் ஒரு சமூக பொறுப்புணர்வு கொள்கையை ஏற்று கொண்டுள்ளது. கொள்கை ஆவணம் வங்கியின் இணையதளத்தில் உள்ளது. நிறுவனங்கள் விதிகள் 2014ன் படி இணைப்பு 3ல் வங்கியின் சமூக பொறுப்புணர்வு நடவடிக்கைகள் குறிப்பிடப்பட்டுள்ளது.

நிறுவன சட்டம் 2013 பிரிவு 135 மற்றும் விதிகளின்படி மொத்தத்தொகை ரூ.798.43 லட்சம் சமூக பொறுப்புணர்வு செயல்களுக்காக நிதியாண்டு 2019-20-ல் வங்கி செலவழித்துள்ளது. கோவிட்-19 நோய் தடுப்புக்காக பிரதமமந்திரி கவனிப்பு நிதிக்கு ரூ.500.00 லட்சம் நன்கொடையாக சமூக பொறுப்புணர்வு தொகையில் இருந்து வழங்கியுள்ளது. வங்கி மேலும் ரூ.150 லட்சம் (ஊழியர்கள் பங்கு ரூ.60.15 லட்சம்) கூடுதலாக முதலமைச்சர் நிவாரண நிதிக்கு நன்கொடை வழங்கியுள்ளது.

45. ஆண்டு விபரத்தாக்கல் படிவம் :

நிறுவனச்சட்டம் 2013 வழங்கியுள்ள பிரிவு 134(3)(a) மற்றும் பிரிவு 92(3) மேலும் மேலாண்மை மற்றும் நிர்வாகம் விதிகள் 2014ன்படி மார்ச் 31 2020க்கான ஆண்டு விபரத்தாக்கல் இணைப்பு 4ல் கொடுக்கப்பட்டுள்ளது. மேலும் வங்கி இணையத்தில் பதிவேற்றப்பட்டுள்ளது. அதை <https://www.tmb.in>-ல் காணலாம்.

46. பெண்களுக்கு வேலை செய்யும் இடத்தில் பாலியல் துன்புறுத்தல் (தடுத்தல் விலக்குதல் மற்றும் குறைதீர்த்தல்) சட்டம் 2013 பிரிவு 22ன் கீழ் பதியப்பட்ட வழக்குகள் ஏதாவது இருந்தால் மற்றும் தீர்க்கப்பட்ட விதம்

பெண்களுக்கு வேலை செய்யுமிடத்தில் மேலதிகாரி ஊழியர்கள் மூலம் ஏற்படும் பாலியல் துன்புறுத்தல் செயல்களை வங்கி ஒரு நாளும் பொறுத்துக்கொள்ளாது. மேலும் வங்கியில் பணிபுரியும் பெண்களை

harassment of women at workplace and for 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.

47. Unclaimed dividend and shares

Your Bank, in compliance with the provisions of Section 125 of the Companies Act, 2013 together with the applicable rules and circulars issued thereunder by the Ministry of Corporate Affairs, has transferred 1,12,725 equity shares to the IEPF Authority, in respect of which no claim of dividend has been made continuously for a period of seven years. Further, in terms of the said provisions, consequent to expiry of seven years' period the unclaimed amounts pertaining to Dividend declared during FY 2012-13 has transferred to IEPF during the financial year under review.

48. Strictures and Penalties

During the financial years under review, Reserve Bank of India vide its order Ref. EFD.CO.SO/298/02.02.011/2019-20) dated October 24, 2019 had imposed a penalty of Rs.35 lakh for delay in reporting of fraud to RBI within stipulated time in the financial year 2016-17 under Section 35, 46, and 47A of Banking Regulation Act, 1949.

During the year, RBI has imposed monetary penalty of ₹1,35,050/- (Rupees One lakh Thirty Five thousand fifty only) on discrepancies detected towards soiled notes in remittance.

49. Others

As the Bank is not engaged in any activity relating to conservation of energy and technology absorption, such particulars are not required to be furnished under sub-section (3)(m) of Section 134 of the Companies Act 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014.

மரியாதைக்குரியவர்களாகவும் உயர்ந்த மதிப்புடனும் நடத்துவதற்கு உறுதி ஏற்கிறது. பெண்களுக்கு வேலை செய்யுமிடத்தில் பாலியல் துன்புறுத்தலை தடுத்தல் தடை செய்தல் புகார் வந்தால் சீரமைத்தலை கொள்கையாக கொண்டுள்ளது. இக்கொள்கைப்படி எல்லா ஊழியர்களும் (நிரந்தர, ஒப்பந்த, தற்காலிக, பயிற்சி பெறுபவர் அடங்குவர்.)

நிதியாண்டு தொடக்கத்தில் தீர்க்கப்படாமல் இருந்த புகாரின் எண்ணிக்கை - இல்லை

இந்த நிதியாண்டில் பதிவு செய்யப்பட்ட புகாரின் எண்ணிக்கை - இல்லை

நிதியாண்டின் இறுதியில் தீர்க்கப்படாமல் இருந்த புகாரின் எண்ணிக்கை - இல்லை

47. கோரப்படாத ஈவுத்தொகை மற்றும் பங்குகள்:

நிறுவன சட்டம் 2013 பிரிவு 125ன் படியும் மத்திய நிறுவன குழுமம் வழங்கிய இணக்க விதிமுறைகள் மற்றும் சுற்றறிக்கைகளின்படி 1,12,725 பங்குகள் தொடர்ச்சியாக ஏழு ஆண்டுகளாக ஈவுத்தொகை கோரப்படாததால், IEPF நிர்வாகத்திற்கு மாற்றப்பட்டுள்ளது. மேலும் மேற்கூறிய நிபந்தனைகளின்படி முடிந்த ஏழு ஆண்டுகளாக கோரப்படாத ஈவுத்தொகையை நிதியாண்டு 2012-13 க்கான தொகையை IEPFக்கு வங்கி மாற்றம் செய்துள்ளது.

48. கண்டிப்பும் தண்டனைகளும் :

இந்த நிதியாண்டில் மத்திய ரிசர்வ் வங்கி அதன் EFD.CO SO/298/02.02.011/2019-20 அக்டோபர் 24, 2019 தேதியிட்ட உத்தரவில் ரூ 35லட்சம் அபராத தொகையாக விதித்துள்ளது. 2016-17 நிதியாண்டு மோசடி பற்றிய அறிக்கையை குறிப்பிட்ட காலத்தில் சமர்ப்பிக்கப்படாததால், வங்கி ஒழுங்குமுறை சட்டம் 1949 பிரிவு 35 46 மற்றும் 47-ன் கீழ் அபராதம் விதித்துள்ளது. தொடர்ந்த ஆண்டில் ரிசர்வ் வங்கி பழைய அழுக்கு ரூபாய் நோட்டுகள் சம்பந்தப்பட்ட பரிவர்த்தனை பிரச்சனைகளுக்கு பண அபராதமாக ரூ 1,35,050/- (ரூபாய் ஒரு லட்சத்து முப்பத்தையாயிரத்து ஐம்பது) மட்டும் விதித்துள்ளது.

49. மற்றவை

எரிசக்தி சேமிப்பு மற்றும் அதற்கான தொழில்நுட்ப நடவடிக்கைகளில் வங்கி ஈடுபடாததால் பிரிவு (3) (m) பகுதி 134, கம்பெனி சட்டம் 2013, விதிகள் (8)(3) கம்பெனி (கணக்குகள்) விதிகள் 2014 கீழ் சமர்ப்பிக்கப்பட தேவையில்லை.

1. The statement containing particulars of the employees as required under Section 197(12) of the act read with rule 5(2) of the companies (Appointment of Managerial Personnel) Amendment Rules, 2016.

2. Top ten employees in term of remuneration drawn - Annexure -I

3. Secretarial Audit Report - Annexure -II

4. Annual Report on CSR Activities - Annexure III

5. Form No.MGT-9 - Annexure IV

1. நிறுவன (மேலாண்மை நியமன பணியாளர்கள்) திருத்த விதிகள் 2016 பிரிவு 197(12) விதி 5(2)ன்படி ஊழியர்கள் பற்றிய விவர அறிக்கை.

2. அதிக ஊதியம் பெறும் முதல் பத்து ஊழியர்கள் - இணைப்பு - I

3. செயலக தணிக்கை அறிக்கை -இணைப்பு - II

4. CSR நடவடிக்கைகளின் வருடாந்திர அறிக்கை - இணைப்பு - III

5. படிவம் எண். MGT-9 -இணைப்பு - IV

50. Acknowledgment

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

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

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

Place: Thoothukudi For and on behalf of the Board
Date: 18.08.2020 K.V Rama Moorthy S.Annamalai
Managing Director & CEO Chairman

50. நன்றியுரை:

வங்கியின் நிர்வாகக்குழு வாடிக்கையாளர்கள், சக வங்கிகள், நிதி நிறுவனங்கள் மற்றும் வெளிநாட்டில் வசிக்கும் இந்தியர்கள் வங்கியின் மீது வைத்திருக்கும் நன்மதிப்பு மற்றும் வங்கிக்கு நல்கிய ஒத்துழைப்பு, உதவி ஆகியவற்றிற்கு பாராட்டினை தெரிவிக்கிறது. வங்கி ஊழியர்கள் அயராது உழைப்பு மற்றும் வாடிக்கையாளர்களின் ஒத்துழைப்பு வங்கியின் எல்லா முயற்சிகளிலும் உறுதுணையாக அமைகிறது.

வங்கியின் இயக்குநர் குழு, பாரத ரிசர்வ் வங்கி, இந்திய அரசாங்கம் மற்றும் மாநில அரசுகள் மற்றும் ஒழுங்குமுறைப்படுத்தும் எல்லா ஆணையங்களுக்கும் அவர்கள் வழங்கிய ஆதரவிற்கும், அறிவுரைகளுக்கும் நன்றியினை சமர்ப்பிக்கிறது. வங்கியின் ஊழியர்கள் மிகுந்த ஈடுபாட்டுடன் செயல்பட்டு வருகின்றனர். எல்லா நிலையிலும் உள்ள ஊழியர்களின் ஒருங்கிணைந்த கூட்டு முயற்சி, ஈடுபாடு, தேவையான தொழில் நுட்பம் ஆகியவை இவ்வங்கியை சாதனை படைக்க உதவியது. வங்கி ஊழியர்கள் ஆற்றும் பங்கினை இயக்குநர் குழு நினைவு கூர்ந்து வருங்காலத்திலும் இது தொடரும் என்று நம்புகிறது.

இடம் : தூத்துக்குடி திரு K.V. இராமமூர்த்தி திரு S. அண்ணாமலை
நிர்வாக இயக்குநர் இயக்குநர்
நாள் : 18.08.2020 மற்றும்
தலைமை நிர்வாக அதிகாரி

Annexure-I

1. The statement containing particulars of the employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

(a) Top ten employees in term of remuneration drawn (2019-20)

| Employee Name (Designation) [Age(in years)] | Educational Qualification | Experience (in years) | Date of Joining | Gross Remuneration Paid (Rs. lakh) | Previous Employment (Designation) |
|--|--------------------------------|--------------------------|--------------------|---|--|
| 1. Shri.K.V.Rama Moorthy (MD & CEO) (Age - 61 Years) | B.Sc (Agri), CAIIB | 2.5 | 04/09/2017 | 57.65 | United bank of India (Executive Director) |
| 2. Shri.A.Shidambaranathan (Vice President) (Age - 56 Years) | B.Com., F.C.A., Grad. C.W.A | 1.5 | 11/12/2018 | 38.64 | - |
| 3. Shri.J.Chidambara Kani (Deputy General Manager) (Age - 55 years) | B.Com., ICWA(Inter), CAIIB | 33 | 22/01/1987 | 27.94 | - |
| 4. Shri.P.Suriaraj (General Manager) (Age - 56 Years) | M.Com., CAIIB | 33 | 22/01/1987 | 26.16 | - |
| 5. Shri.D.Inbamani (General Manager) (Age - 56 Years) | B.Com., JAIIB | 36 | 24/10/1983 | 25.50 | - |
| 6. Shri.S.Senthil Anandan (General Manager) (Age - 57 Years) | M.Com., CAIIB | 33 | 02/04/1986 | 24.56 | - |
| 7. Shri.M.Syed Mohamed (Assistant General Manager) (Age - 54 years) | M.Com.,M.B.A., CAIIB | 31 | 23/05/1988 | 24.51 | - |
| 8. Shri.J.Sundaresh Kumar (Assistant General Manager) (Age - 49 years) | M.Com., CAIIB | 27 | 18/05/1992 | 23.94 | - |
| 9. Shri.M.Ramanathan (Deputy General Manager) (Age - 55 years) | M.Com., CAIIB | 33 | 22/01/1987 | 23.64 | - |
| 10. Shri.P.Ravichandran (Assistant General Manager) (Age - 55 Years) | B.Com., CAIIB | 34 | 28/03/1986 | 21.99 | - |

Form No.MR-3**SECRETARIAL AUDIT REPORT**FINANCIAL YEAR ENDED 31st MARCH, 2020

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

To,

THE MEMBERS,**TAMILNAD MERCANTILE BANK LIMITED****57, VICTORIA EXTENSION ROAD****THOOTHUKUDI TN 628002**

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

Based on my verification of Tamilnad Mercantile Bank Limited’s books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, *including the Court Orders and without expressing any opinion on subject matter of pending litigation or matter covered in order of the Hon’ble Court*, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed here under and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31st March, 2020 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made there under;

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

Other Specific Laws applicable to the Bank

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

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

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

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

- a. The subscribed capital and paid -up capital of the Bank is not in compliance to provisions of Banking Regulation Act, 1949 which requires the subscribed capital of the Bank should not be less than one-half of the authorised capital , and the paid- up capital should not be less than one-half of the subscribed capital.

b. The Bank during the financial year under review has kept in abeyance a dividend payment of Rs. 45,60,36,652.80 in respect of 142,511,454 equity shares on account of various disputes/other issues. The Board of Directors in its meeting held on 30.05.2019 had declared an interim dividend of Rs.3.20 per share for the financial year 2018-19 . The Bank was unable to distribute the declared interim dividend due to restriction for declaring or distributing the dividend for noncompliance of Section 12(1) (i) of BR Act, 1949 by Reserve Bank of India vide its letter dated 11.06.2019. However the Bank has paid the Dividend Distribution Tax of Rs.9.38 crores on the above dividend.

c. The Bank has not convened Annual General Meetings (AGM) for the financial year ended 31st March 2016, 31st March 2017 , 31st March 2018 and 31st March 2019 and has approached (as per details provided) Hon'ble High Court seeking directions for holding Annual General Meetings for the said years. The Bank has represented that, based on multiplicity of the litigations covering shareholdings and percentage of shares held by different group which is pending before the Hon'ble High Court and due to pendency of its application as indicated above, the Bank could not convene AGMs for the Financial year ended 31st March, 2016, 31st March, 2017 31st March 2018 and 31st March 2019 pursuant to Section 92 & Section 129 of the Companies Act, 2013.

d. Whereas the Hon'ble High Court has ordered for holding Annual General Meeting(AGM) on or before 29th April 2020 (being 70 days from the date of receipt of a copy of the order dated 06th February 2020) and the bank has fixed the date of AGM on 9th April 2020. However due to Covid 19 Pandemic the meeting could not be held. The Bank has approached the Hon'ble High Court for further directions for holding said AGMs and the same is awaited as on date of this report

e. The provision of Companies Act, 2013 which mandates retirement of minimum one-third of Directors at each AGM. However, as stated in clause 3 of the report, the AGM for the Financial Year ended 31st March, 2016, 31st March 2017, 31st March 2018 and 31st March 2019 has not been held and hence re-appointment of Directors those who ought to have been retired by rotation at the AGM has not taken place.

f. The Board has approved the appointment and remuneration of Mr. Rama Moorthy Kumarabommarajpuram Venkata as Managing Director & CEO with effect from 4th September 2017 and same was also approved by Reserve Bank of India. However, the said appointment and remuneration of the Managing Director has not yet approved by the shareholders as

contemplated under Section 196 & 197 of the Companies Act, 2013, due to the reasons as stated supra.

g. During the period under review , the Reserve Bank of India vide its order Ref. EFD.CO.SO/298/02.02.011/2019-20) dated October 24, 2019 had imposed a penalty of Rs. 35 lakhs for delay in reporting of fraud to RBI within stipulated time in the financial year 2016-17 under Section 35,46, and 47A of Banking Regulation Act, 1949. RBI has imposed monetary penalty of ₹1,35,050/- (Rupees One lakh Thirty Five thousand fifty only) on discrepancies detected towards soiled notes in remittance.

h. During the period under review ,the bank has received a notice from the Ministry of Corporate Affairs for non-conducting of AGM u/s 96 of Companies Act 2013 for the year 2016-17 and for not attaching form MR-3 Secretarial Audit report as an annexure to the Board's report u/s 204 of the Companies Act 2013. The Bank had provided necessary clarifications in this regard and had filed a writ petition with Hon'ble High Court of Madras. Subsequently an order was passed by the Hon'ble High Court of Madras dated 18.12.2019 as on order of interim stay till 22.01.2020. The interim stay was extended from time to time and the same is still in force.

i. Wherever notice was received by the bank from RBI or wherever clarification were sought , the Bank had duly replied to them within reasonable time and the same was placed before the board.

Subject to Para (a) to (h), I further report that The Board of Directors of the Bank is duly constituted pursuant to Interim order dated 29.02.2016 passed by Hon'ble Division Bench, High Court, Madras declaring the appointment of Directors with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The subsequent changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act/RBI directives.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The Minutes of the Meetings have recorded the discussions, observations, directions and resolutions of the Board/Committees of the Board. All

decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

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

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

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

- i. Public / Rights / Preferential issue of shares / debentures / sweat equity.
- ii. Redemption / buy-back of securities.
- iii. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- iv. Merger / amalgamation / reconstruction etc.
- v. Foreign technical collaborations.

Place: Chennai

Date: 17.08.2020

Signature:

(P.Sriram)

P. Sriram & Associates

FCS No. 4862/C P No: 3310

UDIN: F004862B000586201

Annexure A

To
THE MEMBERS,
TAMILNAD MERCANTILE BANK LIMITED
57, VICTORIA EXTENSION ROAD
THOOTHUKUDI TN 628002

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

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

Place: Chennai
Date: 17.08.2020

Signature:

(P. Sriram)
P. Sriram & Associates
FCS No. 4862/C P No: 3310
UDIN: F004862B000586201

Annexure- III

Annual Report on CSR Activities

1. A brief outline of the bank's CSR policy:

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

<https://www.tmb.in/csr-policy.aspx>

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

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

- xviii. Provision of free medical camps, medical consultancy, clinics etc. – clause (i)
 - xix. Setting up of creches and day care centres– clause (iii)
 - xx. Providing ambulances– clause (i)
 - xxi. Providing financial assistance for fees, maintenance expenses and provision of various amenities to the schools and charitable trusts meant for the specially abled/differently abled/mentally unsound children– clause (ii).
 - xxii. Any other activities as may be decided by the Board / Committee from time to time.
2. The Composition of the CSR Committee of Board:
- Thiru K. V. Rama Moorthy, MD & CEO
 - Thiru S. Annamalai
 - Thiru S. R. Ashok
 - Thiru D.N. Nirranjan Kani
 - Thiru B.Vijayadurai (Independent Director)
3. Average net profit of the company for last three financial years:
Rs. 39921.43 lakh
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):
Rs. 798.43 lakh
5. Details of CSR spent during the financial year.
As per Annexure
6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

The Bank has spent the prescribed CSR amount of Rs.798.43 lakhs for the financial year 2019-20. In addition to the above the Bank has also spent the unspent amount of CSR for the financial years 2016-17 Rs. 895.92 lakhs, 2017-18 Rs.829.14 lakhs and 2018-19 Rs.1.26 lakhs during the year under review.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

It is hereby certified by the CSR Committee of the Board as well as the Board of Directors that the sum incurred towards various activities under the CSR initiatives of the bank during the year 2019-20 are in conformity with the CSR policy guidelines of the bank and it is monitored as envisaged in the said policy.

| CSR EXPENDITURE FOR THE YEAR 2019-20 | | | | | | | |
|--------------------------------------|---|--|---|--|---|--|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Sl. No | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget project or programs wise | Amount spent on the projects or programs Sub-Heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
| 1 | Providing RO plants to schools, old age home etc | Clause (i) | Tamilnadu | 595000 | 595000 | 595000 | Direct |
| 2 | Construction of toilets etc.. | Clause (i) | Tamilnadu | 3600000 | 3600000 | 4195000 | Direct |
| 3 | Setting up bore-wells in schools etc. | Clause (i) | Tamilnadu | 400000 | 400000 | 4595000 | Direct |
| 4 | Healthcare and sanitation facilities | Clause (i) | Tamilnadu West Bengal | 52201600 | 52201600 | 56796600 | Direct |
| 5 | Provision of free clinics, medical consultancy etc | Clause (I) | Tamilnadu Punjab, | 626825 | 626825 | 57423425 | Direct |
| 6 | Donations to schools etc. | Clause (ii) | Tamilnadu | 17496416 | 17496416 | 74919841 | Direct |
| 7 | Setting up of homes and hostel for women and orphans, old age homes etc | Clause (iii) | Tamilnadu, | 874325 | 874325 | 75794166 | Direct |
| 8 | Provision of infrastructure and aiding machinery for differently abled people | Clause (iii) | Tamilnadu | 1268694 | 1268694 | 77062860 | Direct |
| 9 | Setting up a library for the public | Clause (v) | Tamilnadu | 480000 | 480000 | 77542860 | Direct |
| 10 | Providing financial assistance to Charitable trusts meant for the differently abled etc | Clause (ii) | Tamilnadu | 250000 | 250000 | 77792860 | Direct |
| 11 | Providing employment enhancing vocational skills | Clause(ii) | Tamilnadu | 100000 | 100000 | 77892860 | Direct |
| 12 | Development of relief and welfare of the SC/ST, other backward classes etc | Clause (viii) | Tamilnadu | 100000 | 100000 | 77992860 | Direct |
| 13 | Providing training to promote rural sports nationally recognised | Clause (vii) | Tamilnadu | 1850000 | 1850000 | 79842860 | Direct |
| Total | | | | 79842860 | 79842860 | | |

Annexure - IV**Form No.MGT-9****Extract of Annual Return as on the financial year ended on 31/03/2020**

[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:

| | | |
|---|---|---|
| 1 | CIN | U65110TN1921PLC001908 |
| 2 | RegistrationDate | May 11, 1921 |
| 3 | Name of the Company | Tamilnad Mercantile Bank Limited |
| 4 | Address of the Registered office and contact details | 57, V. E. Road, Thoothukudi, Tamil Nadu – 628 002 |
| 5 | Category / Sub-Category of the Company | Public Company/Limited by Shares |
| 6 | Whether listed company Yes / No | No |
| 7 | Name, Address and Contact details of Registrar and Transfer Agent, if any | None |

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 | % total turnover of the company |
|--------|---|-----------------------------------|---------------------------------|
| 1 | BANKING | NA | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

| S.NO. | NAME AND ADDRESS OF THE COMPANY | CIN / GLN | HOLDING / SUBSIDIARY / ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|-------|---------------------------------|-----------|----------------------------------|------------------|--------------------|
| 1 | NONE | | | | |

IV. SHARE HOLDING PATTERN

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

| Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): | | | | | | | | |
|--|--|--|-------------------------------|------|------------------------------------|----------|------------------------------------|------------|
| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative holding during the year | |
| | | No. of shares at the beginning/end of the year | % of total shares of the Bank | | | | No. of shares | Percentage |
| 1 | ROBERT AND ARDIS JAMES COMPANY LIMITED | 7054080 | 4.94983 | - | - | - | 7054080 | 4.94983 |
| 2 | STARSHIP EQUITY HOLDINGS LTD | 6727500 | 4.72067 | - | - | - | 6727500 | 4.72067 |
| 3 | SUBCONTINENTAL EQUITIES LIMITED | 6617709 | 4.64363 | - | - | - | 6617709 | 4.64363 |
| 4 | EAST RIVER HOLDINGS LIMITED | 5305089 | 3.72257 | - | - | - | 5305089 | 3.72257 |
| 5 | SWISS RE INVESTORS (MAURITIUS) LIMITED | 5072124 | 3.55910 | - | - | - | 5072124 | 3.55910 |
| 6 | FI INVESTMENTS (MAURITIUS) LIMITED | 2704899 | 1.89802 | - | - | - | 2704899 | 1.89802 |
| 7 | C.S.RAJENDRAN | 2083404 | 1.46192 | | 10,305 | Purchase | 2093709 | 1.46915 |
| 8 | HIBISCUS ENTERPRISES LLP | 2016024 | 1.41464 | - | - | - | 2016024 | 1.39987 |
| 9 | MEENAKSHI.R. | 1899792 | 1.33308 | - | - | - | 1899792 | 1.33308 |
| 10 | SENTHIL.G.M | 1899792 | 1.33308 | - | 84,611 | Sale | 1815181 | 1.27371 |

(ii) Share holding of Promoters:

There were ten persons who promoted the Bank in the year 1921 by subscribing to its Memorandum of Association, collectively holding 11505 equity shares of Rs.10 each. Since all these persons are deceased now, we have not made any attempt to identify the promoter group at present. Some of the descendants of these persons might be holding some shares in the bank still. Since we are an unlisted company we have not formally categorized the bank's shareholders into promoter group and non-promoter group.

(iii) Change in Promoters' Share holding (please specify, if there is no change)- Not Applicable

(iv) Share holding of Directors and Key Managerial Personnel:

| Shareholding of Directors and Key Managerial Personnel | | | | | | | | |
|--|--------------------------------|---|---|------|--|----------|---------------------------------------|------------|
| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative holding during the year | |
| | | No. of shares at the beginning/end of the year | % of total shares of the Bank | | | | No. of shares | Percentage |
| 1 | Shri K.V Rama Moorthy (MD&CEO) | - | - | - | - | - | - | - |
| 2 | Shri S. Annamalai | 342684 | 0.240 | - | - | - | 342684 | 0.240 |
| 3 | Shri S. R. Ashok | 47595 | 0.03340 | - | - | - | 47595 | 0.03340 |
| 4 | Shri P. C. G. Asok Kumar | 1577649 | 1.10703 | - | 2351 | Purchase | 1580000 | 1.10868 |
| 5 | Shri B. S. Keshava Murthy | - | - | - | - | - | - | - |
| 6 | Shri K. Nagarajan | 7014 | 0.004 | - | - | - | 7014 | 0.004 |
| 7 | Shri D.N Nirranjan Kani | 990227 | 0.69484 | - | - | - | 990227 | 0.69484 |
| 8 | Shri B. Vijayadurai | 4003 | 0.002 | - | - | - | 4003 | 0.002 |
| 9 | Tmt S. Ezhil Jothi | - | - | - | - | - | - | - |
| 10 | Tmt A. Sivagami | - | - | - | - | - | - | - |
| 11 | Thiru N Gopal | - | - | - | - | - | - | - |

V.INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Rs.in crores)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total indebtedness |
|--|----------------------------------|-----------------|-----------|--------------------|
| Indebtedness at the beginning of the financial year | Nil | Nil | 35,136.25 | 35,136.25 |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | Nil | Nil | 35,136.25 | 35,136.25 |
| Change in Indebtedness during the Financial year | | Nil | | |
| • Addition | 324.00 | | 1,688.78 | 2,012.78 |
| • Reduction | | | | |
| Net Change | 324.00 | Nil | 1688.78 | 2,012.78 |
| Indebtedness at the end of the financial year | 324.00 | Nil | 36,825.03 | 37,149.03 |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | 324.00 | Nil | 36,825.03 | 37,149.03 |

VI. Remuneration of Directors and key managerial personnel

A. Remuneration to Managing Director, Whole-time Directors and / or Manager during 2019-20:

(Amount in ₹)

| S.No | Particulars of Remuneration | Name of MD / WTD |
|------|---|------------------------------------|
| | | Shri.K.V.Rama Moorthy (MD& CEO) |
| 1. | Gross salary | |
| | (a)Salary as per provisions contained in section17(1) of the Income-tax Act, 1961 | 45,00,000.00 |
| | (b)Value of perquisites under section 17(2) Income-tax Act,1961 | 5,16,398.00 |
| | (c)Profits in lieu of salary under section 17(3) Income- tax Act,1961 | |
| 2. | Stock Option | |
| 3. | Sweat Equity | |
| 4. | Commission - as % of profit - Others, specify... | |
| 5. | Others | |
| | PF Bank Contribution | 5,40,000.00 |
| | Gratuity | - |
| | PL Encashment | - |
| | Hospitalisation Expenses | 1,89,942.60 |
| | Entertainment Expenses | 11,250.00 |
| | Newspaper Expenses | 7,330.00 |
| | Total (A) | 57,64,920.60 |
| | Ceiling as per the Act | |

B. Remuneration to other directors:

(in Rs.)

| Particulars of sitting fees paid to our Directors during 2019-20 | | | | |
|---|------------------------------|---------------------|-------------------|--------------|
| S.No. | Name of the directors | Sitting Fees | Commission | Total |
| 1 | Shri.S.Annamalai | 780000 | Nil | 780000 |
| 2 | Shri.S.R.Ashok | 1530000 | Nil | 1530000 |
| 3 | Shri.P.C.G.Asok Kumar | 1320000 | Nil | 1320000 |
| 4 | Smt.S.Ezhil Jothi | 885000 | Nil | 885000 |
| 5 | Shri.N.Gopal | 810000 | Nil | 810000 |
| 6 | Shri.B.S.Keshava Murthy | 1350000 | Nil | 1350000 |
| 7 | Shri.K.Nagarajan | 1725000 | Nil | 1725000 |
| 8 | Shri.D.N.Nirranjan Kani | 990000 | Nil | 990000 |
| 9 | Shri.B.Vijayadurai | 1890000 | Nil | 1890000 |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

(Amount in ₹)

| Sl.no | Particulars of Remuneration | Key Managerial Personnel | | | |
|--------------|---|---------------------------------|--------------------------|---------------------|---------------------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act,1961 | - | 13,03,924.79 | 10,28,242.90 | 23,32,167.69 |
| | (b) Value of perquisites under section 17 (2) Income tax Act,1961 | - | 1,70,735.00 | 96,000.00 | 2,66,735.00 |
| | (c) Profits in lieu of salary under section 17 (3) Income- tax Act,1961 | - | | | |
| 2. | Stock Option | - | | | |
| 3. | Sweat Equity | - | | | |
| 4. | Commission - as % of profit -others, specify... | - | | | |
| 5. | Others, please specify | | | | |
| | Closing Allowance | - | 4,000.00 | - | 4,000.00 |
| | Exgratia | - | 89,179.00 | - | 89,179.00 |
| | PL Encashment | - | 1,02,764.17 | - | 1,02,764.17 |
| | Apparel Allowance | - | 41,200.00 | - | 41,200.00 |
| | Medical Reimbursement | - | 9,050.00 | - | 9,050.00 |
| | Total | - | 17,20,852.96 | 11,24,242.90 | 28,45,095.86 |

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 | | | | | |
| Penalty | | 1. During the financial years under review, Reserve Bank of India vide its order Ref. EFD.CO.SO/298/02.02.011/2019-20) dated October 24, 2019 had imposed a penalty of Rs.35 lakhs for delay in reporting of fraud to RBI within stipulated time in the financial year 2016-17 under Section 35,46, and 47A of Banking Regulation Act, 1949. 2. During the year, RBI has imposed monetary penalty of ₹1,35,050/- (Rupees One lakh Thirty Five thousand fifty only) on discrepancies detected towards soiled notes in remittance. | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B.DIRECTORS | | | | | |
| Penalty | | NONE | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | NONE | | | |
| Punishment | | | | | |
| Compounding | | | | | |

Basel III - Pillar 3 Disclosures as on March 31st, 2020

1. Scope of Application and Capital Adequacy

Table DF-1- Scope of application

Name of the head of the banking group to which the framework applies:- **Tamilnad Mercantile Bank Ltd.,**

| Qualitative Disclosures | Applicability to our Bank |
|--|--|
| a. List of Group entities considered for consolidation. | The Bank does not belong to any group and does not have any associate, subsidiaries, joint venture, etc. |
| b. List of Group entities not considered for consolidation both under the accounting and regulatory scope of consolidation. | Not Applicable |
| Quantitative Disclosures | |
| c. List of group entities considered for consolidation | The Bank does not belong to any group and does not have any associate, subsidiaries, joint venture, etc. |
| d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted and the name(s) of such subsidiaries. | Not Applicable |
| e. The aggregate amounts (e.g. Current book value) of the bank's total interests in insurance entities, which are risk-weighted. | Not Applicable |
| f. Any restriction or impediments on transfer of funds or regulatory capital within the banking group. | Not Applicable |

Table DF-2-Capital Adequacy

Qualitative Disclosures

A. A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.

The Bank is following standardized approach, Standardized Duration approach and Basic Indicator approach for measurement of capital charge in respect of credit risk, market risk and operational risk respectively.

The computation of Capital for credit risk under Standardized Approach is done granularly borrower & account wise based on the data captured through Core Banking Solution. Bank is also taking efforts on an ongoing basis for the accuracy of the data. The various aspects of NCAF norms are imparted to field level staff regularly through circulars and letters for continuous purification of data and to ensure accurate computation of Risk Weight and Capital Charge. The Bank has used the credit risk mitigation in computation of capital for credit risk, as prescribed in the RBI guidelines under Standardized Approach.

The capital for credit risk on Loans and Advances, market risk and operational risk as per the prescribed approaches are being computed at the bank's Head Office and aggregated to arrive at the position of bank's CRAR. The bank has followed the RBI guidelines in force, to arrive at the eligible capital funds, for computing CRAR.

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy.

The bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on an annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar- II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is also assessed in the ICAAP document, which is approved by the Board. While the surplus CRAR available at present acts as a buffer to support the future activities, the headroom available for the bank for mobilizing Tier 1 and Tier 2 capital (subject to approval by the competent authorities) is also assessed to meet the required CRAR against future activities.

The Bank is having high quality Common Equity Tier 1 capital, as the entire components of CET1 capital comprises of Paid up Capital, Reserves & Surplus and retained earnings.

Minimum capital requirements under Basel-III:

Under the Basel III Capital Regulations, Banks are required to maintain a minimum Pillar 1 Capital (Tier-I + Tier-II) to Risk-weighted Assets Ratio (CRAR) of 9% on an on-going basis. Besides this minimum capital requirement, Basel III also provides for creation of capital conservation buffer (CCB). The transitional period of full implementation of Basel III capital regulation in India is extended up to 31st March 2020. Accordingly the CCB requirements were implemented from 31st March 2016 in phases and are to be fully implemented by March 31, 2020 to the extent of 2.50% of Risk weighted Assets. Due to COVID 19 pandemic, the implementation was deferred till 30.09.2020. The banks are required to maintain minimum CRAR of 10.875% (including CCB of 1.875 %) as on 31.03.2020.

The total regulatory capital funds under Basel-III norms consist of the sum of the following categories and banks are required to maintain 10.875% of Risk Weighted Assets (9% + 1.875%) by March 2020 with the phase in requirements under CCB from 2016.

- Tier 1 Capital comprises of:-
 - Common Equity Tier 1 capital (with a minimum of 5.50%)
 - Additional Tier 1 capital (1.50%)
 - Total Tier 1 capital of minimum 7%
- Tier 2 Capital (2%)
 - Total Tier 1 + Tier 2 should be more than 9%
- Capital Conservation Buffer (CCB) (with a minimum of 1.875%)
 - Total capital including CCB should be 10.875%

In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the bank has successfully migrated since April 01, 2013.

Component of Capital:

| Particulars | (₹ in millions) | |
|-------------------------------------|------------------------|--|
| | Amount | |
| Common Equity Tier 1 (CET1) Capital | 38956.61 | |
| Tier 1 Capital | 38956.61 | |
| Tier 2 Capital | 2139.13 | |
| Total Capital | 41095.74 | |

Quantitative Disclosure

| | | (₹ in millions) | |
|-----------|---|------------------|-----------|
| | Particulars | | Amount |
| a) | Capital requirement for Credit Risk: (@9% on risk Weighted Assets) | | |
| | · Portfolios subject to Standardised Approach | | 18331.92 |
| | · Securitisation exposures | | Nil |
| b) | Capital requirements for Market Risk @ 9 % : | | |
| | · Standardised Duration Approach | | 1039.76 |
| | ○ Interest Rate Risk | 985.98 | |
| | ○ Equity Risk | 37.52 | |
| | ○ Foreign Exchange Risk | 16.26 | |
| c) | Capital requirements for Operational Risk @ 9% : | | |
| | · Basic Indicator Approach | | 2724.69 |
| d) | Capital required under CCB (1.875%) | | 4603.41 |
| e) | Total Capital required | | 26699.78 |
| f) | Total Capital funds available | | 41095.74 |
| g) | Total Risk Weighted Assets | | 245515.20 |
| | Common Equity Tier I CRAR | | 15.87% |
| | Tier I CRAR | | 15.87% |
| | Tier II CRAR | | 0.87% |
| h) | Total CRAR | | 16.74% |

2. Risk exposure and Assessment

Risk is an integral part of banking business in an ever dynamic environment, which is undergoing radical changes both on the technology front and product offerings. The main risks faced by the bank are credit risk, market risk and operational risk. The bank aims to achieve an optimum balance between risk and return to maximize shareholder value. The relevant information on the various categories of risks faced by the bank is given in the ensuing sections. This information is intended to give market participants a better idea on the risk profile and risk management practices of the bank.

The Bank has a comprehensive risk management system in order to address various risks and has set up an Integrated Risk Management Department (RMD), which is independent of operational departments. Bank has a Risk Management Committee of Board functioning at apex level for formulating, implementing and reviewing bank's risk management measures pertaining to credit, market and operational risks. Apart

from the Risk Management Committee of the Board at apex level, the Bank has a strong Bank-wide risk management structure comprising of Risk Management Committee of Executives (RMCE) and Asset Liability Management Committee (ALCO) at senior management level.

The Bank has formulated the required policies such as Loan Policy, Credit Risk Management Policy, Credit Risk Mitigation Techniques & Collateral Management Policy, ALM Policy, Operational Risk Management Policy, Investment Policy, Foreign Exchange Risk Management Policy, Policy guidelines for Hedging Foreign Currency Exposure, Concurrent Audit Policy, Inspection Policy, IS Audit Policy, KYC policy, Credit Audit Policy, Stock Audit Policy, Outsourcing Policy, IT Business Continuity and Disaster Recovery Plan (IT BC-DRP), Risk Based Internal Audit Policy, Stress Testing Policy, Disclosure Policy, ICAAP Policy, etc., for mitigating the risks in various areas and monitoring the same. The bank continues to focus on refining and improving its risk measurement and management systems.

Table DF-3- CREDIT RISK: GENERAL DISCLOSURES

Qualitative Disclosures:

a. Credit Risk

Credit risk is the possibility of losses associated with diminution in the credit quality of borrowers or counter-parties. In a Bank's portfolio, Credit Risk arises mostly from lending activities of the Bank, as a borrower is unable to meet his financial obligations to the lender. It emanates from potential changes in the credit quality / worthiness of the borrowers or counter-parties.

Credit Rating & Appraisal Process

The Bank has well structured internal credit rating framework and well-established standardized credit appraisal / approval processes. Credit Rating is a decision-enabling tool that helps the bank to take a view on acceptability or otherwise of any credit proposal. In order to widen the scope and coverage further and to strengthen the credit risk management practices, the bank has developed risk sensitive in-house rating models during the year 2008-09 and 2009-10.

The parameters in internal rating take into consideration, the quantitative and qualitative issues relating to management risk, business risk, industry risk, financial risk, credit discipline, and also risk mitigation, based on the collaterals available.

Credit rating, as a concept, has been well internalized within the Bank. The rating for eligible borrower is reviewed at least once in a year. The Bank uses the credit ratings for deciding the interest rates on borrowal accounts. The advantage of credit rating is that it enables to rank different proposals and to do meaningful comparison.

With the view to migrate to advanced approaches in credit risk, the Bank has implemented the system driven rating using web based rating model solutions (RAM CRRM & CRESS) acquired from M/s.Crisil Risk & Infrastructure solutions Ltd.

The bank follows a well-defined multi layered discretionary power structure for sanction of loans. New Business Group (NBG) has been constituted at HO for considering in-principle approval for taking up fresh credit proposals above a specified cut-off.

Credit Risk Management Policies:

The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Bank's Board. The Policy document defines organization structure, roles & responsibilities and, the processes whereby the Credit Risks carried out by the Bank can be identified, quantified & managed within the framework that the Bank considers consistent with its mandate and risk tolerance.

Credit Risk is monitored on a bank-wide basis and compliance with the risk limits approved by Board/Risk Management Committee of Board is ensured.

The Bank has taken earnest steps to put in place best credit risk management practices in the bank. In addition to Credit Risk Management Policy, the bank has also framed Board approved Loan Policy, Investment Policy, etc., which form integral part in monitoring Credit risk in the bank. Besides, the bank has framed a policy on Credit Risk Mitigation Techniques & Collateral Management which lays down the details of securities (both Primary and Collateral) normally accepted by the Bank and administration of such securities to protect the interest of the Bank. These securities act as mitigation against the credit risk to which the bank is exposed.

Classification of Non-Performing Assets

The Bank follows the prudential guidelines issued by the RBI on classification of non-performing assets as under,

- i) interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
- ii) the account remains 'out of order' if the outstanding balance remains continuously in excess of sanctioned limits / DP for more than 90 days in respect of Overdraft/Cash Credit (OD/CC).
- iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crop.
- v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops.
- vi) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- vii) an account where the regular / adhoc credit limits have not been reviewed / renewed within 180 days from the due date / date of adhoc sanction will be treated as NPA.

Where the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter, the account is classified as non-performing. A non-performing asset ceases to generate income for the bank.

b. Gross Credit Risk exposures as on 31st March 2020

| (₹ in millions) | |
|-----------------------------|-----------------------|
| Category | Gross Credit Exposure |
| Fund Based ¹ | 358804.93 |
| Non Fund Based ² | 19299.93 |
| Total | 378104.86 |

1. Fund based exposure includes advances, un-availed portion (including credit card un-availed) of fund based advances.
2. Non-Fund Based exposure includes outstanding Letter of Credit, Acceptances, Bank Guarantee Exposures and credit equivalent of Forward Contracts.

c. Geographical Distribution of Gross Credit Exposures as on 31st March 2020
 (₹ in millions)

| Exposure Distribution | Treasury | Corporate / Wholesale banking | | Retail Banking | | Total credit Exposure | |
|-----------------------|-----------------|-------------------------------|-----------------|------------------|----------------|-----------------------|-----------------|
| | | FB | NFB | FB | NFB | FB | NFB |
| Domestic | 95541.37 | 115633.19 | 13648.39 | 243171.74 | 5651.54 | 358804.93 | 19299.93 |
| Overseas | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 95541.37 | 115633.19 | 13648.39 | 243171.74 | 5651.54 | 358804.93 | 19299.93 |

d. Industry type distribution of credit exposures as on 31.03.2020

(₹ in millions)

| Industry Name | Exposures | | | |
|--|-----------------|-----------------|----------------|------------------|
| | FB | NFB | Investment | Total |
| A. Mining and Quarrying | 1373.64 | 966.32 | 0.00 | 2339.96 |
| B. Food Processing | 4229.05 | 2252.73 | 13.31 | 6495.09 |
| C. Beverages (excluding Tea & Coffee) and Tobacco | 395.41 | 5.01 | 0.00 | 400.42 |
| D. Textiles | 43242.00 | 1936.42 | 0.00 | 45178.42 |
| E. Leather and Leather products | 201.03 | 4.18 | 0.00 | 205.21 |
| F. Wood and Wood Products | 2414.38 | 456.52 | 0.00 | 2870.90 |
| G. Paper and Paper Products | 2308.41 | 57.59 | 0.00 | 2366.00 |
| H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 271.64 | 1.43 | 86.60 | 359.67 |
| I. Chemicals and Chemical Products (Dyes, Paints, etc.) | 3389.11 | 38.12 | 20.32 | 3447.55 |
| J. Rubber, Plastic and their Products | 2080.23 | 166.85 | 0.00 | 2247.08 |
| K. Glass & Glassware | 59.97 | 0.00 | 0.00 | 59.97 |
| L. Cement and Cement Products | 127.81 | 0.00 | 0.00 | 127.81 |
| M. Basic Metal and Metal Products | 4388.25 | 241.59 | 285.05 | 4914.89 |
| N. All Engineering | 2263.43 | 971.15 | 2.49 | 3237.07 |
| O. Vehicles, Vehicle Parts and Transport Equipments | 85.90 | 18.41 | 34.60 | 138.91 |
| P. Gems and Jewellery | 378.58 | 2.33 | 0.00 | 380.91 |
| Q. Construction | 1992.84 | 677.13 | 0.00 | 2669.97 |
| R. Infrastructure | 11052.97 | 1862.54 | 3182.98 | 16098.49 |
| S. Other Industries, pl. specify | 14646.15 | 1042.42 | 0.00 | 15688.57 |
| All Industries (A to S) | 94900.80 | 10700.74 | 3625.35 | 109226.89 |

The details of the industries wherein the bank's exposure in the related industry has exceeded the 5% of total gross credit exposure as on 31.03.2020 is furnished below:

(₹ in millions)

| Industry | Fund Based | Non Fund Based | % to Gross Credit Exposures |
|----------|------------|----------------|-----------------------------|
| Textile | 43242.00 | 1936.42 | 11.95% |

e. Residual Contractual Maturity Breakdown of assets as on 31.03.2020

(₹ in millions)

| Maturity Buckets | Cash and Balance with RBI | Balance with Banks and Money at Call and Short Notice | Investments | Advances | Fixed Assets | Other Assets | Grand Total |
|--------------------------|---------------------------|---|------------------|-------------------|-----------------|-----------------|------------------|
| Next day | 3129.46 | 771.45 | 23308.10 | 7535.50 | 0.00 | 1841.95 | 36586.46 |
| 2-7 days | 168.70 | 18665.00 | 1828.50 | 5562.90 | 0.00 | 345.68 | 26570.78 |
| 8-14 days | 187.62 | 2000.00 | 944.90 | 3419.40 | 0.00 | 214.69 | 6766.61 |
| 15-30 days | 405.54 | 1775.00 | 2489.90 | 6330.70 | 0.00 | 2613.62 | 13614.76 |
| 31 days & Upto 2 months | 402.05 | 0.00 | 2374.90 | 7821.90 | 0.00 | 505.90 | 11104.75 |
| 2 months & Upto 3 months | 299.07 | 0.00 | 2394.30 | 6717.90 | 0.00 | 403.13 | 9814.40 |
| 3 to 6 months | 940.50 | 0.00 | 6841.30 | 19631.10 | 0.00 | 685.92 | 28098.82 |
| 6 months to 1 year | 3706.35 | 0.00 | 19062.30 | 41386.00 | 0.00 | 322.35 | 64477.00 |
| 1 year to 3 years | 3858.40 | 10.00 | 22004.70 | 119638.80 | 0.00 | 939.22 | 146451.12 |
| 3 to 5 years | 515.21 | 0.00 | 5235.30 | 16535.10 | 0.00 | 6384.31 | 28669.92 |
| Above 5 years | 531.15 | 0.00 | 8189.10 | 42578.34 | 1284.53 | 2850.24 | 55433.36 |
| Total | 14144.05 | 23221.45 | 94673.30* | 277157.64* | 1284.53* | 17107.01 | 427587.98 |

(Covers Net Assets for Domestic Operations)*Net of Provisions/ depreciation

f. Amount of Gross Non-Performing Advances (NPAs) as on 31.03.2020 :

(₹ in millions)

| Amount of Gross NPAs | |
|--------------------------------|----------------|
| Amount of NPAs (Gross) | 10209.77 |
| • Substandard | 3251.87 |
| • Doubtful | 6821.39 |
| • Of which DF1 | 2447.40 |
| • DF2 | 4006.73 |
| • DF3 | 367.26 |
| • Loss | 136.51 |
| Net NPAs | 4974.70 |
| NPA Ratios | |
| • Gross NPAs to gross advances | 3.62% |
| • Net NPAs to net advances | 1.80% |

g. Movement of NPAs(Gross):

(₹ in millions)

| Movement of NPAs | |
|------------------------------------|----------|
| • Opening Balance as on 01.04.2019 | 11681.12 |
| • Additions | 5546.52 |
| • Reductions | 7017.87 |
| • Closing Balance as on 31.03.2020 | 10209.77 |

h. Movement of provisions
a. Movement of provisions for NPAs *:

(₹ in millions)

| Particulars | |
|---|-----------|
| • Opening Balance as on 01.04.2019 | 4932.71** |
| • Provisions made during the period | 3596.33 |
| • Write off | 3659.07 |
| • Reductions | 0.00 |
| • Write back of excess provisions / Transfers | 0.00 |
| • Any other adjustments, including transfers between provisions | 37.69 |
| • Closing Balance as on 31.03.2020 | 4832.28** |

** includes floating provision and claims receivable (CGTMSE, ECGC & UIIC)

b. Movement of Provisions of Standard Assets:-**(₹ in millions)**

| Particulars | |
|--|---------|
| • Opening Balance as on 01.04.2019 | 871.99 |
| • Provisions made during the period | 325.26 |
| • Write back of excess provisions | 0.00 |
| • Any other adjustments, including transfer between provisions | 0.00 |
| • Closing Balance as on 31.03.2020 | 1197.25 |

c. Stock of Technical/Prudential Write-offs and recoveries made thereon;**(₹ in millions)**

| Particulars | Amount |
|---|----------|
| Opening balance for recoveries of Technical/Prudential written- off accounts as on 01.04.2019 | 12438.20 |
| Add: Technical/Prudential write-offs accounts during the period | 3659.07 |
| Less: Recoveries from previously technical/ prudential written- off accounts taken to income account during the period. | 465.59 |
| Closing balance as on 31.03.2020 | 15631.68 |

i. Non-Performing Investments (NPIs):**(₹ in millions)**

| | |
|--|--------|
| a. Non-Performing Investments | 806.32 |
| b. Provisions held for non-performing investments | 806.32 |

k. Movement of provisions for depreciation on investments:**(₹ in millions)**

| | |
|--|--------|
| • Opening Balance as on 01.04.2019 | 858.65 |
| • Provisions made during the period | 9.43 |
| • Write-off | 0.00 |
| • Write-back of excess provisions | 0.00 |
| • Provision adjustment during shifting | 0.00 |
| • Closing Balance as on 31.03.2020 | 868.08 |

I. Industry wise distribution of NPAs:

(₹ in millions)

| Industry Name | As on March 2020 | | | For the quarter ended March 31, 2020 | | |
|--|------------------|-------------------|--------------------------|--------------------------------------|-------------------|--------------------------|
| | Gross NPA | Provision for NPA | Standard Asset Provision | Write – off | Provision for NPA | Standard Asset Provision |
| A. Mining and Quarrying | 0.18 | 0.18 | 4.22 | 0.00 | (0.08) | 0.34 |
| B. Food Processing | 140.25 | 45.29 | 7.90 | 0.00 | (464.72) | 2.46 |
| C. Beverages (excluding Tea & Coffee) and Tobacco | 0.03 | 0.03 | 0.73 | 0.00 | (0.57) | (0.03) |
| D. Textiles | 1380.36 | 737.04 | 98.03 | 0.00 | 1.40 | 2.62 |
| E. Leather and Leather products | 0.25 | 0.17 | 0.44 | 0.00 | 0.00 | (0.04) |
| F. Wood and Wood Products | 259.69 | 119.38 | 4.73 | 0.00 | (11.98) | 0.03 |
| G. Paper and Paper Products | 477.46 | 237.18 | 3.53 | 0.00 | (85.56) | 0.29 |
| H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 232.07 | 58.14 | 0.03 | 0.00 | (0.13) | (0.03) |
| I. Chemicals and Chemical Products (Dyes, Paints, etc.) | 168.32 | 43.51 | 6.41 | 0.00 | 37.49 | (0.46) |
| J. Rubber, Plastic and their Products | 29.89 | 10.79 | 5.17 | 0.00 | (0.57) | 0.19 |
| K. Glass & Glassware | 0.00 | 0.00 | 0.13 | 0.00 | 0.00 | (0.02) |
| L. Cement and Cement Products | 0.00 | 0.00 | 0.27 | 0.00 | 0.00 | 0.00 |
| M. Basic Metal and Metal Products | 10.67 | 4.11 | 7.68 | 0.00 | (0.27) | 0.36 |
| N. All Engineering | 61.34 | 17.12 | 10.98 | 0.00 | (4.99) | (0.70) |
| O. Vehicles, Vehicle Parts and Transport Equipments | 1.25 | 0.54 | 0.19 | 0.00 | 0.03 | 0.03 |
| P. Gems and Jewellery | 0.00 | 0.00 | 0.77 | 0.00 | (0.72) | 0.03 |
| Q. Construction | 16.59 | 8.65 | 6.62 | 0.00 | (4.67) | 0.62 |
| R. Infrastructure | 2575.15 | 1516.02 | 27.88 | 0.00 | (1685.27) | (0.10) |
| S. Other Industries, pl. specify | 183.30 | 72.44 | 37.39 | 0.00 | (119.19) | 5.82 |
| All Industries (A to S) | 5536.80 | 2870.59 | 223.10 | 0.00 | (2339.80) | 11.41 |
| All others | 4672.97 | 1961.69 | 750.09 | 0.00 | (903.78) | (25.20) |
| Total | 10209.77 | 4832.28** | 973.19* | 0.00 | (3243.58) | (13.79) |

* Excess provision of ₹ **224.06 millions** kept under standard asset provision

Excludes floating provision and claims receivable (CGTMSE & ECGC) - ₹ **402.69 millions

m. Geographic distribution of NPAs:

(₹ in millions)

| Particulars | Domestic | Overseas | Total |
|-------------------------------|----------|----------|----------|
| Gross NPA | 10209.77 | 0.00 | 10209.77 |
| Provisions for NPA* | 5234.97* | 0.00 | 5234.97* |
| Provision for Standard assets | 1135.67 | 0.00 | 1135.67 |

*Includes floating provision and claims receivable (CGTMSE, ECGC & UIIC) - ₹ 402.69 millions)

Table DF – 4

CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative disclosures:**a) General Principle:**

In accordance with RBI guidelines, the Bank has adopted Standardized Approach of the New Capital Adequacy Framework (NCAF) for computation of capital for Credit Risk with effect from 31.03.2009. Bank has assigned risk weights to different assets classified as prescribed by the RBI for computation of capital.

External Credit Ratings:

Rating of borrowers by External Credit Rating Agencies (ECRA) assume importance in the light of guideline for implementation of the New Capital Adequacy Framework (Basel-II). Exposures on Corporate / PSEs / Primary Dealers are assigned with risk weights based on the external ratings. For this purpose, the Reserve Bank of India has permitted Banks to use the rating of the seven domestic ECRAs namely (a) Credit Analysis and Research Ltd., (CARE), (b) CRISIL Ltd., (c) Fitch India, (d) ICRA Ltd., (e) Brickwork Ratings India P Ltd., (Brickwork), (f) ACUITE Ratings and Research Limited (SMERA) and (g) INFOMERICS Valuation and Rating Pvt Ltd., (INFOMERICS). In consideration of the above guidelines, the bank accepts the ratings assigned by all these ECRAs.

The bank has well-structured internal credit rating mechanism to evaluate the credit risk associated with a borrower and accordingly the systems are in place for taking credit decisions with regard to acceptability of proposals, and level of exposures and pricing.

In case of bank's investment in particular issues of Corporate / PSEs, the issue specific rating of the approved ECRA's are reckoned and accordingly the risk weights applied after a corresponding mapping to rating scale is provided.

With regard to the coverage of exposures by external ratings as relevant for capital computation under Standardized Approach, the process is being popularized among the borrowers so as to take the benefit of capital relief available for better rating of customers.

- Rating assigned by one rating agency can be used for all the types of claims on the borrowing entity.
- Long term ratings are used for facilities with contractual maturity of one year & above.
- Short term ratings are generally applied for facilities with contractual maturity of less than one year.

Quantitative Disclosures

For exposure amounts after risk mitigation subject to the standardized approach, amount of a bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as per risk mitigation are given below;

(₹ in millions)

| Risk Weight | Rated | Unrated | Total * |
|------------------------------------|-----------------|------------------|------------------|
| Below 100% | 8451.04 | 187219.27 | 195670.31 |
| 100% | 16665.52 | 145846.71 | 162512.23 |
| More than 100% | 53867.67 | 5435.93 | 59303.60 |
| Total Exposure before mitigation | 78984.23 | 338501.91 | 417486.14 |
| Deducted (as per Risk Mitigation) | 2604.74 | 71097.12 | 73701.86 |
| Total outstanding after mitigation | 76379.49 | 267404.79 | 343784.28 |

* This includes total gross credit exposure i.e. (FB+ NFB (including 2% of Forward Contract) + undrawn or partially undrawn fund based facility)

Table DF – 5**CREDIT RISK MITIGATION: DISCLOSURE FOR STANDARDISED APPROACHES****Qualitative disclosures:****Policy on Credit Risk Mitigation under Standardized Approach:**

As advised by RBI, the Bank has adopted the comprehensive approach relating to credit risk mitigation under Standardized Approach, which allows fuller offset of securities (primary and collateral) against exposures, by effectively reducing the exposure amount by the value ascribed to the securities. Thus the eligible financial collaterals are fully used to reduce the credit exposure in computation of credit risk capital. In doing so, the bank has recognized specific securities namely (a) bank's own deposits (b) Gold/Ornaments (c) Life Insurance Policies (d) Government Securities (e) NSC/KVP etc and (f) Units of Mutual Funds, in line with the RBI guidelines on the subject.

Besides, other approved forms of credit risk mitigation are "On Balance Sheet netting" and availability of "Eligible Guarantees". On balance sheet nettings has been reckoned to the extent of the deposits available against the loans /advances of the borrower (to the extent of exposure) as per the RBI guidelines. Further, in computation of credit risk capital, the types of guarantees recognized for taking mitigation, in line with RBI guidelines are (a) Central Government Guarantee (0%) (b) State Government (20%) (c) CGTMSE (0%) (d) ECGC (20%) (e) Bank Guarantee in the form of bills purchased / discounted under Letter of credit (20%) and (f) Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) (0%). The Bank has ensured compliance of legal certainty as prescribed by the RBI in the matter of credit risk mitigation.

Concentration Risk in Credit Risk Mitigation:

All types of securities eligible for mitigation are easily realizable financial securities. As such, presently no limit/ceiling has been prescribed to address the concentration risk in credit risk mitigants recognized by the Bank.

Quantitative Disclosures:

(₹ in million)

| a. For each separately disclosed credit risk portfolio, the total exposure (after, where applicable, on-or off balance sheet netting) that is covered by eligible financial collateral (FCs) after the application of haircuts is given below: | | |
|---|-------------------------|-----------------------------|
| Portfolio category | Financial collateral | Quantum of exposure covered |
| 1. Funded – Credit | Bank's own deposits | 19987.03 |
| 2. Funded – Credit | Gold jewels | 104381.25 |
| 3. Funded - Credit | Life Insurance policies | 448.29 |
| 4. Funded - Credit | NSC/KVP | 48.53 |
| 4. Non Funded | Bank's own deposits | 4702.44 |
| b. For each separately disclosed portfolio, the total exposure (after, on balance sheet netting) that is covered by Guarantees: | | |
| 1. Funded - Credit | ECGC | 800.00 |
| 2. Funded – Credit | CGTMSE | 279.89 |

Table DF - 6**Securitization: Disclosure for standardized approach****Qualitative Disclosures**

The bank has not undertaken any securitization activity.

Quantitative Disclosures: NIL

Table DF-7**MARKET RISK IN TRADING BOOK****Qualitative Disclosures:****a) Market Risk:**

Market Risk is defined as the possibility of loss to a bank in on-balance sheet and off-balance sheet positions caused by the changes / movements in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. Bank's exposure to market risk arises from domestic investments (interest related instruments and equities) in trading book (both AFS and HFT categories), the Foreign exchange positions (including open position in precious

metals) and trading related derivatives. The objective of the market risk management is to minimize the impact of losses on earnings and equity capital arising from market risk.

Policies for management of Market Risk:

The bank has put in place Board approved Asset Liability Management (ALM) policy and Investment Policy for effective management of market risk in the bank. The policy sets various risk limits for effective management of market risk and ensuring that the operations are in line with Bank's expectation of return to market risk through proper Asset Liability Management. The policy also deals with the reporting framework for effective monitoring of market risk.

The ALM policy specifically deals with liquidity risk management and interest rate risk management framework. As envisaged in the policy, Liquidity risk is managed through the mismatch analysis, based on residual maturity / behavioral pattern of assets and liabilities, on a daily basis based on best available data coverage, as prescribed by the RBI. The bank has put in place mechanism of short-term dynamic liquidity management and contingent funding plan. Prudential (tolerance) limits are prescribed for different residual maturity time buckets for efficient asset liability management. Liquidity profile of the bank is evaluated through various liquidity ratios. The bank has also drawn various contingent measures to deal with any kind of stress on liquidity position. Bank ensures adequate liquidity managed on a real time basis by Domestic Treasury through systematic and stable funds planning.

Interest Rate Risk is managed through use of GAP analysis of rate sensitive assets and liabilities and monitored through prudential (tolerance) limits prescribed. The bank has also put in place Duration Gap Analysis framework for management of interest rate risk. The bank estimates Earnings at Risk (EaR) and Modified Duration Gap (DGAP) periodically against adverse movement in interest rate (as prescribed in the Policy) for assessing the impact on Net Interest Income (NII) and Economic Value of Equity (EVE) with a view to optimize shareholder value.

The Asset-Liability Management Committee (ALCO) /Risk Management Committee of Board (RMCB) monitors adherence of prudential limits fixed by the bank and determines the strategy in the light of the market condition (current and expected) as articulated in the ALM policy.

Quantitative Disclosures:

b) In line with the RBI's guidelines, the bank has computed capital for market risk as per Standardized Duration Approach (SDA) framework for maintaining capital. The Capital requirements for market risk in trading Book as on 31.03.2020.

(₹ in millions)

| | |
|-------------------------|----------------|
| · Interest Rate Risk | 985.98 |
| · Equity Position Risk | 37.52 |
| · Foreign Exchange Risk | 16.26 |
| Total | 1039.76 |

Table DF – 8

OPERATIONAL RISK

Qualitative Disclosures:

a) Operational Risk:

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks.

Policies on management of Operational Risk:

The Bank has framed Operational Risk Management Policy duly approved by the Bank's Board. Other policies adopted by the Board which deal with management of Operational risk are (a) Information Systems Security Policy, (b) Foreign Exchange Risk Management Policy (c) Policy document on Know Your Customers (KYC) and Anti Money Laundering (AML) Procedures (d) IT Business Continuity and Disaster Recovery Plan (IT BC-DRP).

The Operational Risk Management Policy adopted by the Bank outlines organization structure and detail processes for management of operational risk. The basic objective of the policy is to closely integrate operational risk management system into the day-to-day risk management processes of the bank by clearly assigning roles for effectively identifying, assessing, monitoring and controlling / mitigating operational risk and by timely reporting of operational risk exposures, including material operational losses. Operational risks in the Bank are managed through comprehensive and well-articulated internal control frameworks.

Quantitative Disclosures:

b) In line with the final guidelines issued by RBI, the Bank has adopted the Basic Indicator Approach for computing capital for Operational Risk. As per the guidelines, the capital charge for Operational Risk is equal to the 15 % of the previous three years (2016-17, 2017-18 & 2018-19) average positive annual Gross income as defined by RBI. As per such estimate, the capital requirement for operational risk as on 31.03.2020 is ₹ **2724.69 mn.**

Table DF – 9**INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)****Qualitative Disclosures:****a) Interest Rate Risk in the Banking Book:**

Interest Rate Risk is the risk where changes in the market interest rates might affect a bank's financial condition. Changes in interest rates affect both the current earnings (earnings perspective) as also the net worth of the Bank (economic value perspective). The risk from earnings perspective can be measured as impact in the Net Interest Income (NII) or Net Interest Margin (NIM). Similarly, the risk from economic value perspective can be measured as drop in the Economic value of Equity (EVE).

The Bank identifies the risks associated with the changing interest rates on its on-balance sheet and off-balance sheet exposures in the banking book from a short term (Earning perspective) and long term (Economic value perspective).

The impact on income (Earning perspective) is measured by using Earnings at Risk (EaR) with the assumption that the re-pricing dates of assets and liabilities are evenly spread across the respective time buckets and the change in interest rate is uniform across the maturity spectrum. The prudential limit on EaR will be 10% of the previous year Net Interest Income (NII). For the calculation of impact on earnings, the Traditional Gap is taken from the Rate Sensitivity Statement and based on the remaining period from the mid point of a particular bucket the impact for change in interest rates upto 100 bps is arrived at. The same is reported to ALCO/Risk Management Committee of Board (RMCB) periodically along with the Rate Sensitivity statement on monthly basis.

The Bank has adopted Traditional Gap Analysis combined with Duration Gap Analysis for assessing the impact (as a percentage) on the Economic value of Equity

(Economic Value Perspective) by applying a notional interest rate shock of 200 bps. As per the Guidelines on Banks’ Asset Liability Management Framework-Interest Rate Risk issued by the RBI (DBOD.No.BP.BC.59/21.04.098/2010-11 dated 04.11.2010), the Bank calculates Modified Duration Gap (DGAP) & the impact on the Economic Value of equity (EVE). Assets and Liabilities are grouped as per Interest Rate Sensitivity Statement & bucket wise Modified Duration is computed for these groups of Assets and Liabilities using account level coupon and yield as per yield curves suggested by RBI, actual Re-price date of the individual account is considered for bucketing, Weighted average Modified duration is calculated at account level by using “Market value”, the yield is taken as per the internal rating and external rating mapping at account level, Modified duration is calculated individually for each forward and swap contracts. For investment portfolio, the Modified Duration of individual items are computed and taken. The DGAP is calculated by the Bank once in a month and is reported to ALCO/ Risk Management Committee of Board (RMCB).

The Asset-Liability Management Committee (ALCO) / Risk Management Committee of Board (RMCB) monitors adherence of prudential limits fixed by the bank and determines the strategy in the light of market conditions (current and expected).

Quantitative Disclosures:

The increase or decrease in earnings and economic value for upward and downward rate shocks based on the assets and liabilities outstanding as on 31.03.2020 are as follows.

1. The impact of change in Interest Rate i.e Earnings at Risk for increasing 100 Basis points interest rate shock is ₹ 502.80 mn (4.09 % of previous year Net Interest Income).
2. Change in Market Value of Equity for 200 basis points interest rate shock is ₹ 3784.64 mn (9.51% of Net worth)

TABLE DF – 10

General disclosures for exposures related to counterparty credit risk

Counterparty Credit Risk (CCR) is the risk that a counter party to a transaction could default before the final settlement of the transaction cash flows. Unlike a firm’s exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss to either party.

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward contracts.

Credit exposures on forward contracts

The Bank enters into the forward contracts in the normal course of business for proprietary trading and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

Counterparty Credit exposure as on March 31, 2020

| (₹ in millions) | | | | |
|-------------------|-----------------|---|----------------------------------|---|
| Nature | Notional Amount | Current Credit Exposure (positive mark to market value) | Potential Future Credit Exposure | Total Credit Exposure under Current Exposure Method (CEM) |
| Forward contracts | 52976.51 | 757.55 | 1122.45 | 1880.01 |

Composition of Capital Disclosure Templates

TABLE DF – 11: Composition of Capital

Part I: Template to be used only from March 31, 2017

| (₹ In Millions) | | |
|---|--|--------------------------------------|
| Basel III common disclosure template to be used from March 31, 2017 | | |
| Common Equity Tier 1 capital: instruments and reserves | | Ref No. |
| 1 | Directly issued qualifying common share capital plus related stock surplus (share premium) | 1425.12 |
| 2 | Retained earnings | |
| 3 | Accumulated other comprehensive income (and other reserves) | 37531.49 |
| 4 | <i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)</i> | To be disclosed half yearly & yearly |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | 38956.61 |

| Common Equity Tier 1 capital : Regulatory adjustments | | | |
|--|---|--|--|
| 7 | Prudential valuation adjustments | | |
| 8 | Goodwill (net of related tax liability) | | |
| 9 | Intangibles other than mortgage-servicing rights (net of related tax liability) | | |
| 10 | Deferred tax assets | | |
| 11 | Cash-flow hedge reserve | | |
| 12 | Shortfall of provisions to expected losses | | |
| 13 | Securitization gain on sale | | |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | | |
| 15 | Defined-benefit pension fund net assets | | |
| 16 | Investments in own shares (if not already netted off paid-up capital on reported balance sheet) | | |
| 17 | Reciprocal cross-holdings in common equity | | |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | | |
| 19 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | | |
| 20 | Mortgage servicing rights (amount above 10% threshold) | | |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | | |
| 22 | Amount exceeding the 15% threshold | | |
| 23 | of which : significant investments in the common stock of financial entities | | |
| 24 | of which : mortgage servicing rights | | |
| 25 | of which : deferred tax assets arising from temporary differences | | |
| 26 | National specific regulatory adjustments (26a+26b+26c+26d) | | |
| 26a | of which : Investments in the equity capital of unconsolidated insurance subsidiaries | | |
| 26b | of which : Investments in the equity capital of unconsolidated non- financial subsidiaries | | |
| 26c | of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank | | |

| | | | |
|--|--|----------|--|
| 26d | of which : Unamortised pension funds expenditures | | |
| 27 | Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions | | |
| 28 | Total regulatory adjustments to Common equity Tier 1 | | |
| 29 | Common Equity Tier 1 capital (CET1) | 38956.61 | |
| Additional Tier 1 capital : instruments | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32) | | |
| 31 | of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative preference Shares) | | |
| 32 | of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments) | | |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | | |
| 34 | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | | |
| 35 | of which : instruments issued by subsidiaries subject to phase out | | |
| 36 | Additional Tier 1 capital before regulatory adjustments | | |
| Additional Tier 1 capital: regulatory adjustments | | | |
| 37 | Investments in own Additional Tier 1 instruments | | |
| 38 | Reciprocal cross-holdings in Additional Tier 1 instruments | | |
| 39 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | | |
| 40 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |
| 41 | National specific regulatory adjustments (41a+41b) | | |
| 41a | <i>Of which</i> : Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries | | |

| | | | |
|--|---|----------|--|
| 41b | <i>Of which:-</i> Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank. | | |
| 42 | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | | |
| 43 | Total regulatory adjustments to Additional Tier 1 capital | | |
| 44 | Additional Tier 1 capital (AT1) | | |
| 45 | Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44) | 38956.61 | |
| Tier 2 capital : instruments and provisions | | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | | |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | | |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | | |
| 49 | of which : instruments issued by subsidiaries subject to phase out | | |
| 50 | Provisions include the following a) Investment Reserve ₹ 253.36 mn b) Investment Fluctuation Reserve ₹ 586.50 mn c) Provision for Standard Asset including restructured standard assets ₹ 1197.25 mn d) Provision for unhedged Foreign Currency Exposure ₹ 31.90 mn e) Provision for COVID Relief Advances ₹ 70.12 mn | 2139.13 | |
| 51 | Tier 2 capital before regulatory adjustments (46+ 47 + 48 + 50) | 2139.13 | |
| Tier 2 capital: regulatory adjustments | | | |
| 52 | Investments in own Tier 2 instruments | | |
| 53 | Reciprocal cross-holdings in Tier 2 instruments | | |
| 54 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | | |
| 55 | Significant investments-in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |

| | | | |
|---|---|-----------|-------|
| 56 | National specific regulatory adjustments (56a+56b) | | |
| 56a | <i>of which</i> : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries | | |
| 56b | <i>of which</i> : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank | | |
| 57 | Total regulatory adjustments to Tier 2 capital | | |
| 58 | Tier 2 capital (T2) | 2139.13 | |
| 59 | Total capital (TC = T1 + T2) (45 + 58) | 41095.74 | |
| 60 | Total risk weighted assets (60a + 60b + 60c) | 245515.21 | |
| 60a | of which : total credit risk weighted assets | 203687.99 | |
| 60b | of which : total market risk weighted assets | 11552.92 | |
| 60c | of which : total operational risk weighted assets | 30274.30 | |
| Capital ratios and buffers | | | |
| 61 | Common Equity Tier 1 (as a percentage of risk weighted assets) | 15.87% | |
| 62 | Tier 1 (as a percentage of risk weighted assets) | 15.87% | |
| 63 | Total capital (as a percentage of risk weighted assets) | 16.74% | |
| 64 | Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets) | | |
| 65 | of which : capital conservation buffer requirement | | |
| 66 | of which : bank specific countercyclical buffer requirement | | |
| 67 | of which : G-SIB buffer requirement | | |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) | NA | |
| 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% | 6.00% |
| 71 | National total capital minimum ratio (if different from Basel III minimum) | 10.875% | 9.00% |
| Amounts below the thresholds for deduction (before risk weighting) | | | |
| 72 | Non-significant investments in the capital of other financial entities | — | |

| | | | |
|--|--|---|--|
| 73 | Significant investments in the common stock of financial entities | — | |
| 74 | Mortgage servicing rights (net of related tax liability) | | |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | | |
| Applicable caps on the inclusion of provisions in Tier 2 | | | |
| 76 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap) | | |
| 77 | Cap on inclusion of provisions in Tier 2 under standardized approach | — | |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | | |
| 79 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | | |
| Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022) | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | | |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | | |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | | |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | | |
| 84 | Current cap on T2 instruments subject to phase out arrangements | | |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | | |

| Notes to the template | | |
|--------------------------------|--|------------------------|
| Row No. of the template | Particulars | (₹ in Millions) |
| 10 | Deferred tax assets associated with accumulated losses | 0.00 |
| | Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability | 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 | |
| | of which : Increase in Common Equity Tier 1 capital | |
| | of which : Increase in Additional Tier 1 capital | |
| | of which : Increase in Tier 2 capital | |

| | | |
|-----|--|---------|
| 26b | If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then : | |
| | (i) Increase in Common Equity Tier 1 capital | |
| | (ii) Increase in risk weighted assets | |
| 50 | Eligible Provisions included in Tier 2 capital | 2139.13 |
| | Eligible Revaluation Reserves included in Tier 2 capital | |
| | Total of row 50 | 2139.13 |

Table DF-12:
Composition of Capital – Reconciliation Requirements

Step 1:

| (₹. in million) | | | |
|-----------------|---|--|---|
| | | Balance sheet as in financial statements | Balance sheet under regulatory scope of consolidation |
| | | As on reporting date | As on reporting date |
| A | Capital & Liabilities | | |
| i. | Paid-up Capital | 1425.12 | N.A |
| | Reserves & Surplus | 38371.35 | N.A |
| | Minority Interest | 0 | |
| | Total Capital | 39796.47 | N.A |
| ii. | Deposits | 368250.27 | |
| | of which : Deposits from banks | 0.00 | |
| | of which : Customer deposits | 368250.27 | |
| | of which : Other deposits (pl. specify) | | |
| iii. | Borrowings | 3240.00 | |
| | of which : From RBI | 3240.00 | |
| | of which : From banks | 0 | |
| | of which : From other institutions & agencies | 0 | |
| | of which : Others (pl. specify) Outside India | 0.00 | |
| | of which : Capital instruments | 0 | |
| iv. | Other liabilities & provisions | 16301.24 | |
| | Total | 427587.98 | N.A |

| B | Assets | | |
|----------|--|------------------|-----|
| i. | Cash and balances with Reserve Bank of India | 14144.05 | |
| | Balance with banks and money at call and short notice | 23221.45 | |
| ii. | Investments : | 94673.30 | |
| | of which : Government securities | 79484.63 | |
| | of which : Other approved securities | 0.00 | |
| | of which : Shares | 119.81 | |
| | of which : Debentures & Bonds | 13102.84 | |
| | of which : Subsidiaries / Joint Ventures / Associates | 0.00 | |
| | of which : Others (Commercial Papers, Mutual Funds etc.) | 1966.02 | |
| iii. | Loans and advances | 277157.64 | |
| | of which : Loans and advances to banks | 0.00 | |
| | of which : Loans and advances to customers | 277157.64 | |
| iv. | Fixed assets | 1284.53 | |
| v. | Other assets | 17107.01 | |
| | of which : Goodwill and intangible assets | 0 | |
| | of which : Deferred tax assets | 256.33 | |
| vi. | Goodwill on consolidation | | |
| vii. | Debit balance in Profit & Loss account | 0 | |
| | Total Assets | 427587.98 | N.A |

Step 2:

- 1) As the Bank is not having any subsidiary, no disclosure relating any legal entity for regulatory consolidation is made.
- 2) The entire paid up capital of the Bank amounting to ₹1425.12 million is included in CET I. (refer Item I of DF-11)
- 3) The break up for Reserves & Surplus ₹ 38371.35 mn as shown in the Bank's financial statements is given hereunder for the purpose of reconciliation for calculation of Regulatory Capital in DF-11.

(₹ in Millions)

| As per Balance Sheet | Amount | As shown in DF-11 Capital |
|-------------------------------|---------------|--|
| a) Statutory Reserves | 13627.79 | Included in Regulatory CET I capital DF-11 (item-3) |
| b) Capital Reserves | 494.93 | Included in Regulatory CET I capital DF-11 (item-3) |
| c) Revenue and Other Reserves | 20752.63 | Included in Regulatory CET I capital DF-11 (item-3) |
| d) Investment reserve | 253.36 | Included in Regulatory Tier II capital DF-11 (item-50) |

| | | |
|--|-----------------|--|
| e) Investment Fluctuation Reserve | 586.50 | Included in Regulatory Tier II capital DF-11 (item-50) |
| f) Special Reserve u/s 36(1) (Viii) of IT Act 1961 | 2149.00 | Included in Regulatory CET I Capital (DF11-item 3) |
| g) Balance in P&L | 507.14 | Included in CET I (item 3- DF11) |
| | 38371.35 | |

- 4) a) Other Liabilities:-a) Provision for Standard assets including restructured standard assets ₹ 1197.25 mn (Item-50 - DF-11)
- b) Provision for unhedged Foreign Currency Exposure ₹31.90 mn (item-50 -DF-11)
- c) Provision for COVID Relief Advances ₹ 70.12 mn (Item – 50 – DF – 11)

However they are shown under Tier II capital for computation of Regulatory Capital (DF-11) as noted in brackets as per extant RBI guidelines.

Step 3

| Extract of Basel III common disclosure template (with added column) - Table DF-11 (Part I / Part II whichever, applicable) | | | |
|--|---|--|--|
| Common Equity Tier 1 capital: instruments and reserves | | | |
| | | Component of regulatory capital reported by bank | Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2 |
| 1 | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus | 1425.12 | |
| 2 | Retained earnings | | |
| 3 | Accumulated other comprehensive income (and other reserves) | 37531.49 | |
| 4 | <i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)</i> | | |
| 5 | Common share capital issued by subsidiaries and held by third parties | | |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | 38956.61 | |
| 7 | Prudential valuation adjustments | 0.00 | |
| 8 | Goodwill (net of related tax liability) | | |

Table DF-13Main Features of Regulatory Capital

| S.No | Description | Equity Shares |
|------|--|-------------------------------------|
| 1 | Issuer | Tamilnad Mercantile Bank Ltd |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | Not listed |
| 3 | Governing law(s) of the instrument | Indian Laws |
| | Regulatory treatment | |
| 4 | Transitional Basel III rules | Common equity Tier 1 |
| 5 | Post-transitional Basel III rules | Common equity Tier 1 |
| 6 | Eligible at solo / group / group & solo | Solo |
| 7 | Instrument type | Common Shares |
| 8 | Amount recognized in regulatory capital (Rs. in million, as of most recent reporting date) | ₹1425.12 million |
| 9 | Par value of instrument | ₹ 10 per share |
| 10 | Accounting classification | Shareholder's Equity |
| 11 | Original date of issuance | Various |
| 12 | Perpetual or dated | Perpetual |
| 13 | Original maturity date | No Maturity |
| 14 | Issuer call subject to prior supervisory approval | No |
| 15 | Optional call date, contingent call dates and redemption amount | NA |
| 16 | Subsequent call dates, if applicable | NA |
| | Coupons / dividends | |
| 17 | Fixed or floating dividend / coupon | NA |
| 18 | Coupon rate and any related index | NA |
| 19 | Existence of a dividend stopper | No |
| 20 | Fully discretionary, partially discretionary or mandatory | Fully Discretionary |

| | | |
|----|---|----------------------------------|
| 21 | Existence of step up or other incentive to redeem | No |
| 22 | Noncumulative or cumulative | Non-Cumulative |
| 23 | Convertible or non-convertible | NA |
| 24 | If convertible, conversion trigger(s) | NA |
| 25 | If convertible, fully or partially | NA |
| 26 | If convertible, conversion rate | NA |
| 27 | If convertible, mandatory or optional conversion | NA |
| 28 | If convertible, specify instrument type convertible | NA |
| 29 | into If convertible, specify issuer of instrument it converts into | NA |
| 30 | Write-down feature | No |
| 31 | If write-down, write-down trigger(s) | NA |
| 32 | If write-down, full or partial | NA |
| 33 | If write-down, permanent or temporary | NA |
| 34 | If temporary write-down, description of write-up mechanism | NA |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Subordinated to all other claims |
| 36 | Non-compliant transitioned features | No |
| 37 | If yes, specify non-compliant features | NA |

Table DF-14
Full Terms and Conditions of Regulator Capital Instruments

The details of the Tier II capital [Bonds] raised by the Bank

| Table DF-14 : Full Terms and Conditions of Regulatory Capital Instruments | |
|--|---------------------------|
| Instruments | Full Terms and Conditions |
| | Not Applicable |

Table DF – 15
Disclosure Requirements for Remuneration

| | | | |
|--------------------------------|-----|--|---|
| Qualitative disclosures | (a) | Information relating to the composition and mandate of the Remuneration Committee. | The Nomination and Remuneration committee has been formed with 3 directors. The mandate of the committee is to fix the remuneration in line with the risk taken by employees. |
| | (b) | Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy. | <p>Bank's Compensation Policy, containing the guidelines on compensation of Whole time directors/ Chief executive officers/ risk takers, control functionaries etc., was approved by Board of Directors in their meeting dated 30.04.2020 which will be effective from the financial year 2020-2021.</p> <p>Based on the RBI circular The Bank has incorporated the compensation structure such as Fixed Remuneration, Variable Remuneration and Remuneration for Material risk takers and control function staff in the compensation policy.</p> <p>The key principle of the policy would be that the compensation shall be aligned with the type and nature of risk taken by employees.</p> |
| | (c) | Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks. | Regional Heads, Branch Heads, IT department officials and Dealers in Treasury & IBD are paid special allowance based on risk taken by them. |

| | | | |
|--|-----|---|--|
| | (d) | Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. | A performance based incentive scheme was approved by our Board of Directors in their meeting held on 25.10.2019. |
| | (e) | A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting. | There is no deferred remuneration payment to employees. |
| | (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. | The remuneration is in the form of cash only. There is no remuneration in the form of Shares, ESOP and other forms. |
| Quantitative disclosures (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer / Other Risk Takers) | (g) | * Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members. | Number of meetings held by the Nomination and Remuneration committee is two (16.04.2019 and 03.10.2019) and remuneration paid to its members is NIL. |
| | (h) | * Number of employees having received a variable remuneration award during the financial year. | Nil |
| | | * Number and total amount of sign-on awards made during the financial year. | Nil |
| * Details of guaranteed bonus, if any, paid as joining / sign on bonus. | | Nil | |
| | | * Details of severance pay, in addition to accrued benefits, if any. | Nil |
| | (i) | * Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. | Nil |

| | | | |
|-----|---|--|-----|
| | * | Total amount of deferred remuneration paid out in the financial year. | Nil |
| (j) | * | Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred. | Nil |
| (k) | * | Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. | Nil |
| | * | Total amount of reductions during the financial year due to ex- post explicit adjustments. | Nil |
| | * | Total amount of reductions during the financial year due to ex- post implicit adjustments. | Nil |

Table DF – 16**Equities-Disclosure for Banking Book Positions**

The bank has no exposures in equities under Banking Book.

Table DF – 17- Leverage Ratio Disclosure

The Leverage ratio act as a credible supplementary measure to the bank based capital requirement. The Bank is required to maintain a minimum leverage ratio of 3.5%. The Bank's leverage ratio, calculated in accordance with the RBI guidelines is as follows;

COMPARISON OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURE

(₹ in millions)

| S.No. | Particulars | Amount as of Jun'19 | Amount as of Sep'19 | Amount as of Dec'19 | Amount as of Mar'20 |
|-------|--|---------------------|---------------------|---------------------|---------------------|
| 1 | Total consolidated assets as per published financial statements include SFTs | 396695.48 | 403485.18 | 419921.45 | 427587.97 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|----------|--|------------------|------------------|------------------|------------------|
| 3 | Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | Adjustments for derivative financial instruments | 872.09 | 1280.65 | 798.84 | 1122.46 |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured lending) | 0.00 | 0.00 | 0.00 | 0.00 |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 20313.13 | 19681.92 | 20209.51 | 20880.54 |
| 7 | Other adjustments | 0.00 | 0.00 | 0.00 | 0.00 |
| 8 | Leverage ratio exposure | 417880.70 | 424447.75 | 440929.80 | 449590.97 |

Table DF – 18**Leverage ratio common disclosure**

(₹ in millions)

| S.No | Leverage Ratio Framework | Amount as of Jun'19 | Amount as of Sep'19 | Amount as of Dec'19 | Amount as of Mar'20 |
|----------------------------|---|---------------------|---------------------|---------------------|---------------------|
| On-balance sheet exposures | | | | | |
| 1 | On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 396695.48 | 403485.18 | 419921.45 | 427587.97 |
| 2 | (Asset amounts deducted in determining Basel III Tier 1 capital) | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 396695.48 | 403485.18 | 419921.45 | 427587.97 |

| Derivative exposures | | | | | |
|--|--|--------|---------|--------|---------|
| 4 | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 0 | 0 | 0 | 0 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions | 872.09 | 1280.65 | 798.84 | 1122.46 |
| 6 | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | 0.00 | 0.00 | 0.00 | 0.00 |
| 8 | (Exempted CCP leg of client-cleared trade exposures) | 0.00 | 0.00 | 0.00 | 0.00 |
| 9 | Adjusted effective notional amount of written credit derivatives | 0.00 | 0.00 | 0.00 | 0.00 |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | | | | |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 872.09 | 1280.65 | 798.84 | 1122.46 |
| Securities financing transaction exposures | | | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | 0.00 | 0.00 | 0.00 | 0.00 |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | 0.00 | 0.00 | 0.00 | 0.00 |
| 14 | CCR exposure for SFT assets | 0.00 | 0.00 | 0.00 | 0.00 |
| 15 | Agent transaction exposures | 0.00 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|--|---|--------------|--------------|--------------|--------------|
| 16 | Total securities financing transaction exposures (sum of lines 12 to 15) | 0.00 | 0.00 | 0.00 | 0.00 |
| Other off-balance sheet exposures | | | | | |
| 17 | Off-balance sheet exposure at gross notional amount | 40388.36 | 61036.91 | 78625.48 | 82147.83 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (20075.23) | (41354.99) | (58415.97) | (61267.29) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 20313.13 | 19681.92 | 20209.51 | 20880.54 |
| Capital and total exposures | | | | | |
| 20 | Tier 1 capital | 35141.59 | 35195.35 | 35195.35 | 38956.61 |
| 21 | Total exposures (sum of lines 3, 11, 16 and 19) | 417880.70 | 424447.75 | 440929.80 | 449590.97 |
| Leverage ratio | | | | | |
| 22 | Basel III leverage ratio | 8.41% | 8.29% | 7.98% | 8.66% |

**TAMILNAD MERCANTILE BANK LTD
 INTERNATIONAL BANKING DIVISION**
NOSTRO CORRESPONDENT BANKS as on 31.03.2020

| Bank Name and Address | Currency | Account No. | Swift Code |
|--|-----------------|-------------------------|-------------------|
| <u>Wells Fargo Bank, N.A.</u> , 11 Penn Plaza, 4th Floor, New York NY 10001, ABA 026005092 | USD | 2000193008674 | PNBPUS3NNYC |
| <u>Standard Chartered Bank</u> , One Madison Avenue, New York, NY 10010-3603 U.S.A. | USD | 3582 089935 001 | SCBLUS33 |
| <u>Standard Chartered Bank</u> , 1 Basinghall Avenue, London EC2V 5DD, U.K., IBAN GB12 SCBL 6091 0412 7040 21, Sort Code: 609104 | GBP | 0001270402101 | SCBLGB2L |
| <u>Wells Fargo Bank, N.A.</u> , London Branch, One Plantation Place, 30 Fenchurch Street, London EC3M 3BD, United Kingdom. IBAN: GB19 PNBP 1656 7188 0054 21 | YEN | 88005421 | PNBPGB2L |
| <u>Zuercher Kantonal Bank</u> , Bahnhofstrasse 9, Zurich 8010, Switzerland | CHF | CH5000700070001302132 | ZKBKCHZZ80A |
| <u>Standard Chartered Bank, London</u> , (IBAN : GB05SCBL60910412722577), Intermediary Bank: Royal Bank of Canada (BIC : ROYCCAT2) | CAD | 01272257758 | SCBLGB2L |
| <u>Standard Chartered Bank (Singapore) Limited</u> , 8 Marina Boulevard, # 27-01 Marina Bay Financial Centre, Singapore 018981. | SGD | 0106343548 | SCBLSG22 |
| <u>Commercial Bank of Dubai</u> , Al Ittihad Street, Dubai, United Arab Emirates | AED | AE220230000001001461068 | CBDUAEAD |
| <u>Commerzbank AG</u> , Juergen-Ponto-Platz 1, 60301 Frankfurt am Main, Germany | AUD | 400875030900AUD | COBADEFF |
| <u>Bank of India</u> , Succursale de Paris, 3, Rue Scribe, 75009 Paris, France | EURO | 4310 EUR 002006 | BKIDFRPP |
| <u>Commerzbank AG</u> , Juergen-Ponto-Platz 1, 60301 Frankfurt am Main, Germany | EURO | 400875030900EUR | COBADEFF |
| <u>Wells Fargo Bank, N.A.</u> , London Branch, One Plantation Place, 30 Fenchurch Street, London EC3M 3BD, United Kingdom. IBAN GB97 PNBP 1656 7106 5031 62. | EURO | 06503162 | PNBPGB2L |
| <u>Standard Chartered Bank AG</u> Franklinstrasse 46-48, Frankfurt AM Main 60486, Frankfurt AM Main, Germany IBAN:DE49512305000500215405 | EURO | 500215405 | SCBLDEFX |
| <u>Standard Chartered Bank</u> Colombo, Sri Lanka | USD | 15384878701USD | SCBLKLX |

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI**BALANCE SHEET AS ON 31ST MARCH 2020**

இருப்பு நிலை குறிப்பு கணக்கு 31.03.2020

(₹ in thousands)

| | Schedule அட்டவணை | As on 31.03.2020 | As on 31.03.2019 |
|---|---------------------|------------------|------------------|
| CAPITAL & LIABILITIES : மூலதனமும் பொறுப்புகளும் | | | |
| Capital பங்கு மூலதனம் | 1 | 1425115 | 1425115 |
| Reserves & Surplus ஒதுக்கீடுகள் மற்றும் எஞ்சியிருப்பவை | 2 | 38371347 | 34757439 |
| Deposits வைப்பு நிதிகள் | 3 | 368250267 | 351362481 |
| Borrowings பெற்ற கடன்கள் | 4 | 3240000 | Nil |
| Other Liabilities and Provisions இதர பொறுப்புகள் மற்றும் ஒதுக்கீடுகள் | 5 | 16301243 | 17782921 |
| | TOTAL | 427587972 | 405327956 |
| ASSETS : சொத்துக்கள் | | | |
| Cash and balances with Reserve Bank of India ரொக்க இருப்பும் ரிசர்வ் வங்கியில் உள்ள இருப்பும் | 6 | 14144050 | 17353424 |
| Balances with Banks and Money at Call and Short Notice இதரவங்கியில் உள்ள இருப்பும் | 7 | 23221447 | 11850130 |
| Investments முதலீடுகள் | 8 | 94673297 | 91065865 |
| Advances கொடுத்த கடன்கள் | 9 | 277157642 | 264879403 |
| Fixed Assets நிலையான சொத்துக்கள் | 10 | 1284529 | 1383824 |
| Other Assets இதர சொத்துக்கள் | 11 | 17107007 | 18795310 |
| | TOTAL | 427587972 | 405327956 |
| Contingent Liabilities சந்தர்ப்பங்களை அனுசரித்த பொறுப்புகள் | 12 | 73096206 | 72040952 |
| Bills for Collection வசூலுக்கு பெற்றுக்கொண்ட பில்கள் | | 7975030 | 8222140 |
| Significant Accounting Policies முக்கிய கணக்கு நெறிமுறைகள் | 17 | | |
| Notes form part of Accounts கணக்குகள் சம்பந்தமான விளக்கவுரை | 18 | | |
| The Schedules referred to above form an integral part of the Balance Sheet மேலே குறிப்பிட்டுள்ள அட்டவணைகள், வங்கி இருப்புநிலை கணக்கோடு இணைந்த பகுதியாகும். | | | |

Sd/- K.V.Rama Moorthy
Managing Director & CEO

Sd/- S.Annamalai

Sd/- P.C.G.Asok Kumar

Sd/- S.R.Ashok

Sd/- S.Ezhil Jothi

Sd/- N.Gopal

Sd/- B.S.Keshava Murthy

Sd/- K.Nagarajan
DirectorsSd/- D.N.Nirranjan Kani
DirectorsSd/- A.Sivagami
DirectorsSd/- B.Vijayadurai
Directors

Thoothukudi
 24.06.2020

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2020**

இலாப நஷ்டக் கணக்கு 31.03.2020

| | Schedule அட்டவணை | (₹ in thousands) | |
|---|---------------------|------------------|-----------------|
| | | YEAR ENDED | |
| | | 31.03.2020 | 31.03.2019 |
| I. INCOME வருமானம் | | | |
| Interest earned (வட்டியின் மூலம் பெற்றது) | 13 | 34661117 | 32244566 |
| Other Income (இதர வருமானம்) | 14 | 5264169 | 4143411 |
| | TOTAL | 39925286 | 36387977 |
| II. EXPENDITURE செலவுகள் | | | |
| Interest Expended கொடுக்கப்பட்ட வட்டி | 15 | 21465923 | 19943044 |
| Operating Expenses நடைமுறை செலவுகள் | 16 | 8509115 | 7602262 |
| Provisions & Contingencies ஒதுக்கீடுகள் மற்றும் எதிர்பாரா செலவுகள் | | 5873318 | 6256866 |
| | TOTAL | 35848356 | 33802172 |
| III. PROFIT / LOSS இலாபம்/ நஷ்டம் | | | |
| Net Profit for the year இந்த வருடத்தின் நிகர இலாபம் | | 4076930 | 2585805 |
| Add : Profit brought forward | | 571984 | 360389 |
| சென்ற வருடத்திய இலாபத்தில் மீதித்தொகை | | | |
| | TOTAL | 4648914 | 2946194 |
| IV. APPROPRIATIONS ஒதுக்கீடுகள் செய்தவை | | | |
| Transfer to Statutory Reserve சட்டப்பூர்வமான ஒதுக்கீட்டிற்கு மாற்றப்பட்டது | | 1230000 | 780000 |
| Transfer to Other Reserves ஏனைய ஒதுக்கீட்டிற்கு மாற்றப்பட்டது | | 1620000 | 610000 |
| Transfer to Capital Reserve மூலதன ஒதுக்கீட்டிற்கு மாற்றப்பட்டது | | 207100 | 30700 |
| Transfer to Investment Reserve முதலீடு ஒதுக்கீட்டிற்கு மாற்றப்பட்டது | | Nil | 58300 |
| Transfer to Investment Fluctuation Reserve முதலீடு ஏற்ற இறக்கத்திற்கான ஒதுக்கீட்டிற்கு மாற்றப்பட்டது | | 294900 | 291600 |
| Transfer to Special Reserve 36(1)(viii) சிறப்பு ஒதுக்கீட்டிற்கு மாற்றப்பட்டது | | 240000 | 260000 |
| <u>Dividend</u> | | | |
| Interim Dividend & Dividend tax paid இடைக்கால இலாப பங்கீடு வரி உட்பட | | 549776 | 343610 |
| Balance carried over to Balance Sheet அடுத்த ஆண்டிற்கான கொண்டு செல்லப்படும் தொகை | | 507138 | 571984 |
| Face value of the equity share is ₹10/- | | | |
| | TOTAL | 4648914 | 2946194 |
| Earning per share (Basic and Diluted) (Rs) | | 28.61 | 18.14 |
| Significant Accounting Policies | 17 | | |
| Notes form part of Accounts | 18 | | |
| The Schedules referred to above form an integral part of the Profit & Loss Account. | | | |

Sd/- A.Shidambaranathan
Vice PresidentSd/- D. Inbamani
General ManagerSd/- P.Suriaraj
General ManagerVide our report of even date attached
For G.Balu Associates LLP
Chartered Accountants
FRN No. 000376S/S200073Sd/- R.Arumugapandi
General ManagerSd/- C.Sukumaran
Chief Financial OfficerSd/- P.C.Panda
Company SecretarySd/-
R.Ravishankar
Partner (M.No.26819)Thoothukudi
24.06.2020

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

| Schedules to Balance Sheet | (₹ in Thousands) | |
|---|------------------|------------------|
| SCHEDULE I - CAPITAL அட்டவணை 1 மூலதனம் | As on 31.03.2020 | As on 31.03.2019 |
| Authorised Equity Capital அங்கீகாரம் பெற்ற மூலதனம் 50,00,00,000 Equity Shares of ₹10/- each ₹10/- வீதம் 50,00,00,000 பங்குகள் | 5000000 | 5000000 |
| Issued, Subscribed, Called-up and Paid-up Capital 14,25,11,454 Equity Shares of ₹10/- each வழங்கப்பட்டதும் பெற்றுக் கொள்ளப்பட்டதும் ₹10/- வீதம் 14,25,11,454 | 1425115 | 1425115 |
| TOTAL | 1425115 | 1425115 |

| SCHEDULE 2 - RESERVES AND SURPLUS அட்டவணை 2 ஒதுக்கீடுகள் மற்றும் எஞ்சியிருப்பவை | As on 31.03.2020 | As on 31.03.2019 |
|--|------------------|------------------|
| I. Statutory Reserves சட்டப்பூர்வமான ஒதுக்கீடுகள் | | |
| Opening Balance ஆரம்ப இருப்பு | 12397786 | 11617786 |
| Additions during the year நடப்பு ஆண்டில் சேர்த்தது | 1230000 | 780000 |
| TOTAL | 13627786 | 12397786 |
| II Capital Reserve மூலதன ஒதுக்கீடுகள் | | |
| Opening Balance ஆரம்ப இருப்பு | 287835 | 257135 |
| Additions during the year நடப்பு ஆண்டில் சேர்த்தது | 207100 | 30700 |
| Deductions during the year நடப்பு ஆண்டில் கழித்தது | Nil | Nil |
| TOTAL | 494935 | 287835 |
| III Revenue and Other Reserves வருவாய் மற்றும் இதர ஒதுக்கீடுகள் | | |
| Opening Balance ஆரம்ப இருப்பு | 19590834 | 18738466 |
| Additions during the year நடப்பு ஆண்டில் சேர்த்தது | 2022432 | 959900 |
| Less: Transfer to Provisions ஒதுக்கீடுகளுக்கு மாற்றப்பட்டது | 20778 | 107532 |
| TOTAL | 21592488 | 19590834 |
| IV Special Reserve U/s.36(1)(viii) of I.T.Act சிறப்பு ஒதுக்கீடு - வருமானவரி சட்டப்பிரிவு 36(1)(viii) | | |
| Opening Balance ஆரம்ப இருப்பு | 1909000 | 1649000 |
| Additions during the year நடப்பு ஆண்டில் சேர்த்தது | 240000 | 260000 |
| Deductions during the year நடப்பு ஆண்டில் கழித்தது | Nil | Nil |
| TOTAL | 2149000 | 1909000 |
| V Balance in Profit and Loss Account இலாப நஷ்டக் கணக்கின்படி மிகுதியான இலாபம் | 507138 | 571984 |
| TOTAL : (I, II, III, IV & V) | 38371347 | 34757439 |

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

| Schedules to Balance Sheet | | (₹ in Thousands) | |
|---|---|------------------|------------------|
| SCHEDULE 3 - DEPOSITS அட்டவணை 3 வைப்புநிதிகள் | | As on 31.03.2020 | As on 31.03.2019 |
| A. I. | Demand Deposits கேட்பு வைப்புநிதிகள் | | |
| | I) From Banks வங்கிகளிடமிருந்து | 1342 | 89 |
| | ii) From Others மற்றவர்களிடமிருந்து | 29945366 | 28101564 |
| II. | Savings Bank Deposits சேமிப்பு கணக்குகள் | 65233790 | 58475454 |
| III. | Term Deposits குறித்த கால வைப்புநிதி | | |
| | I) From Banks வங்கிகளிடமிருந்து | Nil | 4250000 |
| | ii) From Others மற்றவர்களிடமிருந்து | 273069769 | 260535374 |
| TOTAL | | 368250267 | 351362481 |
| B. I. | Deposits of Branches in India இந்தியாவில் இருக்கும் கிளைகளில் உள்ள வைப்புநிதிகள் | 368250267 | 351362481 |
| II. | Deposits of Branches outside India வெளிநாட்டு கிளைகளில் உள்ள வைப்புநிதிகள் | Nil | Nil |

| SCHEDULE 4 - BORROWINGS அட்டவணை 4 பெற்ற கடன்கள் | | As on 31.03.2020 | As on 31.03.2019 |
|--|---|------------------|------------------|
| I. | Borrowings in India இந்தியாவில் வாங்கிய கடன்கள் | | |
| | i. Reserve Bank of India ரிசர்வ் வங்கியிடமிருந்து | 3240000 | Nil |
| | ii. Other Banks இதர வங்கியிடமிருந்து | Nil | Nil |
| | iii. Other Institutions and Agencies இதர நிதி நிறுவனங்களிடமிருந்து | Nil | Nil |
| II. | Borrowings outside India வெளிநாடுகளில் பெற்ற கடன்கள் | Nil | Nil |
| TOTAL | | 3240000 | Nil |
| Secured borrowings included in I and II above மேலே குறிப்பிட்ட மற்றும் I இல் II பாதுகாக்கப்பட்ட கடன்கள் | | 3240000 | Nil |

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

| Schedules to Balance Sheet | | (₹ in Thousands) | |
|--|--|------------------|------------------|
| SCHEDULE 5-OTHER LIABILITIES AND PROVISIONS அட்டவணை 5 இதர பொறுப்புகள் மற்றும் ஒதுக்கீடுகள் | | As on 31.03.2020 | As on 31.03.2019 |
| I. | Bills Payable கொடுக்கப்பட வேண்டிய பில்கள் | 1364191 | 1651200 |
| II. | Inter Office Adjustments (Net) கிளைகளுக்கிடையே உள்ள நிலுவை | Nil | Nil |
| III. | Interest Accrued கொடுக்கப்பட வேண்டிய வட்டி | 2451507 | 2458335 |
| IV. | Deferred Tax liability தள்ளி வைக்கப்பட்ட வரிக்கான பொறுப்புகள் | 540727 | 666836 |
| V. | Others (Including Provisions) மற்றவை (ஒதுக்கீடுகள்) | 11944818 | 13006550 |
| TOTAL | | 16301243 | 17782921 |

| SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA அட்டவணை 6 ரொக்க இருப்பும் ரிசர்வ் வங்கியில் உள்ள இருப்பும் | | As on 31.03.2020 | As on 31.03.2019 |
|--|--|------------------|------------------|
| Cash in hand ரொக்க இருப்பு | | 2035178 | 2510289 |
| Balance with Reserve Bank of India in Current Account ரிசர்வ் வங்கியில் நடப்பு கணக்குகளில் உள்ள இருப்பு | | 12108872 | 14843135 |
| TOTAL | | 14144050 | 17353424 |

| SCHEDULE 7-BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE அட்டவணை 7 இதர வங்கியில் உள்ள இருப்பும் குறுகிய காலத்தில் வாங்கக்கூடிய தொகையும் | | As on 31.03.2020 | As on 31.03.2019 |
|--|---|------------------|------------------|
| I. | In India இந்தியாவில் | | |
| | i) Balances with Banks இதர வங்கியில் உள்ள இருப்பு | | |
| | a) In current accounts நடப்பு கணக்குகளில் | 22120 | 157416 |
| | b) In other Deposits மற்ற கணக்குகளில் | 25 | 25 |
| | ii) Money at call and short notice குறுகிய காலத்தில் வாங்கக்கூடிய தொகை | | |
| | a) With Banks வங்கிகளில் | 19600000 | 5750000 |
| | b) With other institutions இதர நிறுவனங்களிடமிருந்து | Nil | Nil |
| TOTAL | | 19622145 | 5907441 |
| II. | Outside India வெளிநாடுகளில் | | |
| | a) In current accounts நடப்பு கணக்குகளில் | 759302 | 3182689 |
| | b) In other Deposits மற்ற கணக்குகளில் | 2840000 | 2760000 |
| TOTAL | | 3599302 | 5942689 |
| GRAND TOTAL | | 23221447 | 11850130 |

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

| Schedules to Balance Sheet | | (₹ in Thousands) | |
|---|--|-------------------------|-------------------------|
| SCHEDULE 8 - INVESTMENTS அட்டவணை 8 முதலீடுகள் | | As on 31.03.2020 | As on 31.03.2019 |
| I) Investments in India இந்தியாவில் முதலீடுகள் | | | |
| i. Government securities அரசு பத்திரங்கள் | | 79483270 | 73843747 |
| ii. Other approved securities மற்ற அங்கீகரிக்கப்பட்ட பத்திரங்கள் | | Nil | Nil |
| iii. Shares பங்குகள் | | 129251 | 168258 |
| iv. Debentures & Bonds கடன் பத்திரங்கள் | | 13094756 | 14559595 |
| v. Others - Mutual Fund, Commercial Paper மற்றவை - பரஸ்பரநீதி, வர்த்தக பத்திரங்கள் | | 1966020 | 2494265 |
| TOTAL | | 94673297 | 91065865 |
| Gross Investments மொத்த முதலீடுகள் | | 95541373 | 91924512 |
| Less: Depreciation கழிக்க : தேய்மானத்திற்கான ஒதுக்கீடு | | 868076 | 858647 |
| TOTAL | | 94673297 | 91065865 |
| II. Investments outside India வெளிநாடுகளில் முதலீடுகள் | | Nil | Nil |
| SCHEDULE 9 - ADVANCES அட்டவணை 9 கொடுத்த கடன்கள் | | As on 31.03.2020 | As on 31.03.2019 |
| A. i) Bills purchased and discounted டிஸ்கவுண்ட் செய்தும் வாங்கியதுமான பில்கள் | | 3218833 | 5162910 |
| ii) Cash credits, overdrafts and loans repayable on demand ரொக்கப் பற்று, அதிகப் பற்று வகை மற்றும் கேட்கும் பொழுது கொடுக்க வேண்டிய கடன்கள் | | 193339563 | 184083336 |
| iii) Term Loans காலக் கெடுவுள்ள கடன்கள் | | 80599246 | 75633157 |
| TOTAL | | 277157642 | 264879403 |
| B. i) Secured by tangible assets தொடு சொத்தை பிணையமாக பெற்றது | | 272688779 | 260394220 |
| ii) Covered by Bank / Government Guarantee வங்கி மற்றும் அரசாங்க உத்தரவாதத்துடன் கூடியது | | 1638329 | 693769 |
| iii) Unsecured பிணையமில்லாதது | | 2830534 | 3791414 |
| TOTAL | | 277157642 | 264879403 |
| C. Advances in India இந்தியாவில் கடன்கள் | | | |
| i) Priority Sector முன்னுரிமைப் பிரிவு | | 184874521 | 167603193 |
| ii) Public Sector பொதுத்துறைப் பிரிவு | | 3969770 | 3180975 |
| iii) Banks வங்கிகள் | | Nil | Nil |
| iv) Others மற்றவை | | 88313351 | 94095235 |
| TOTAL | | 277157642 | 264879403 |

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

| Schedules to Balance Sheet | | (₹ in Thousands) | |
|---|---|-------------------------|-------------------------|
| SCHEDULE 10 - FIXED ASSETS அட்டவணை 10 நிலையான சொத்துக்கள் | | As on 31.03.2020 | As on 31.03.2019 |
| I | Premises கட்டிடங்கள் | | |
| | At cost as on March 31, preceding year முந்தைய ஆண்டு மார்ச் 31 ல் வாங்கிய விலைப்படி | 724343 | 697724 |
| | Additions during the year நடப்பு ஆண்டில் வாங்கியது | 17668 | 26619 |
| | TOTAL * | 742011 | 724343 |
| | Deductions during the year நடப்பு ஆண்டில் கழித்தது | 742011 | 724343 |
| | Depreciation to date நாள்து வரையில் தேய்மானம் | 228852 | 220525 |
| | TOTAL | 513159 | 503818 |
| II | Other Fixed Assets (including furniture and fixtures) பிறநிலையான சொத்துக்கள் (அலுவலக பொருட்களும் சேர்ந்தவை) | | |
| | At cost as on March 31, preceding year முந்தைய ஆண்டு மார்ச் 31 ல் வாங்கிய விலைப்படி | 4106563 | 3796710 |
| | Additions during the year நடப்பு ஆண்டில் வாங்கியது | 186140 | 314174 |
| | TOTAL | 4292703 | 4110884 |
| | Deductions during the year நடப்பு ஆண்டில் கழித்தது | 2308 | 4321 |
| | Depreciation to date நாள்து வரையில் தேய்மானம் | 3519025 | 3226557 |
| | TOTAL | 771370 | 880006 |
| | * - Includes building under construction at cost (₹in thousands) 0 (Previous year 1894) | | |
| | GRAND TOTAL (I & II) | 1284529 | 1383824 |

| SCHEDULE 11 - OTHER ASSETS அட்டவணை 11 - இதர சொத்துக்கள் | | As on 31.03.2020 | As on 31.03.2019 |
|---|--|-------------------------|-------------------------|
| I | Inter-Office adjustments (Net) கிளைகளுக்கிடையே உள்ள நிலுவைகள் | Nil | Nil |
| II | Interest accrued வரவேண்டிய வட்டி | 2532716 | 2377596 |
| III | Tax paid in advance / tax deducted at source முன்னதாக செலுத்திய / பிடித்தம் செய்யப்பட்ட வரி | 5493379 | 8052476 |
| IV | Stationery and stamps புத்தகங்கள்,பாராங்கள் மற்றும் அஞ்சல் தலைகள் | 15892 | 13932 |
| V | Non-Banking Assets acquired in satisfaction of claims கடன் வகைகளுக்காக பெற்ற வங்கியின் தொழில் சாரத சொத்துக்கள் | Nil | Nil |
| VI | Deferred Tax Asset தள்ளி வைக்கப்பட்ட வரிக்கான சொத்துக்கள் | 256334 | 594477 |
| VII | Other Assets இதர சொத்துக்கள் | 8808686 | 7756829 |
| | TOTAL | 17107007 | 18795310 |

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

| Schedules to Balance Sheet | | (₹ in Thousands) | |
|---|--|------------------|------------------|
| SCHEDULE 12 - CONTINGENT LIABILITIES | | As on 31.03.2020 | As on 31.03.2019 |
| அட்டவணை 12 சந்தர்ப்பங்களை அனுசரித்த பொறுப்புகள் | | | |
| I | Claims against the Bank not acknowledged as debts வங்கிக்கு எதிரான நஷ்டஈடு கோரிக்கைகள் | 1124375 | 112068 |
| II | Liability on account of outstanding forward exchange contracts எதிர்பார்ப்பு அந்நிய செலவாணி ஒப்பந்தங்களினால் கொடுக்க வேண்டிய பொறுப்புகள் | 52976506 | 50746554 |
| III | Guarantee given on behalf of constituents in India வாடிக்கையாளர்களுக்கான (இந்தியாவில்) உத்தரவாதம் கொடுத்தவை | 10635772 | 9920879 |
| IV | Acceptances, endorsements and other obligations அடுத்தவர்களுக்கான ஆதரவான நடவடிக்கைகளில் ஏற்படக்கூடிய பொறுப்புகள் | 7575782 | 10565131 |
| V | Estimated amount of contracts remaining to be executed on capital account not provided for and Liab. under DEAF முடிக்கப்பட வேண்டிய ஒப்பந்தங்களுக்கான மூலதன செலவுகளுக்காக ஒதுக்கப்படாத தொகை | 783771 | 696320 |
| TOTAL | | 73096206 | 72040952 |

SCHEDULES TO PROFIT AND LOSS ACCOUNT

| Schedules to Profit & Loss Account | | For the year ended (₹ in Thousands) | |
|--------------------------------------|---|-------------------------------------|-----------------|
| SCHEDULE 13 - INTEREST EARNED | | 31.03.2020 | 31.03.2019 |
| அட்டவணை 13 வட்டி வகையில் வருமானம் | | | |
| I | Interest / discount on advances / bills கடன்களுக்கு வட்டி மற்றும் பில்சுகளை டிஸ்கவுண்ட் செய்த வகையில் | 27010947 | 24462990 |
| II | Income on investments முதலீடுகளின் பேரில் வருமானம் | 7100834 | 7504361 |
| III | Interest on balances with Reserve Bank of India and other inter-bank funds ரிசர்வ் வங்கி மற்றும் இதர வங்கிகளில் உள்ள இருப்புகளுக்குரிய வட்டி | 402288 | 109665 |
| IV | Others மற்றவை | 147048 | 167550 |
| TOTAL | | 34661117 | 32244566 |

| SCHEDULE 14 - OTHER INCOME | | 31.03.2020 | 31.03.2019 |
|-----------------------------------|--|----------------|----------------|
| அட்டவணை 14 இதர வருமானம் | | | |
| I | Commission, exchange and brokerage கமிஷன் மற்றும் தரகு வகையில் | 1601808 | 1487074 |
| II | Profit on sale of investments முதலீடுகளை விற்பனை வகையில் இலாபம் | 692465 | 309726 |
| | Loss on sale of investments முதலீடுகளை விற்பனை வகையில் நஷ்டம் | (18221) | (40236) |
| III | Profit on revaluation of investments முதலீடுகளை மறுமதிப்பீடு செய்தவகையில் இலாபம் | Nil | Nil |
| IV | Profit on sale of land, building and other assets நிலம், கட்டிடம் மற்ற சொத்துக்களை விற்பனை வகையில் இலாபம் | 798 | 1238 |
| | Loss on sale of land, building and other assets நிலம், கட்டிடம் மற்ற சொத்துக்களை விற்பனை வகையில் நஷ்டம் | (1090) | (890) |
| V | Profit on exchange transactions அந்நிய செலவாணி மாற்றம் மூலம் பெற்ற இலாபம் | 199304 | 145114 |
| VI | Miscellaneous income பிற வகைகளில் வருமானம் | 2789105 | 2241385 |
| TOTAL | | 5264169 | 4143411 |

TAMILNAD MERCANTILE BANK LIMITED , THOOTHUKUDI

| Schedules to Profit & Loss Account | | For the year ended (₹ in Thousands) | |
|---|--|--|-------------------|
| SCHEDULE 15 - INTEREST EXPENDED | | 31.03.2020 | 31.03.2019 |
| அட்டவணை 15 வட்டி செலவினங்கள் | | | |
| I | Interest on deposits வைப்பு நிதிகளுக்கான வட்டி | 21415957 | 19472662 |
| II | Interest on Reserve Bank of India / Inter-Bank borrowings ரிசர்வ் வங்கி மற்றும் இதுர வங்கிகளிடமிருந்து வாங்கிய கடன்களுக்குரிய வட்டி | 21995 | 180766 |
| III | Others மற்றவை | 27971 | 289616 |
| TOTAL | | 21465923 | 19943044 |

| SCHEDULE 16 - OPERATING EXPENSES | | 31.03.2020 | 31.03.2019 |
|---|---|-------------------|-------------------|
| அட்டவணை 16 செயல்பாட்டு செலவினங்கள் | | | |
| I | Payment to and provisions for employees ஊழியர்களுக்கான சன்மானம் மற்றும் ஒதுக்கீடு செய்யப்பட்டவை | 4355378 | 3753057 |
| II | Rent, taxes and lightings வாடகை, வரி மற்றும் மின்சார செலவுகள் | 807441 | 826874 |
| III | Printing and stationery அச்சுக்கலி மற்றும் எழுதுபொருள் வகைகள் | 93612 | 94376 |
| IV | Advertisement and publicity விளம்பரம் | 71710 | 65496 |
| V | Depreciation on Bank's Property வங்கியின் சொத்துக்களில் தேய்மானம் | 300795 | 355622 |
| VI | Directors Fees Allowances & Exp. இயக்குநர்களின் பீஸ் மற்றும் அலவன்ஸ் மற்றும் செலவுகள் | 17688 | 15830 |
| VII | Auditors' fees and expenses (including branch auditors) தணிக்கையாளர்களின் பீஸ் மற்றும் செலவுகள் (கிளைகளின் தணிக்கையாளர்களுக்கான பீஸ்சேர்ந்தவை) | 15221 | 21661 |
| VIII | Law charges சட்ட செலவுகள் | 9279 | 7184 |
| IX | Postages, telegrams, telephones, etc. தபால், தந்தி, தொலைபேசி செலவுகள் | 186116 | 162269 |
| X | Repairs and maintenance பழுதுபார்த்தல் மற்றும் பாராமரிப்பு செலவுகள் | 160870 | 111132 |
| XI | Insurance காப்பீட்டு தொகை | 349913 | 314242 |
| XII | Other expenditure மற்றசெலவுகள் | 2141092 | 1874519 |
| TOTAL | | 8509115 | 7602262 |

TAMILNAD MERCANTILE BANK LIMITED
57 VE ROAD THOOTHUKUDI-628002

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st March 2020.

SCHEDULE – 17: SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL:

A. Basis of Preparation

The financial statements have been prepared on an ongoing concern concept, historical cost convention unless otherwise stated and conform to the Generally Accepted Accounting Principles, (GAAP) which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and current practices prevailing in the Banking Industry in India and conform to statutory provisions and practices prevailing within the banking industry.

The financial statements have been prepared in accordance with the requirements prescribed under the Third schedule (Form A and Form B) of the Banking Regulations Act 1949. The items of income and expenditure are taken on accrual basis except where specifically stated and it conforms to the guidelines issued by Reserve Bank of India (RBI) for banks.

B. Use of Estimates

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

C. Significant changes in Accounting policies

Proposed dividend:

In terms of Revised Accounting Standard [AS4] 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 30 March 2016, the company has not accounted for proposed dividend as a liability as at 31st March 2020. The proposed dividend was however accounted for as a liability upto 31st March 2016 in line with the existing accounting standard applicable at that time.

2. FOREIGN EXCHANGE TRANSACTIONS:

- i. Accounting for transactions involving foreign exchange is done in accordance with accounting standard (AS11) issued by the Institute of Chartered Accountants of India and also as per the RBI Guidance circular no. 395 dated 15th March 2005.
- ii. Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of transaction.
- iii. Foreign currency liabilities such as FCNR/EEFC/RFC/MC prepaid card balances and Foreign currency assets such as Nostro bank balances, deposits and foreign currency loans availed by constituents, are translated at the Spot rates announced for quarter ends by FEDAI and the resultant profit / loss is shown as income / loss.
- iv. In respect of outstanding forward contracts, the outstanding foreign currencies are translated at the quarter end rates announced by FEDAI discounted to arrive at Present value. The resultant profit / loss is shown as income / loss.
- v. Contingent liabilities on account of acceptances, endorsements and other obligations including guarantees and Letters of Credit denominated in foreign currencies are translated at year-end FEDAI rates.

3. INVESTMENTS:

A) Classification of investments has been made as per the guidelines of Reserve Bank of India.

i) The entire investment portfolio of the Bank is classified under three categories viz. "Held to Maturity", "Available for sale" and "Held for Trading".

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT Category. Investments that the company intends to hold till maturity are classified under the HTM category or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.

- Transfer between the categories – Reclassification of investments from one category to other, if done, is in accordance with RBI guidelines. Transfer of script from AFS/HFT Category to HTM category is made at book value or market value, whichever is lower.

- In case of transfer of securities from HTM to AFS/HFT category, the investments held under HTM at a discount are transferred to AFS/HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/HFT at amortized cost.
- Transfer of investments from AFS to HFT or vice versa is done at the book value. Depreciation carried if any on such investments is also transferred from one category to another.

The investments are classified for the purpose of Balance Sheet under five groups viz. (i) Government securities, (ii) Other approved securities, (iii) Shares, (iv) Debentures and Bonds and (v) Others.

Brokerage/commission received on subscriptions is reduced from the cost.

Brokerage, commission, securities transaction tax etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.

Broken period interest paid / received on debt instruments is treated as interest expense / income and is excluded from cost / sale consideration.

B) Valuation of investments is done as follows:

- i) Investments held under “Held to Maturity” are valued at cost price. Wherever the cost price is more than the face value, the premium paid is amortized over the remaining period of maturity and the amortisation expenses is accounted on quarterly basis as per policy. Profit on sale of securities under “Held to Maturity” category is initially taken to Profit & Loss account and then appropriated to Capital Reserve Account. The amount so appropriated would be net of taxes and the amount required to be transferred to statutory reserves. If there is a loss it is charged to Profit & Loss account.
- ii) Investments classified under “Available for Sale” category are marked to market on quarterly basis. Shares held under “Available for sale” are marked to market on weekly basis. Scrip wise appreciation / depreciation is segregated group-wise. The Net Depreciation category wise is charged to Profit & Loss account. The Net Appreciation in any category is ignored.
- iii) Investments classified under “Held for Trading” category except shares are marked to market scrip-wise on daily basis. Shares held under “Held for Trading” are marked to market on weekly basis. The net depreciation group wise is charged to Profit and Loss account and the net appreciation is ignored.

- iv) Investments received in lieu of restructured advances/under SDR scheme are valued in accordance with RBI guidelines.
- v) Investments are valued at year-end as per RBI guidelines as follows:
 - a. Central Government Securities are valued as per price list of RBI, prices declared by Primary Dealers Association of India (PDAI) jointly with FIMMDA published by Fixed Income Money Market and Derivatives Association of India (FIMMDA).
 - b. State Government Securities and Other Approved Securities are valued after appropriate mark up over Yield to Maturity (YTM) rates for Central Government securities declared by FIMMDA.
 - c. Debenture and Bonds have been valued with appropriate mark up over the YTM rates for Central Government Securities declared by FIMMDA.
 - d. Quoted shares are valued at market rates quoted on NSE.
 - e. Unquoted shares are valued at book value ascertained from the latest available Balance Sheet and in case the latest Balance Sheet is not available, the same is valued at Re.1 per company.
 - f. Preference shares are valued at YTM, if dividend is received regularly. Where dividend is in arrears, appropriate depreciation is provided based on the number of years for which dividend is in arrears as per RBI guidelines.
 - g. Mutual Fund units are valued at market rates/NAV/ Repurchase price as applicable.
 - h. Treasury bills, certificate of deposits and commercial papers are valued at carrying cost.
 - i. Provisions for investments are made as per RBI prudential norms.

C. Prudential norms: Securities guaranteed by the State Government where the principal / interest is due but not paid for a period of more than 90 days are treated as non performing investments and appropriate provision is made and interest in respect of such investments is recognized as income only on cash basis.

D. (i) In terms of the instructions of RBI, the excess of acquisition cost over face value of securities kept under “Held to Maturity” category is amortized up to the date of maturity and the amount amortized is reflected as a deduction in Profit & Loss account Schedule 13 – Interest Earned, under item II – Income on Investments.

(ii) Brokerage / Commission / Stamp Duty paid in connection with acquisition of securities are treated as revenue expenses.

E. Accounting for REPO Transactions

Repo and reverse Repo transactions are accounted in accordance with the extant RBI guidelines. Securities purchased/sold under Liquidity Adjustment Facility (LAF) with RBI are debited/credited to Investment account and reversed on maturity of the transaction. Interest expended /earned thereon is accounted for as expenditure/revenue.

4. ADVANCES AND PROVISIONS:

a) Advances are classified into Standard, Sub-standard, Doubtful and Loss Assets and provisions for possible losses on such advances are made as per prudential norms/directions of the Board of Directors/directions issued by Reserve Bank of India from time to time. With regard to the Standard Advances, Provisions are made as per extant RBI guidelines. In addition to the specific provision made towards identified NPAs, the bank also holds floating provision.

b) In addition, the bank adopts an approach to provisioning that is based on past experience evaluation of security and other related factors.

c) Provisioning on categorized assets are made as follows:

| Asset Classification | Provisioning |
|-----------------------------|------------------------|
| Sub-standard | 25% |
| Doubtful 1 | Secured 25% |
| | Unsecured 100% |
| Doubtful 2 | Secured 40% |
| | Unsecured 100% |
| Doubtful 3 | 100% on outstanding |
| Loss | 100% on outstanding |
| NCLT referred loans | As per RBI instruction |

Education loans were provided at 100% irrespective of NPA asset classification.

d) Sufficient incremental provisioning for Unhedged Foreign currency exposure is made as per RBI guidelines.

Reserve Bank of India has given methodology to arrive at UFCE and for introduction of incremental provision and capital requirements.

d) Advances disclosed are net of provisioning made for non performing assets and floating provisions, provisioning on diminution in fair value of assets on restructured accounts.

e) In case of loan accounts classified as NPA, an account may be reclassified as per performing asset if it confirms to the guidelines prescribed by RBI.

f) Accounts are written off in accordance with bank's policies. Recoveries from bad debts written off are recognized in profit and loss account and included under other income.

5. FIXED ASSETS AND DEPRECIATION

a) Fixed assets are carried at cost of acquisition less accumulated depreciation. Cost includes freight, applicable duties, taxes and incidental expense related to the acquisition and installation of the asset, except for items on which input credit is availed.

b) Depreciation on fixed assets is provided in accordance with estimated useful lives as specified in Schedule II to the Companies Act, 2013, and reckoning the residual value at 5% of the original cost of the asset except for the following:

c)

| Class of Asset | Rates of depreciation per annum |
|------------------------------|---------------------------------|
| Computer Hardware & Software | 33.33% |

Prescribed rate

| Class of Asset | Rates of depreciation per annum |
|-----------------------------------|---------------------------------|
| Building | 1.67% |
| Office equipment | 20.00% |
| Computer Hardware & Software | 33.33% |
| Vehicles | 12.50% |
| Furniture and Electrical Fittings | 10.00% |

d) Depreciation on additions is pro rata basis, from the date of capitalization.

e) Expenditure during construction/capital works pending completion is shown at cost.

6. EMPLOYEE BENEFITS

The bank is following Accounting Standard 15 (Revised 2005) “Employee Benefits” as under:

- (1) In respect of contributory plans viz – Provident Fund and Contributory Pension Scheme, the bank pays fixed contribution at pre-determined rates to a separate entity, which invests in permitted securities. The obligation of the bank is limited to such fixed contribution.
- (2) In respect of Defined Benefit Plans, viz. Gratuity and pension as well as for leave encashment, provision has been made based on actuarial valuation as per the guidelines.
- (3) The summarized position of Post-employment benefits and long term employee benefits have been recognized in the profit and loss account and balance sheet, as required in accordance with the Accounting Standard-15.
- (4) The actuarial gain / loss is recognized in the profit and loss account.

7. TAXES ON INCOME

1. Income tax expense is the aggregate amount of current tax and deferred tax. Current taxes are determined in accordance with the provisions of tax laws prevailing in India. Deferred tax adjustments comprise changes in the deferred tax assets or liabilities during the period and Deferred Tax is determined in terms of Accounting Standard-22 issued by ICAI.
2. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. Deferred tax assets and liabilities are recognized on a prudent basis for future tax consequences of timing differences by adoption of Profit and Loss approach with their respective tax bases. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.
3. Deferred tax assets are recognized at each reporting date, based upon management’s judgment as to whether realization is considered reasonably certain. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future profits.
4. No withdrawal is made from the Special Reserve created and maintained under the provisions of Section 36(1)(viii) of the Income Tax Act, 1961.

8. REVENUE RECOGNITION:

Income and expenditure is generally accounted on accrual basis except in the following cases:

- i) In the case of NPAs, S4A and SDR schemes, income is recognized on realization basis, in terms of guidelines of Reserve Bank of India. Where recovery is not adequate to upgrade the NPA accounts by way of regularization, such recovery is being appropriated towards interest in the first instance and towards the principal/book values thereafter, except in the case of suit filed accounts. In case of Non-performing investments (NPIs), the same accounting treatment as above is followed except otherwise agreed.
- ii) Dividend on investments in shares, units of mutual fund, income from sale of mutual fund products, locker rent, insurance claims, commission on LCs, income on auxiliary services and other services, overdue charges on bills, commission on Government business and insurance business are accounted on cash/realization basis.
- iii) Income related to credit card is accounted on the basis of the bills raised.
- iv) In the case of suit filed accounts, legal expenses are charged to the profit and loss account. Similarly, at the time of recovery of legal expenses, in respect of such suit filed accounts, the amount recovered is accounted as income.
- v) Funded Interest on Standard Restructured Advances and Interest on FITL are accounted as per the guidelines of Reserve Bank of India.
- vi) Expenditure is charged on accrual basis.

9. EARNINGS PER SHARE

The bank reports basic and diluted earnings per share in accordance with applicable Accounting Standard-20. For the year under reference, both Basic and diluted earning per share being the same, is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the period.

10. CASH FLOW STATEMENT

The Bank has adopted the respective Accounting Standard prescribed under Companies (Accounting Standard) Rules, 2006 and follows indirect method.

11. SEGMENT REPORTING

As per RBI guidelines on enhancement of disclosures relating to segment reporting under AS-17, the reportable segments have been divided into treasury, corporate / wholesale, retail banking operations.

(a) The Bank recognizes the Business Segment as the Primary Reporting Segment and Geographical Segment as the Secondary Reporting Segment, in accordance with the RBI guidelines and in compliance with the Accounting Standard 17.

(b) Business Segment is classified into (i) Treasury (ii) Corporate and Wholesale Banking (iii) Retail Banking and (iv) Other Banking Operations.

(c) Geographical Segment consists only of the Domestic Segment since the Bank does not have any foreign branches.

12. LEASES

Leases where the lessor effectively retains substantially all risks and benefits of ownership are classified as Operating Leases. Operating Lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term in accordance with AS19 Leases.

13. CONTINGENCIES

Loss, if any from contingencies arising from claims, litigation, assessment, fines, penalties etc are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

14. IMPAIRMENT OF ASSETS

Impairment losses, if any, on fixed assets are recognized in accordance with the Accounting Standard 28 'impairment of assets' and charged to profit and loss account.

15. NET PROFIT

The net profit is arrived at after provisions for:

- i) direct taxes;
- ii) possible losses on standard assets, restructured advances, NPAs and other contingencies;
- iii) depreciation / diminution on investments ;
- iv) employee retirement benefits and
- v) Other usual and necessary provisions.

16. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash in hand, Balance with RBI, Balance with other Banks and Money at Call at Short Notice including cash in ATM, Coin Vending Machine and Cash Deposit Machine.

17. INTANGIBLE ASSETS

In respect of Intangible Assets, the Bank has adopted the respective Accounting Standard (AS26)

18. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) As per the Accounting Standard 29, the bank recognizes provisions only when it has a present obligation as a result of past event, it is probable that an outflow of resources is required to settle the obligation and when a reliable estimate of the amount can be made. The required disclosure for contingent liability is made on possible obligation that arises from past events, the existence of which depends on occurrence or non occurrence of future event not under control.

b) Contingent assets are not recognized in the financial statement since this may result in the recognition of income that may never be realized.

K.V.Rama Moorthy
Managing Director & CEO

S.Annamalai
Director

P.C.G.Asok Kumar
Director

S.R.Ashok
Director

S.Ezhil Jothi
Director

N.Gopal
Director

B.S.Keshava Murthy
Director

K.Nagarajan
Director

D.N.Nirranjan Kani
Director

A.Sivagami
Director

B.Vijayadurai
Director

A.Shidambaranathan
Vice President

D.Inbamani
General Manager

P.Suriaraj
General Manager

R.Arumugapandi
General Manager

C.Sukumaran
Chief Financial Officer

P.C.Panda
Company Secretary

Vide our report of even date attached
For G.Balu Associates LLP
Chartered Accountants
 FRN No.000376S /S200073

Thoothukudi
 24.06.2020

R.Ravishankar
 Partner (M.No.26819)

TAMILNAD MERCANTILE BANK LIMITED

57, V.E ROAD, THOOTHUKUDI-628002

SCHEDULE – 18:
NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2020

1. The Financial Statements have been prepared in conformity with Forms A & B of the Schedule III to the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.
2. During the year, all the 509 branches have been subjected to statutory audit.
3. Reconciliation of inter branch / office adjustment accounts has been completed up to 31.03.2020
4. (i). In accordance with RBI guidelines, the investments portfolio of the Bank has been classified into three categories as given below:

| Category | Book Value (₹ in crore) | % to total investments |
|--------------------|--------------------------------|-------------------------------|
| Held to Maturity | 6621.75* | 69.31 % |
| Available for Sale | 2883.01 | 30.18 % |
| Held for Trading | 49.38 | 0.51 % |
| Total | 9554.14 | 100.00 % |

*During the year ended 31st March 2020, the bank has sold securities from HTM category exceeding 5 % of the book value of the investments held at the beginning of the year, with due approval. The market value of the HTM securities held as on 31st March 2020 is Rs.6852.03 Crores.

SLR securities under 'Held to Maturity' category accounted for 17.84% of Bank's Demand and Time Liabilities as on 31.03.2020 as against the ceiling of 19.50% stipulated by Reserve Bank of India.

(ii) During the year, the excess of acquisition cost over face value of securities kept under 'Held to Maturity' category was amortized on quarterly basis up to the date of maturity and the amortized amount for the year aggregates to ₹30.19 crore (previous year ₹29.37 crore). As per Reserve Bank of India guidelines, the said amount has been reflected as a deduction in Schedule 13 – Interest Earned under item II – 'Income on Investments'.

(iii) Interest received on sale of securities for ₹440.55 crore (previous year ₹261.14 crore) and interest paid on purchase of securities ₹ 452.38 crore (previous year ₹241.88 crore) have been netted and shown under the head 'Income on Investments'.

(iv) There was shifting of securities to the tune of ₹421.56 crore (face value ₹405.55 crore) from/to HTM category. Previous year, there was shifting of securities to the tune of ₹2318.16 crore (face value ₹2322.51 crore).

(v) During the year ended 31st March, 2020, the bank has sold government securities from Held to Maturity category exceeding 5% of the book value of investments held in HTM category at the beginning of the year. The profit booked out of sale of HTM securities has been transferred to Capital Reserve. As the market value of investment under HTM category as on 31.03.2020 was higher than the book value, the provision thereof is not required to be made.

vi) As per RBI circular Ref.No.RBI/2017-18/147 DBR.No.BP.BL.102 /21.04.048/2017-2018 dated 02.04.2018, the bank has created an Investment Fluctuation Reserve (IFR) for an amount of ₹29.49 crore during the year 2019-20.

| | Transfer to Investment Fluctuation Reserve | ₹ in Crore |
|---|--|-------------------|
| a | Net Profit on sale of investments during the year | 68.17 |
| b | Net Profit for the year less mandatory provisions | 407.69 |
| c | (a) or (b) lower of the above | 68.17 |
| d | Total HFT & AFS portfolio as on 31 st March 2020 | 2932.39 |
| e | 2% on (d) | 58.65 |
| f | Investment Fluctuation Reserve created as at 31 st March 2020 upto a maximum of (e) | 58.65 |

5. Additional disclosures

A. Capital

| Items | 31.03.2020 | | 31.03.2019 | |
|--|------------|-----------|------------|-----------|
| | Basel II | Basel III | Basel II | Basel III |
| Common Equity Tier I capital ratio (%) | 15.89 | 15.87 | 15.55 | 15.52 |
| Tier I capital (%) | 15.89 | 15.87 | 15.55 | 15.52 |
| Tier II capital (%) | 0.87 | 0.87 | 0.65 | 0.65 |
| Total Capital Ratio (CRAR %) | 16.76 | 16.74 | 16.20 | 16.17 |
| Percentage of the shareholding of the Government of India in public sector banks | NA | | NA | |
| Amount of equity capital raised | | | | |
| Amount of Additional Tier 1 capital raised of which; PNCPS : PDI : | Nil | | Nil | |
| Amount of Additional Tier 2 capital raised of which; Debt capital instruments : Preference capital instruments : (Perpetual cumulative preference shares/ Redeemable non cumulative preference shares /Redeemable cumulative preference shares) | Nil | | Nil | |

B. i. Investments

| Items | (₹ in Crore) | |
|--|--------------|------------|
| | 31.03.2020 | 31.03.2019 |
| (1) Value of Investments | | |
| (i) Gross Value of Investments | | |
| (a) In India | 9554.14 | 9192.45 |
| (b) Outside India, | Nil | Nil |
| (ii) Provisions for Depreciation | | |
| (a) In India | 86.81 | 85.86 |
| (b) Outside India, | Nil | Nil |
| (iii) Net Value of Investments | | |
| (a) In India | 9467.33 | 9106.59 |
| (b) Outside India. | Nil | Nil |
| (2) Movement of provisions held towards depreciation on investments. | | |
| (i) Opening balance | 85.86 | 89.92 |
| (ii) Add: Provisions made during the year | 0.95 | 142.98 |
| (iii) Less: Write-off/ write-back of excess provisions during the year | - | 147.04 |
| (iv) Closing balance | 86.81 | 85.86 |

ii. Repo Transactions during the year 2019-20 (In face value terms):

| | Minimum outstanding | Maximum outstanding | Daily average outstanding | Outstanding as on 31.03.20 |
|---|---------------------|---------------------|---------------------------|----------------------------|
| Securities sold under Repos | | | | |
| a) Govt Securities | 25.00 | 324.00 | 25.73 | 324.00 |
| b) Corporate debt Securities | -- | -- | -- | -- |
| Securities sold under MSF | | | | |
| a) Govt Securities | 10.00 | 35.00 | 1.17 | Nil |
| b) Corporate debt Securities | -- | -- | -- | -- |
| Securities sold under TREPS | | | | |
| a) Govt Securities | 2.00 | 326.15 | 39.86 | Nil |
| b) Corporate debt Securities | -- | -- | -- | -- |
| Securities sold under Market Repo | | | | |
| a) Govt Securities | 15.20 | 125.67 | 10.71 | Nil |
| b) Corporate debt Securities | -- | -- | -- | -- |
| Securities purchased under Reverse Repos | | | | |
| a) Govt Securities | 49.00 | 2040.00 | 407.37 | 1960.00 |
| b) Corporate debt Securities | -- | -- | -- | -- |
| Securities purchased under Market Reverse Repos | | | | |
| a) Govt Securities | 4.98 | 5.17 | 0.05 | Nil |
| b) Corporate debt Securities | -- | -- | -- | -- |
| Securities purchased under TREPS | | | | |
| a) Govt Securities | 5.00 | 400.00 | 7.20 | Nil |
| b) Corporate debt Securities | -- | -- | -- | -- |

iii. Non-SLR Investment Portfolio

a) Issuer composition of Non SLR investments

(₹ in Crore)

| No. | Issuer | Amount | Extent of Private placement | Extent of Below Investment Grade securities | Extent of Unrated Securities | Extent of 'Unlisted' Securities |
|-----|-------------------------------------|----------------|-----------------------------|---|------------------------------|---------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1. | PSUs | 511.13 | 90.00 | -- | -- | 2.00 |
| 2. | FIs | 638.19 | 100.00 | 5.81 | -- | 1.04 |
| 3. | Banks | 361.17 | 45.00 | 10.00 | -- | -- |
| 4. | Private Corporate | 94.18 | -- | -- | -- | 37.98 |
| 5. | Subsidiaries/ Joint Venture | -- | -- | -- | -- | -- |
| 6. | Others | 1.00 | -- | -- | -- | -- |
| 7. | Provision held towards depreciation | (86.67) | -- | -- | -- | (37.98) |
| | Total* | 1519.00 | 235.00 | 15.81 | -- | 3.04 |

Note:

(1) *Total under column 3 should tally with the total of investments included under the following categories in Schedule 8 to the balance sheet:

- Shares
- Debentures & Bonds
- Subsidiaries / joint ventures
- Others

(2) Amount reported under columns 4, 5, 6 and 7 above may not be mutually exclusive

Break up particulars for Non SLR Investments:

(₹ in Crore)

| | 31.03.2020 | 31.03.2019 |
|---------------------------------|----------------|----------------|
| Shares | 12.93 | 16.82 |
| Debentures and Bonds | 1309.47 | 1455.96 |
| Subsidiaries and Joint Ventures | 0 | 0 |
| Others (CD, CP, MF) | 196.60 | 249.43 |
| Total | 1519.00 | 1722.21 |

b) Non performing Non-SLR investments

(₹ in Crore)

| Particulars | Amount |
|----------------------------------|--------------|
| Opening Balance as on 01.04.2019 | 79.82 |
| Additions during the year | 0.81 |
| Reductions during the year | - |
| Closing balance as on 31.03.2020 | 80.63 |
| Total provisions held | 80.63 |

Break up for NPI

(₹ in Crore)

| Category | Nature of Investment | Name of the Issuer | Amount |
|---------------------------------------|----------------------|--|--------------|
| Non SLR Investment under AFS Category | Equity Shares | M/s BRG Iron & Steel P Ltd. | 28.51 |
| Non SLR Investment under AFS Category | Equity Shares | M/s IVRCL Infrastructure Ltd. | 38.18 |
| Non SLR Investment under AFS Category | Equity Shares | M/s IVRCL Indore Gujarat Tollways Ltd. | 9.47 |
| Non SLR Investment under AFS Category | Equity Shares | M/s Gujarat NRE Coke Ltd. | 3.66 |
| Non SLR Investment under AFS Category | Private sector Bond | M/s Dewan Housing Finance Corporation Ltd. | 0.81 |
| | | Total | 80.63 |

C. Forex Operations

1.The overdrafts resulting with Overseas banks – NOSTRO account due to un responded transactions, as on 31/03/2020, amounting to Rs. 80,62,167 (previous year Rs. 3.02,96,154) have been grouped and shown by way of deduction under - Balances with banks – outside India.

2.The multi currency prepaid card payable amounts to the tune of Rs. 74,77,277 (Previous year Rs. 6,57,245) have been grouped and shown by way of deduction under, Balances with banks – outside India..

3. The Bank does not have non integral operations and hence the guidelines referred is applicable to domestic forex operations i.e integral part which have been followed.

D. SWAPS & Derivatives

The Bank has not entered into any forward rate agreement/interest rate swap or exchange traded interest rate derivative during the year.

E. Asset Quality**i. a. Non-Performing Asset**

(₹ in Crore)

| Items | 31.03.2020 | 31.03.2019 |
|--|------------|------------|
| (i) Net NPAs to Net Advances (%) | 1.80% | 2.40% |
| (ii) Movement of NPAs (Gross) | | |
| (a) Opening balance | 1168.11 | 868.28 |
| (b) Additions during the year | 554.66 | 947.23 |
| (c) Reductions during the year | 701.79 | 647.40 |
| (d) Closing balance | 1020.98 | 1168.11 |
| (iii) Movement of Net NPAs | | |
| (a) Opening balance | 636.51 | 513.29 |
| (b) Additions during the year | 174.98 | 492.73 |
| (c) Reductions during the year | 314.02 | 369.51 |
| (d) Closing balance | 497.47 | 636.51 |
| (iv) Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| (a) Opening balance | 531.60 | 354.99 |
| (b) Provisions made during the year | 361.59 | 444.68 |
| (c) Write-off/ write-back of excess provisions | 369.68 | 268.07 |
| (d) Closing balance | 523.51 | 531.60 |

i.b. Non- performing Loan Provisioning coverage Ratio is **80.75%**

ii. Movement of NPAs

(₹ in Crore)

| Particulars | Amount as on 31.03.2020 | Amount as on 31.03.2019 |
|---|-------------------------------|-------------------------------|
| Gross NPAs as on 1 st April 2019 (Opening Balance) | 1168.11 | 868.28 |
| Additions (Fresh NPAs) during the year | 554.66 | 947.23 |
| Sub-total (A) | 1722.77 | 1815.51 |
| Less:- | | |
| (i) Upgradations | 116.26 | 237.32 |
| (ii) Recoveries | 219.62 | 146.31 |
| (iii) Technical/Prudential write-offs | 365.91 | 263.77 |
| (iii) Write-offs | --- | --- |
| Sub-total (B) | 701.79 | 647.40 |
| Gross NPAs as on 31 st March 2020 (closing balance) (A-B) | 1020.98 | 1168.11 |

iii) Stock of Technical write-offs and the recoveries made thereon:

(₹ in Crore)

| Particulars | 31.03.2020 | 31.03.2019 |
|---|------------|------------|
| Opening balance of Technical/Prudential written-off accounts as at 1 st April 2019 | 1243.82 | 1012.52 |
| Add: Technical/Prudential write-offs during the year | 365.91 | 263.77 |
| Sub-total (A) | 1609.73 | 1276.29 |
| Less: Recoveries made from previously technical/ prudential written-off accounts during the year | 46.56 | 32.47 |
| Closing balance as at 31st March 2020 | 1563.17 | 1243.82 |

iv) Sector-wise NPAs

(₹ in Crore)

| Sl. No. | Sector* | 31-03-2020(Fy 2019-20) | | | 31.03.2019 (Fy 2018-19) | | |
|----------|-----------------------------------|----------------------------|------------|---|----------------------------|------------|---|
| | | 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 | 6993.90 | 123.18 | 1.76 | 6076.64 | 51.17 | 0.84 |
| 2 | Industry | 3836.61 | 139.88 | 3.65 | 3640.37 | 72.99 | 2.00 |
| 2a | Of which; Textile | 1453.65 | 43.32 | 2.98 | 1482.08 | 33.50 | 2.26 |
| 3 | Services | 6359.84 | 179.81 | 2.83 | 5910.10 | 140.27 | 2.37 |
| 4 | Personal loans | 1521.38 | 29.18 | 1.92 | 1296.79 | 36.99 | 2.85 |
| | Sub-total (A) | 18711.73 | 472.05 | 2.52 | 16923.90 | 301.42 | 1.78 |
| B | Non Priority Sector | | | | | | |
| 1 | Agriculture and allied activities | 1.14 | 0 | 0 | 0.70 | 0 | 0 |
| 2 | Industry | 2939.56 | 413.80 | 14.08 | 3385.06 | 617.69 | 18.24 |
| 2a | Of which; Textile | 1368.92 | 94.71 | 6.92 | 1440.03 | 89.71 | 6.22 |
| 3 | Services | 2594.00 | 120.09 | 4.63 | 2718.00 | 234.53 | 8.62 |
| 4 | Personal loans | 3825.70 | 15.04 | 0.39 | 3921.53 | 14.47 | 0.36 |
| 5 | Food Credit | 164.04 | 0 | 0 | 69.47 | 0 | 0 |
| | Sub-total (B) | 9524.44 | 548.93 | 5.86 | 10094.76 | 866.69 | 8.64 |
| | Total (A+B) | 28236.18 | 1020.98 | 3.62 | 27018.66 | 1168.11 | 4.33 |

(v) Concentration of NPAs

(₹ in Crore)

| | As on 31.03.2020 | As on 31.03.2019 |
|---|------------------|------------------|
| Total Exposure to top four NPA accounts | 301.38 | 370.76 |

(vi) Disclosure on Divergence in the Asset Classification and Provisioning (RBI /DBR. BP.BC.NO.63/21.04.018/ 2016-17 dated 18th April 2017)

In terms of RBI circular DBR.BP.BC.NO.32/ 21.04.018/ 2018-19 dated 1st April 2019 banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's Annual Supervisory Review process in the "notes to accounts" to the financial statements if such divergence exceeds the threshold prescribed by RBI. Since, the divergence identified by RBI for the financial year ended 31.03.2019 are less than the prescribed thresholds, there is no disclosure required relating to Asset Classification & Provisioning on NPA.

(vii) Provisioning pertaining to Fraud Accounts

As per RBI circular DBR.No.BP.BC.92/21.04.048/2015-16 dated 18.04.2016, where the bank chooses to provide for the fraud over two to four quarters and this results in the full provisioning being made in more than one financial year, banks should debit “other reserves” [i.e., reserves other than the one created in terms of section 17(2) of the Banking Regulation Act 1949] by the amount remaining un-provided at the end of the financial year by credit to provisions. However banks should proportionately reverse the debits to “other reserves” and complete the provisioning by debiting profit and loss account, in the subsequent quarters of the next financial year.

To comply with the above instructions of Reserve Bank of India, unamortized provision for NPA has been made by debiting the other reserves for the following fraud accounts.

(₹ in Lakh)

| S. No | Name of the Borrower | Amount Involved | Provision made during the year | Unamortised Provision |
|-------|---|-----------------|--------------------------------|-----------------------|
| 1 | J and J Traders, Simmakal, Madurai | 7.92 | 3.96 | 3.96 |
| 2 | MRS Technologies, Tuticorin - Port trust | 24.63 | 12.32 | 12.31 |
| 3 | Ranjith Spinners, Madampalayam | 249.78 | 206.85 | 42.93 |
| 4 | Sri Lakshmi Prasanna Rice Industry, Nellore | 234.63 | 180.80 | 53.83 |
| 5 | RKR Fabric & Engg, Ambattur | 27.05 | 13.52 | 13.53 |
| 6 | Nandies Packaging, Udumalpet | 42.76 | 21.38 | 21.38 |
| 7 | Balaji Rathod & Govindamma, Pune | 24.73 | 6.18 | 18.55 |
| | Total | 611.50 | 445.01 | 166.49 |

ix) Disclosure on Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances (RBI/DBR.BP.BC.No.18/21.04.048/ 2018 -19 dated 1st January 2019

(₹ in Crore)

| Year | No.of Accounts Restructured – MSME | Amount |
|---------|------------------------------------|--------|
| 2018-19 | 3 | 25.15 |
| 2019-20 | 80 | 118.67 |

1. Disclosure on Resolution Plan Implemented

There were no accounts for which Resolution Plan was Implemented during the year.

2. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) as on 31.03.2020

There were no accounts during the year which were restructured under the S4A scheme.

3. Disclosures on Flexible Structuring of Existing Loans:

No borrowers had opted for flexible structuring of the loans during the year.

4. Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

No borrowal accounts were restructured under the SDR scheme during the year.

5. Disclosure on change in ownership outside SDR Scheme (accounts which are currently under the stand still period)

No accounts were restructured outside the SDR scheme involving change in ownership.

6. Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

There were no project loan accounts during the year where bank has decided to effect change in ownership.

7. Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction

| Item | 31.03.2020 | 31.03.2019 (₹ in Crore) |
|--|------------|----------------------------|
| (i) (i) No. of accounts | Nil | Nil |
| (ii) Aggregate value (net of provisions) of accounts sold to SC/RC | Nil | Nil |
| (iii) Aggregate consideration | Nil | Nil |
| (iv) Additional consideration realized in respect of accounts transferred in earlier years | Nil | Nil |
| (v) Aggregate gain/loss over net book value. | Nil | Nil |

x). Details of non performing financial assets purchased/sold
a. Details of non performing financial assets purchased: (₹ in Crore)

| Particulars | 31.03.2020 | 31.03.2019 |
|---|-------------------|-------------------|
| 1.a) No of accounts purchased during the year | Nil | Nil |
| b) Aggregate outstanding | Nil | Nil |
| 2.a) Of these number of accounts restructured during the year | Nil | Nil |
| b) Aggregate outstanding | Nil | Nil |

b. Details of non performing financial assets sold: (₹ in Crore)

| Particulars | 31.03.2020 | 31.03.2019 |
|-------------------------------------|-------------------|-------------------|
| 1. No of accounts sold | Nil | Nil |
| 2. Aggregate outstanding | Nil | Nil |
| 3. Aggregate consideration received | Nil | Nil |

xi) Provisions on Standard Asset (₹ in Crore)

| Item | 31.03.2020 | 31.03.2019 |
|---|-------------------|-------------------|
| Provisions towards Standard Assets | 113.57 | 84.98 |
| Provisions towards Restructured Standard Assets | 6.16 | 2.22 |
| Total | 119.73 | 87.20 |

xii) Movement in Floating Provisions (₹ in Crore)

| SI No | Particulars | 31.03.2020 | 31.03.2019 |
|--------------|----------------------------|-------------------|-------------------|
| A | Opening Balance | 34.44 | 31.56 |
| B | Additions during the year | 1.22 | 2.88 |
| C | Deductions during the year | -- | -- |
| D | Closing Balance | 35.66 | 34.44 |

F. Draw Down from Reserves

The bank has not drawn any amount from Reserves during the year. (Previous Year – NIL)

G. Business Ratios

| Items | 31.03.2020 | 31.03.2019 |
|---|------------|------------|
| (i) Interest Income as a percentage to Working Funds \$ | 8.42% | 8.45% |
| (ii) Non-interest income as a percentage to Working Funds \$ | 1.28% | 1.09% |
| (iii) Operating Profit as a percentage to Working Funds \$ | 2.42% | 2.32% |
| (iv) Return on Assets@ | 0.99% | 0.68% |
| (v) Business (Deposits plus advances) per employee # (₹ in lakhs) | 1498.85 | 1436.94 |
| (vi) Profit per employee (₹ in lakhs) | 9.47 | 6.07 |
| (vii) Earnings per share (in ₹) | 28.61 | 18.14 |

\$ Working funds is reckoned as an average of total assets (excluding accumulated losses, if any).

@ 'Return on Assets' is with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).

For the purpose of computation of business per employee (deposits plus advances) interbank deposits is excluded.

H. Asset Liability Management (As certified by management)

Maturity pattern of certain items of assets and liabilities:

(₹ in Crore)

| | Deposits | Advances | Investments | Borrowings | Foreign Currency assets | Foreign Currency liabilities |
|----------------------------------|-----------------|-----------------|----------------|---------------|-------------------------|------------------------------|
| 1 day | 226.88 | 753.55 | 2330.81 | 0.00 | 410.39 | 39.69 |
| 2 to 7 days | 713.36 | 556.29 | 182.85 | 0.00 | 26.47 | 4.30 |
| 8 to 14 days | 616.14 | 341.94 | 94.49 | 0.00 | 30.59 | 0.66 |
| 15 to 30 days | 1236.29 | 633.07 | 248.99 | 0.00 | 48.20 | 4.84 |
| 31 days to 2 months | 1165.01 | 782.19 | 237.49 | 0.00 | 102.15 | 13.97 |
| Over 2 months and up to 3 months | 1094.11 | 671.79 | 239.43 | 0.00 | 76.15 | 11.27 |
| Over 3 months and up to 6 months | 2902.82 | 1963.11 | 684.13 | 0.00 | 102.40 | 39.59 |
| Over 6 months and up to 1 year | 12269.06 | 4138.60 | 1906.23 | 61.00 | 2.26 | 132.61 |
| Over 1 year and up to 3 years | 13142.77 | 11963.88 | 2200.47 | 263.00 | 6.90 | 179.83 |
| Over 3 years and up to 5 years | 1760.52 | 1653.51 | 523.53 | 0.00 | 58.92 | 110.66 |
| Over 5 years | 1698.07 | 4257.84 | 818.91 | 0.00 | 5.09 | 0.00 |
| TOTAL | 36825.03 | 27715.77 | 9467.33 | 324.00 | 869.52 | 537.42 |

I. Lending to Sensitive Sector

i. Exposure to Real Estate Sector

(₹ in Crore)

| Category | 31-03-2020 | 31.03.2019 |
|---|----------------|----------------|
| I) <i>Direct exposure</i> | | |
| (a) Residential Mortgages – | | |
| Lending fully secured by Mortgages on residential properties that are or will be occupied by the borrower or that is rented | 3049.20 | 2470.10 |
| of which | | |
| Individual housing loans eligible for inclusion in priority sector advances | 1482.81 | 1226.51 |
| (b) Commercial Real Estate – | | |
| Lending fully secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure included non-fund based (NFB) limits also; | 207.72 | 222.57 |
| (c) Investments in Mortgage Backed Securities (MBS) and other securitized exposures – | Nil | Nil |
| a. Residential, | Nil | Nil |
| b. Commercial Real Estate. | Nil | Nil |
| II) <i>Indirect Exposure</i> | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | 3.03 | 6.00 |
| Total Exposure to Real Estate Sector | 3259.95 | 2698.67 |

ii. Exposure to Capital Market

(₹ in Crore)

| Particulars | 31.03.2020 | 31.03.2019 |
|---|--------------|---------------|
| i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; | 18.97 | 102.69 |
| (ii) advances against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | 1.54 | 2.47 |
| (iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | 0.00 | 0.00 |
| (iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds ₹ does not fully cover the advances; | 1.91 | 0.69 |
| (v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | 25.53 | 24.42 |
| (vi) 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; | Nil | Nil |
| (vii) bridge loans to companies against expected equity flows/issues; | Nil | Nil |
| (viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds; | Nil | Nil |
| (ix) financing to stockbrokers for margin trading; | Nil | Nil |
| (x) all exposures to Venture Capital Funds (both registered and unregistered) | Nil | Nil |
| Total Exposure to Capital Market | 47.95 | 130.27 |

iii. Risk Category wise Country Exposure

As the country-wise net funded exposure does not exceed 1% of the Bank's total assets for any country, no provision is required for the risk involved.

(₹ in Crore)

| Risk Category wise Country Exposure | | | | |
|-------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| Risk Category | Exposure(Gross) as at March 31,2020 | Provision held as at March 31,2020 | Exposure(Gross) as at March 31,2019 | Provision held as at March 31,2019 |
| Insignificant Risk | 241.17 | NIL | 833.90 | NIL |
| Low Risk | 364.85 | NIL | 204.93 | NIL |
| Moderately Low Risk | 0.71 | NIL | 12.70 | NIL |
| Moderate Risk | 2.58 | NIL | 3.85 | NIL |
| Moderately High Risk | 1.11 | NIL | 4.96 | NIL |
| High Risk | 0.00 | NIL | 0.00 | NIL |
| Very High Risk | 0.00 | NIL | 0.00 | NIL |
| Total | 610.42 | NIL | 1060.34 | NIL |

iv. Details of single borrower limit (SBL)/group borrower limit (GBL) exceeded by the Bank.

Single Borrower limit / Group Borrower limit has not been exceeded during the year.

v. Unsecured Advances-

Advances secured by intangible securities such as Rights, Licenses, authorizations, etc – NIL

J. Miscellaneous

i. Amount of Provisions made for Income-tax during the year;

(₹ in Crore)

| Particulars | 31.03.2020 | 31.03.2019 |
|---|------------|------------|
| Provision for Income Tax – Current Year | 156.00 | 135.60 |

ii. **Penalties imposed on the Bank by RBI** : i) During the year RBI has imposed monetary penalty of ₹35,00,000/- (Rupees Thirty five lakh only) for non-compliance with certain provisions of directions issued by RBI on "Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) directions 2016".

ii) During the year RBI has imposed monetary penalty of ₹1,35,050/- (Rupees One lakh Thirty Five thousand fifty only) on discrepancies detected towards Soiled notes remittance.

iii. Special reserve: As per section 36(1) (viii) of I.T.Act 1961, the bank has created a special reserve of ₹ 24.00 Crore during the year 2019-20.

iv. Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account (₹ in Crore)

| | 31.03.2020 | 31.03.2019 |
|-------------------------------------|---------------|---------------|
| Diminution on Investment | 9.74 | 34.25 |
| Provision towards NPA | 359.63 | 440.86 |
| Provision towards Standard Asset | 28.59 | 6.53 |
| Floating provision for Advances | 1.22 | 2.89 |
| Provision made for Taxation | 156.00 | 135.60 |
| Deferred Tax | 21.20 | 2.32 |
| Provision for MSME Advances | --- | 3.24 |
| Provision for Restructured Advances | 3.94 | --- |
| Provision for Covid Relief Advances | 7.01 | --- |
| Total | 587.33 | 625.69 |

v. Details of complaints / unimplemented awards of Banking Ombudsman

| A. customer complaints | |
|--|-------|
| Number of complaints pending at the beginning of the year as at 01.04.2019 (124 ATM failed transaction claims) | 124 |
| Number of complaints received during the year 2019-20 (Including 12886 ATM failed transaction claims) | 13104 |
| Number of complaints redressed during the year 2019-20 (Including 13002 ATM failed transaction claims) | 13220 |
| Number of complaints pending at the end of the year as at 31.03.2020 (Including 8* ATM failed transaction claims which were settled within 7/4/2020) | 8* |
| *Number of complaints pending at the end of the year as at 31.03.2020 (Other than ATM failed transaction claims) | 0 |
| B. Awards passed by the Banking Ombudsman | |
| Number of Unimplemented awards at the beginning of the year | -- |
| Number of awards passed by the Banking Ombudsman during the year | -- |
| Number of awards implemented during the year | -- |
| Number of unimplemented awards pending at the end of the year | -- |

vi. Letter of Comfort disclosure

(₹ in Crore)

| Particulars | 31.03.2020 | 31.03.2019 |
|--|------------|------------|
| Letter of comfort issued in earlier years and outstanding as on 01.04.2019 | Nil | 1257.90 |
| Add: Letter of comfort issued during the year | Nil | -- |
| Less: Letter of comfort expired during the year | Nil | 1257.90 |
| Letter of comfort outstanding as on 31.03.2020 | Nil | -- |

vii. The details of fees / remuneration received during the year in respect of Banc assurance business undertaken.

(₹ in Lakhs)

| Commission on Banc assurance | 31-03-2020 | 31-03-2019 |
|-----------------------------------|------------|------------|
| Non – Life Insurance – Net of GST | 571.23 | 622.87 |
| Mutual Fund Products | 11.19 | 15.64 |
| Life Insurance – Net of GST | 153.37 | 139.32 |

viii. Concentration of Deposits

(₹ in Crore)

| | 31-03-2020 | 31-03-2019 |
|---|------------|------------|
| Total Deposits of twenty largest depositors | 2656.70 | 3831.99 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the bank | 7.21% | 10.91% |

ix. Concentration of Advances

(₹ in Crore)

| | 31-03-2020 | 31-03-2019 |
|--|------------|------------|
| Total Advances to twenty largest borrowers | 1861.94 | 2371.38 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the bank | 6.59% | 8.78% |

x. Concentration of Exposures

(₹ in Crore)

| | 31-03-2020 | 31-03-2019 |
|--|------------|------------|
| Total Exposure to twenty largest borrowers/customers | 3357.23 | 2684.38 |
| Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers | 8.88% | 7.57% |

xi. Inter Bank Participation Certificate (IBPC)

During the year, Inter Bank Participation Certificate (IBPC) purchased totaling to Rs.500.00 crore (Micro enterprises) and IBPC sold Rs.500.00 crore (Small and Marginal Farmers)

xii. COVID -19

a) The spread of COVID 19 across the globe has resulted in decline in economic activity and increase in volatility in financial markets. WHO has declared COVID 19 as global pandemic. The Government of India had announced a series of lock-down measures from March 24, 2020 onwards which has been extended from time to time

upto June 30, 2020. Govt. of India has directed a calibrated and gradual withdrawal of lock down and partial resumption of economic activities in spite of some of the major economic centers still continuing under strict lock-down. The situation continues to be uncertain and the bank is evaluating the situation on an ongoing basis. The revival of economic activities largely depends upon the intensity and spread of the disease, Govt. stimulus packages and regulatory measures. Major challenges for the Bank would arise from extended working capital cycle and waning cash flows. The Bank has satisfactory capital and adequate liquidity to support its business growth, and hence the Bank does not expect any significant impact on the profitability of the Bank.

b) In accordance with the COVID 19 Regulatory Package announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, with regard to providing relief to borrowers on account of COVID 19 pandemic whose accounts are standard as on February 29, 2020, the Bank, in accordance with the Board approved policy had offered Moratorium on repayment of loan installments and / or deferment of interest due between March 1, 2020 to August 31, 2020 including relaxation in certain parameters, to all eligible borrowers, without considering the same as restructuring. In accordance with RBI guidelines, the Bank is required to make provision @ 10% of the outstanding advances over two quarters beginning with Quarter ended March 31, 2020, in respect of such borrower accounts where asset classification benefit has been taken as per RBI guidelines. Accordingly an amount of Rs.7.01 crore has been provided during the quarter ended March 31, 2020 during the current year, and the balance amount of Rs.7.01 crore will be provided during the quarter ended June 30, 2020.

c) Disclosure on COVID-19 Regulatory package- Asset Classification and Provisioning, as per RBI Circular No.DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 read with RBI circular No. DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020.

| S.No | Particulars | Amount Rs (in Crore) |
|------|--|----------------------------|
| I | Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of RBI Circular No.DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 | 6842.34 |
| II | Respective amount where asset classification benefits is extended. | 140.25 |
| III | Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5 of RBI Circular No.DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 : | 7.01 |
| IV | Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular No. DOR. No. BP.BC. 63/21.04.048/2019-20 dated 17 April 2020. | Nil |

6. Disclosure Requirements as per Accounting Standards where RBI has issued guidelines in respect of disclosure items for Notes on Accounts:

6.1. Prior Period Items - AS-5:

There were no material pertaining to prior period Income /Expenditure requiring disclosure as per AS 5.

6.2. Revenue Recognition – AS-9:

The heads of income recognized on cash basis are neither material enough nor do they require disclosure under AS 9 on Revenue Recognition.

6.3 Accounting Standard -15: Employee Benefits

(₹ in Crore)

| | 2019-20 | | 2018-19 | |
|--|----------|---------|----------|---------|
| | Gratuity | Pension | Gratuity | Pension |
| (i) Principal actuarial assumption used | | | | |
| Discount Rate | 6.84% | 6.84% | 7.80% | 7.80% |
| Rate of return on Plan Assets | 7.25% | 7.25% | 7.95% | 7.95% |
| Salary Escalation | 6.50% | 6.50% | 6.50% | 6.50% |
| (ii) Change in Benefit Obligation: | | | | |
| Liability at the beginning of the year | 147.72 | 472.37 | 144.25 | 483.40 |
| Interest Cost | 9.77 | 29.81 | 10.68 | 35.00 |
| Current Service Cost | 12.86 | 24.72 | 12.29 | 29.24 |
| Benefit paid | -9.81 | -73.06 | -14.77 | -69.32 |
| Actuarial (gain) / loss on obligation | 0.15 | 35.4 | -4.73 | -5.95 |
| Liability at the end of the year | 160.69 | 489.24 | 147.72 | 472.37 |
| (iii) Fair value of Plan Assets: | | | | |
| Fair value of Plan Assets at the beginning of the year | 148.51 | 473.89 | 135.08 | 478.21 |
| Expected return on Plan Assets | 11.16 | 34.93 | 11.27 | 37.85 |
| Contributions | 10.35 | 56.52 | 17.63 | 29.44 |
| Benefit paid | -9.81 | -73.06 | -14.77 | -69.32 |
| Actuarial Gain / (loss) on Plan Assets | -0.82 | -2.65 | -0.70 | -2.29 |
| Fair value of Plan Assets at the End of the year | 159.39 | 489.63 | 148.51 | 473.89 |
| (iv) Actual return on Plan Assets: | | | | |
| Expected Return on Plan Assets | 11.16 | 34.93 | 11.27 | 37.85 |
| Actuarial gain / (loss) on Plan Assets | -0.82 | -2.65 | -0.70 | -2.29 |
| Actual return on Plan Assets | 10.34 | 32.28 | 10.57 | 35.56 |
| (v) Amount recognized in the Balance Sheet: | | | | |
| Liability at the end of the year | 160.69 | 489.24 | 147.72 | 472.37 |
| Fair value of Plan Assets at the End of the year | -159.39 | -489.63 | -148.51 | -473.89 |
| Amount Recognized in the Balance Sheet | 1.30 | -0.39 | -0.79 | -1.52 |
| (vi) Expenses recognized in The Income Statement: | | | | |
| Current Service Cost | 12.86 | 24.72 | 12.29 | 29.24 |
| Interest Cost | 9.77 | 29.81 | 10.68 | 35.00 |
| Expected Return on Plan Assets | -11.16 | -34.93 | -11.27 | -37.85 |
| Actuarial Gain or Loss | 0.97 | 38.05 | -4.02 | -3.67 |
| Past Service Cost | 0.00 | 0.00 | 0.00 | 0.00 |
| Expenses Recognized in P & L | 12.44 | 57.65 | 7.67 | 22.73 |

Details of Provisions made for Other Long term Employee Benefits:

(₹ in Crore)

| S.no | Other Long Term Benefits | 31.03.2020 | 31.03.2019 |
|------|--------------------------|------------|------------|
| 1 | Leave Encashment | 7.90 | 4.85 |
| 2 | Sick Leave | 8.52 | 4.72 |

6.4 Accounting Standard-17: Segment Reporting

PART A: Operational Segments:

(₹ in Crore)

| Particulars | For the year ended 31.03.2020 | | | | For the year ended 31.03.2019 | | | |
|------------------------------|-------------------------------|-----------------------------|----------------|----------|-------------------------------|-----------------------------|----------------|----------|
| | Treasury | Corporate/Wholesale Banking | Retail Banking | Total | Treasury | Corporate/Wholesale Banking | Retail Banking | Total |
| Revenue | 824.02 | 645.68 | 2522.83 | 3992.53 | 801.88 | 702.56 | 2134.35 | 3638.79 |
| Result (Profit(+)/ Loss(-)) | 188.56 | 80.76 | 315.57 | 584.89 | 167.75 | 62.88 | 191.02 | 421.65 |
| Unallocated income /Expenses | | | | 0.00 | | | | 25.15 |
| Operating Profit | | | | 584.89 | | | | 396.50 |
| Income Tax | | | | 177.20 | | | | 137.92 |
| Extraordinary Profit | | | | | | | | |
| Net Profit | | | | 407.69 | | | | 258.58 |
| Other Information | As at 31.03.2020 | | | | As at 31.03.2019 | | | |
| Segment assets | 12046.82 | 8316.27 | 21820.66 | 42183.75 | 10328.04 | 9434.67 | 19905.31 | 39668.02 |
| Unallocated assets | | | | 52.86 | | | | 59.52 |
| Total assets | | | | 42236.61 | | | | 39727.54 |
| Segment Liabilities | 11519.82 | 6206.96 | 24252.07 | 41978.85 | 11253.31 | 6995.03 | 21250.53 | 39498.87 |
| Unallocated liabilities | | | | 257.76 | | | | 228.67 |
| Total liabilities | | | | 42236.61 | | | | 39727.54 |

Note:

- Assets and Liabilities wherever directly related to segments have been accordingly allocated to segments and wherever not directly related have been allocated on the basis of segment revenue.
- The Bank operates only in Domestic Segment.

PART B –Geographic Segments

| Particulars | Domestic | | International | | Total | |
|-------------|------------|------------|---------------|------------|------------|------------|
| | 31.03.2020 | 31.03.2019 | 31.03.2020 | 31.03.2019 | 31.03.2020 | 31.03.2019 |
| Revenue | 3992.53 | 3638.79 | -- | -- | 3992.53 | 3638.79 |
| Assets | 42236.61 | 39727.54 | -- | -- | 42236.61 | 39727.54 |

6.5 Related Party disclosures (AS-18)

The Bank has identified the following person to be the key management person as per AS-18 on Related Party Disclosures:

Thiru. K.V. Rama Moorthy – Managing Director and Chief Executive Officer –
01.04.2019 to 31.03.2020

A. Emoluments:

| Particulars | (Amount in ₹) | |
|-------------------------------------|-----------------------------|-----------------------------|
| | 01.04.2019 to 31.03.2020 | 01.04.2018 to 31.03.2019 |
| Salary | 45,00,000.00 | 45,00,000.00 |
| Bank Contribution to Provident Fund | 5,40,000.00 | 5,40,000.00 |
| Other Benefits | 2,08,522.60 | 2,02,408.40 |
| Total | 52,48,522.60 | 52,42,408.40 |

B. Others: Nil

C. There is no other transaction with the Managing Director & CEO.

D. TMB Foundation (Associate) :- Payment made for CSR expenditure
₹17,42,76,848/- (Previous year : Rs. 16,02,00,000/-)

6.6. Earnings per Share (AS – 20)

| Items | Amount | |
|---|------------|------------|
| | 31.03.2020 | 31.03.2019 |
| Net Profit after Tax available for equity share holders (₹ in Lakhs) | 40769.30 | 25858.04 |
| Average number of shares | 142511454 | 142511454 |
| Basic and Diluted EPS (in ₹) | 28.61 | 18.14 |
| Nominal value per share (in ₹) | 10.00 | 10.00 |

6.7. Consolidated Financial Statements (AS – 21)

The Bank has no subsidiaries/Joint ventures/ Associates. Hence reporting under CFS is not applicable.

6.8 Accounting for Taxes on Income (AS – 22)

In respect of Income Tax, the assessment has been completed up to the Assessment Year 2017-18 (Year ended 31.03.2017). Appeals are pending with appellate authorities /High Court for various assessment years. The income tax demand disputed on appeal is ₹266.00 crore (previous year ₹144.00 crore). There were various demands raised by Service Tax Department for the years from 2007-08 amounting to ₹151.99 crore (previous year ₹11.64 crore), which the Bank has disputed on appeals. The management does not envisage any liability in respect of disputed issues and consider that provision held at Rs. 144.00 crores (Previous Year Rs.144.00 crores) is adequate. Further Tamilnadu Commercial Tax Department has raised a demand for Rs.17.72 crore for the financial years from 2007-08 to 2016-17, for which the bank has filed appeal before appellate authorities. The Bank has been advised a fair chance of their succeeding these appeals and hence no provision has been made.

During the year the Bank has settled its various demands raised by Service Tax/VAT authorities under Sabka Viswas Scheme and had paid an amount of Rs40 lakhs under this scheme as aforesaid, debited to Profit and Loss Account for the year under miscellaneous expenditure.

The major components of deferred tax assets/liabilities as at 31.03.2020 arising out of timing difference are as follows;

(₹ in Crore)

| Particulars | Deferred tax Asset | Deferred tax Liability | Deferred tax Asset | Deferred tax Liability |
|--|--------------------|------------------------|--------------------|------------------------|
| | 31.03.2020 | 31.03.2020 | 31.03.2019 | 1.03.2019 |
| Depreciation on Fixed Assets | 5.12 | | 5.95 | |
| Provision for NPAs/Bad Debts | -- | | 27.88 | |
| Special Reserve u/s 36 (1) (viii) | -- | 54.07 | -- | 66.68 |
| Provisions on retirement benefit, Leave encashment etc | 17.72 | | 21.99 | |
| Others | 2.80 | | 3.62 | |
| Deferred tax asset/liability | 25.64 | 54.07 | 59.44 | 66.68 |
| Net Deferred Tax Asset/Liability | -28.43 | | -7.24 | |

6.9.Accounting for Investment in associates in CFS –AS 23

The Bank has no associates. Hence reporting under CFS –AS 23 is not applicable.

6.10. Discontinuing Operation – AS 24:

The bank has not discontinued any operations. Hence reporting under CFS- AS 24 is not applicable.

6.11. Intangible assets (AS – 26)

Depreciation on software is calculated on straight line method at 33.33% in compliance with RBI guidelines.

6.12 Impairment of Assets (AS – 28)

In the opinion of the management, there is no impairment to the assets to which AS 28 – “ Impairment of Assets” applies.

6.13 Contingent Liabilities and Provisions (AS – 29)

The details of provisions and contingencies, contingent liabilities, the movement of provisions on NPA's and depreciation on investment which are considered material are disclosed elsewhere under the appropriate headings as per RBI guidelines.

a)Provisions:

(₹ in Crore)

| Particulars | Provisions as at the beginning of the year | Additions During the year | Amount used during the year | Unused Amounts Reversed During the year | Provisions As at the Close of the year |
|---|--|---------------------------|-----------------------------|---|--|
| A. Provision for Interest sacrifice on restructured accounts(DFV) | 3.00 | --- | --- | 1.48 | 1.52 |
| B.Provision for Frauds | 21.13 | 2.08 | 0.05 | 9.97 | 13.19 |

b)Contingent Liabilities:

(₹ in Crore)

| PARTICULARS | As on 31.03.2020 | As on 31.03.2019 |
|---|------------------|------------------|
| 1. Claims not acknowledged as debt | | |
| a)Counter suits filed by the borrowers against the Bank has initiated legal action. | Nil | Nil |
| b)Cases filed in Consumer/Civil Courts for deficiency in services | 1.15 | 1.15 |
| c)Any other claims against the bank not Acknowledged as debts. | 111.28 | 10.05 |
| 2. Forward exchange contracts | 5297.65 | 5074.66 |
| 3.Guarantees issued on behalf of constituents | 1063.58 | 992.09 |
| 4.Acceptance, endorsements & other obligations | 757.58 | 1056.51 |
| 5. Other items for which the Bank is contingently liable. | 78.38 | 69.63 |
| TOTAL | 7309.62 | 7204.09 |

6.14 Dues to Micro and Small Enterprises

Under MSMED Act 2006 certain disclosures are required to be made relating to micro small and medium enterprises. There have been not reported cases of interest payments due to delays in such payments to micro small and medium enterprises. Auditors have relied upon the above management assertion.

6.15 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in Lakhs)

| Particulars | 31.03.2020 | 31.03.2019 |
|--|------------|------------|
| Opening balance of amount transferred to DEAF | 6896.90 | 6046.34 |
| Add: Amounts transferred to DEAF during the year | 971.19 | 906.15 |
| Less: Amounts reimbursed by DEAF towards claims | 72.66 | 55.59 |
| Closing Balance of amounts transferred to DEAF | 7795.43 | 6896.90 |

6.16 Un hedged Foreign Currency Exposure:

The bank has a board approved policy dated 17.03.2020 on Un hedged Foreign Currency Exposure.

6.17 Proposed dividend:

a. In terms of Revised Accounting Standard [AS4] 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 30 March 2016, the company has not accounted for proposed dividend as a liability as at 31st March 2020. The proposed dividend was however accounted for as a liability up to 31st March 2016 in line with the accounting standard applicable at that time.

b. For the Financial Year 2018-19, the Bank had declared Interim Dividend of 32% (3.20 per equity share of Rs.10 each) amounting to Rs.45.60 crore on May 30 2019 and paid dividend distribution tax of Rs.9.37 crore on 06.07.2019. The Bank has received a letter dated 11.06.2019 from Reserve Bank of India restricting the Bank from declaring or distributing any interim or final dividend till further order. Hence the Board decided not to distribute the declared dividend till removal of restrictions by RBI. However the bank is taking all possible efforts to address the RBI's concern so that the dividend can be distributed at the earliest.

c. In terms of RBI Circular No- DOR.BP.BC.No.64/21.02.067/2019-20 dated 17 April 2020, banks in India have been granted general permission to declare dividends, subject to compliance with the guidelines laid out in terms of circular DBOD.No.BP.BC.88/21.02.067/2004-05 dated May 4,2005 and other associated circulars.

d. In an environment of heightened uncertainty caused by COVID-19, it is important that banks conserve capital to retain their capacity to support the economy and observe losses. Accordingly, RBI has advised that all banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31 2020 until further instructions. This restriction shall be reassessed by the Reserve Bank based on the financial results of banks for the quarter ending September 30, 2020.

6.18 Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key reforms to develop a more resilient banking sector. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar days liquidity stress scenario. The LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. The LCR is calculated by dividing a bank's stock of HQLA by its total net cash outflows over a 30-days stress period. HQLA of bank is in the form of Government Securities and highly marketable and liquid securities / bonds. The Bank has been maintaining HQLA mainly in the form of SLR investments over and above the mandatory requirements.

The guidelines for LCR were effective January 1, 2015, with the minimum requirement at 60%, which would rise in equal annual steps to reach 100% on January 1, 2019. The present requirement, as on March 31, 2020 is 100%. Bank prepares daily Liquidity Coverage Ratio statement to assess the liquidity needs of the Bank on an ongoing basis. A number of data points are used in calculating the average figures in the template since January 01, 2017 and a simple average is calculated on daily observations over the previous quarter. Bank has been publishing information on LCR in annual financial statements under Notes to Accounts. LCR related information based on simple averages of daily observations for the year ended March 2020 is furnished below:

(₹ in Crores)

| LCR Disclosure Template (Consolidation) | | | | | |
|---|--|-------------------------------------|---------------------------------|-------------------------------------|---------------------------------|
| Particulars | | Current Year 2019-20 | | Previous Year 2018-19 | |
| | | Total Unweighted \$ Value (Average) | Total Weighted# Value (Average) | Total Unweighted \$ Value (Average) | Total Weighted# Value (Average) |
| High Quality Liquid Assets | | | | | |
| 1 | Total High Quality Liquid Assets (HQLA) | 7324.86 | 7265.90 | 6053.81 | 5954.72 |
| Cash Outflows | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 10227.44 | 842.88 | 19063.67 | 1524.41 |
| (i) | Stable deposits | 3597.30 | 179.87 | 7642.16 | 382.26 |
| (ii) | Less stable deposits | 6630.14 | 663.01 | 11421.51 | 1142.15 |
| 3 | Unsecured wholesale funding, of which: | 5156.03 | 2777.69 | 2092.97 | 1149.59 |
| (i) | Operational deposits (all counterparties) | 109.82 | 27.46 | 36.23 | 7.66 |
| (ii) | Non-operational deposits (all counterparties) | 5046.21 | 2750.23 | 2056.74 | 1141.93 |
| (iii) | Unsecured debt | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | Secured wholesale funding | 27.12 | 0.00 | 648.12 | 0.00 |
| 5 | Additional requirements, of which | 1568.00 | 1568.00 | 1871.93 | 1871.93 |
| (i) | Outflows related to derivative exposures and other collateral requirements | 1568.00 | 1568.00 | 1871.93 | 1871.93 |
| (ii) | Outflows related to loss of funding on debt products | 0.00 | 0.00 | 0.00 | 0.00 |
| (iii) | Credit and liquidity facilities | 0.00 | 0.00 | 0.00 | 0.00 |
| 6 | Other contractual funding obligations | 4709.10 | 348.18 | 4639.96 | 316.41 |
| 7 | Other contingent funding obligations | 2106.89 | 282.68 | 2454.19 | 186.44 |
| 8 | TOTAL CASH OUTFLOWS | 23794.58 | 5819.43 | 30770.84 | 5048.78 |
| Cash Inflows | | | | | |
| 9 | Secured lending (e.g. reverse repos) | 405.00 | 0.00 | 68.90 | 18.13 |
| 10 | Inflows from fully performing exposures | 671.72 | 327.01 | 936.59 | 497.12 |
| 11 | Other cash inflows | 1630.70 | 1630.70 | 1879.87 | 1879.87 |
| 12 | TOTAL CASH INFLOWS | 2707.42 | 1957.71 | 2885.36 | 2395.12 |
| | | Total Adjusted@ Value | | Total Adjusted@ Value | |
| 21 | TOTAL HQLA | 7265.90 | | 5954.72 | |
| 22 | TOTAL NET CASH OUTFLOWS | 3861.72 | | 2653.66 | |
| 23 | LIQUIDITY COVERAGE RATIO (%) | 188.1519% | | 224.3965% | |

\$ Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows) except where otherwise mentioned in the circular and LCR template.

Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

@ Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on Level 2B and Level 2 assets for HQLA and cap on inflows).

B Qualitative disclosure about LCR::

The main drivers of LCR Results:

The bank is having an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately in markets into cash to meet liquidity needs for a 30 calendar days under liquidity stress scenario.

The net cash outflows for the next 30 days has been calculated after deducting the cash inflows from the outflows for the period. The inflows and outflows have been calculated based on RBI prescribed haircuts and run-off factors.

The Bank's LCR has been more than the minimum regulatory requirement for all the dates from April'19 to March'20. LCR of the bank for the Annual Financial Year 2019-20 stood at 188.1519%.

Composition of HQLA

The Level 1 Assets of our bank comprises of Cash in hand and Cash at ATM, Excess CRR and SLR, MSF & FALLCR are as per permitted extent. Level 1 asset is the main driver of HQLA, contributing around 97.43% in the total HQLA of the Bank. Level 2A and Level 2B assets are well within the regulatory cap of 40% and 15% of the stock of HQLA respectively after the required haircut.

Corporate Bonds not issued by a Bank/Financial/NBFC which have been rated AA- or above by an Eligible Credit Rating Agency have been classified under Level 2A assets. Similarly Bonds not issued by a Bank/FI/NBFC which have been rated not lower than BBB- have been classified under level 2B Assets.

Outflows & Inflows:

Deposits are the main source of funds for the Bank.

Currency mismatch in LCR:

LCR is expected to be met and reported in a single currency. The bank is not having significant liabilities and HQLAs in any foreign currency.

Description of the degree of centralization of liquidity management and interaction between the group's units:

The Bank does not belong to any group and does not have any associate, subsidiaries, joint venture, etc.

7. Fixed assets (Land and Building) include property held in Chennai, land (UDS 753.117 sqft ₹10.76 lakh) and building (₹11.10 lakh) purchased during January 1993. While the UDS of land was registered in Bank's name, the building was to be handed over to the Bank after construction, by the corporate debtor, who are in corporate insolvency resolution process, which they failed to do so and the bank had preferred a suit in Madras High Court against them for specific performance and damages which is pending.

8. In respect of certain branches/offices where additional information was required, the data available at Controlling/Head office was considered.

9. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

10. Figures have been rounded off to the nearest thousand rupees in the Financial Statements.

K.V.Rama Moorthy
Managing Director & CEO

S.Annamalai
Director

P.C.G.Asok Kumar
Director

S.R.Ashok
Director

S.Ezhil Jothi
Director

N.Gopal
Director

B.S.Keshava Murthy
Director

K.Nagarajan
Director

D.N.Nirranjan Kani
Director

A.Sivagami
Director

B.Vijayadurai
Director

A.Shidambaranathan
Vice President

D.Inbamani
General Manager

P.Suriaraj
General Manager

R.Arumugapandi
General Manager

C.Sukumaran
Chief Financial Officer

P.C.Panda
Company Secretary

Vide our report of even date attached
For G.Balu Associates LLP
Chartered Accountants
FRN No.000376S /S200073

Thoothukudi
24.06.2020

R.Ravishankar
Partner (M.No.26819)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

M/s. TAMILNAD MERCANTILE BANK LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying financial statements of **M/s. TAMILNAD MERCANTILE BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 14 branches audited by us and 495 branches audited by branch auditors.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements 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, 2020, and its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Bank including its branches in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to

Note No.5.J.(xii) of the accompanying financial statements which describes the uncertainties due to the outbreak of novel coronavirus (COVID 19). In view of these uncertainties, the impact on the Bank's financial statements is significantly dependent on future developments.

Our opinion is not modified in respect of the above matter.

Responsibilities of Management for the Standalone Financial Statements

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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and provision of Sec.29 of the Banking Regulation Act 1949 and circulars and guidelines issued by the Reserve Bank of India(RBI) from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the

Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

We did not audit the financial statements / information of 495 branches included in the standalone financial statements of the bank whose financial statements/financial information reflect total assets of Rs.23,897 Crores as at 31st March 2020 and the total revenue of Rs.2,471 Crores for the year ended on that date, as considered in the standalone financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is solely based on the report of such branch auditors.

Our report is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. 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.
2. Being a Banking Company, the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of the powers conferred by subsection (11) of section 143 of the Companies Act, 2013, is not applicable.
3. As required by Sub Section 3 of Section 30 of the Banking Regulation Act 1949, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.

- (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
4. Further as required by Section 143 (3) of the Companies Act, 2013 we report that:
 We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (a) 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 purpose of our audit have been received from branches not visited by us.
- (b) The reports on the accounts of the branches audited by branch auditors of the bank under section 143(8) of the Companies Act, 2013 have been sent to us and have been dealt with the audited returns from the branches.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts and with the audited returns from the branches.
- (d) 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 the Reserve Bank of India.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to adequacy of the Internal Financials control over Financial Reporting of the Bank and the operating effectiveness of such controls, refer to our separate report in Annexure – I, and
- (g) With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our 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 Note 6.13 to the financial statements;
 - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including forward derivative contracts – Refer Schedule 12 to the financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

**For G Balu Associates LLP,
 Chartered Accountants,
 FRN: 000376S/S200073**

**R.RAVISHANKAR
 Partner
 M No 26819**

**Place: Chennai
 Date: 24-JUNE-2020**

UDIN: 20026819AAAACW9860

Annexure - I to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/s. TAMILNAD MERCANTILE BANK LIMITED** ("the Bank") as of 31 March 2020 in conjunction with our audit of the standalone 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 judgment, 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 Bank's 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, to the best of our information and according to the explanations given to us, 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 31 March 2020, 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 G BALU ASSOCIATES LLP,
Chartered Accountants
FRN: 000376S/S200073**

**Place: Chennai
Date: 24-JUNE-2020**

**R.RAVISHANKAR
Partner
M.No: 26819**

UDIN:20026819AAAACW9860

TAMILNAD MERCANTILE BANK LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

| | Year ended 31.03.2020 | Year ended 31.03.2019 |
|---|--------------------------|--------------------------|
| | ₹ In thousands | |
| Cash profit generated from operations I | | |
| Net profit for the year | 407 69 30 | 258 58 05 |
| <u>Add/Deduct</u> | | |
| Loss/(Profit) on sale of assets | 2 92 | (3 48) |
| Depreciation on Fixed assets | 30 07 95 | 35 56 22 |
| Provisions & Contingencies (incl. Deferred tax adjustments) | 587 33 18 | 625 68 66 |
| Total | 1025 13 35 | 919 79 45 |
| Cash flow from operating assets & liabilities II | | |
| <u>Increase/Decrease in liabilities</u> | | |
| Deposits | 1688 77 86 | 2707 91 59 |
| Other liabilities & Provisions | (726 82 42) | (431 97 87) |
| <u>Increase/Decrease in assets</u> | | |
| Advances | (1227 82 39) | (2719 22 18) |
| Investments | (360 74 32) | 1257 02 66 |
| Other assets | 168 83 03 | (235 71 02) |
| Total | (457 78 24) | 578 03 18 |
| A Net cash flow from operating activities I + II | 567 35 11 | 1497 82 63 |
| <u>Cash flow from investing activities</u> | | |
| Sale/disposal of fixed assets | 20 16 | 46 69 |
| Purchase of fixed assets | (20 38 08) | (34 07 93) |
| B Net Cash flow from investing activities | (20 17 92) | (33 61 24) |
| <u>Cash flow from financing activities</u> | | |
| Interim Dividend incl.tax | (54 97 76) | (34 36 10) |
| Borrowings | 324 00 00 | (513 00 00) |
| C Net Cash flow from financing activities | 269 02 24 | (547 36 10) |
| Total cash flow during the year (A+B+C) | 816 19 43 | 916 85 29 |
| <u>Cash & Cash equivalents as on 01-04-2019</u> | | |
| Cash & bank balances with RBI | 1735 34 24 | 1701 77 77 |
| Balances with banks & money at call & short notice | 1185 01 30 | 301 72 48 |
| Total | 2920 35 54 | 2003 50 25 |
| <u>Cash & Cash equivalents as on 31-03-2020</u> | | |
| Cash & bank balances with RBI | 1414 40 50 | 1735 34 24 |
| Balances with banks & money at call & short notice | 2322 14 47 | 1185 01 30 |
| Total | 3736 54 97 | 2920 35 54 |
| Increase or decrease in cash flow | 816 19 43 | 916 85 29 |

K.V.Rama Moorthy
Managing Director & CEO

S.Annamalai
Director

P.C.G.Asok Kumar
Director

S.R.Ashok
Director

S.Ezhil Jothi
Director

N.Gopal
Director

B.S.Keshava Murthy
Director

K.Nagarajan
Director

D.N.Nirranjan Kani
Director

A.Sivagami
Director

B.Vijayadurai
Director

A.Shidambaranathan
Vice President

D.Inbamani
General Manager

P.Suriaraj
General Manager

R.Arumugapandi
General Manager

C.Sukumaran
Chief Financial Officer

P.C.Panda
Company Secretary

Vide our report of even date attached
For G.Balu Associates LLP
 Chartered Accountants
 FRN No. 000376S/S200073

Thoothukudi
 24.06.2020

R.Ravishankar
 Partner (M.No.26819)

LIST OF BRANCH - STATE WISE**Tamilnadu**

1. Thoothukudi Main
2. Madurai Main
3. Sivakasi
4. Virudhunagar
5. Nagercoil
6. Dindigul
7. Theni
8. Chennai-21
9. Vilathikulam
10. Muhavoor
11. Kamuthi
12. Pavorchatram
13. Puthiamputhur
14. Rajakkamangalam
15. N.Pudukottai
16. Coimbatore Main
17. Pudur
18. Anjugramam
19. Tiruchirapalli
20. Chennai G.T
21. Kommadikottai
22. Megnanapuram
23. Yercaud
24. Kayamozhi
25. Tirunelveli
26. Thalikulam
27. Mullakkadu
28. Salem
29. Radhapuram
30. Tisayanvilai
31. T.Kallikulam
32. Vellore
33. Elayirampennai
34. Kovilpatti
35. Pudukottai (035)
36. Erode
37. Kumbakonam
38. Aruppukottai
39. Kalloorani
40. Alangulam
41. Bommidi
42. Thickenamcode
43. Thiruvarur
44. Villupuram
45. Palliyadi
46. Verkhizambi
47. Chinnamanur
48. Colachel
49. Agasteeswaram
50. Eriyodu
51. Sayalkudi
52. Siruthondanallur
53. Prahapuram
54. Chennai T.Nagar
55. Rayagiri
56. Kanjampuram
57. Podanur
58. K.Puthur
59. Kannankurichi
60. Ayyalur
61. Thanjavur
62. Sonakanvilai
63. Arumanai
64. Usilampatti
65. Vallalnathi
66. Pannaipuram
67. Rajapalayam
68. Tirupur
69. Odaipatti
70. Kallimandayam
71. Viralipatti
72. Pavithrampudur
73. Pottireddipatti
74. Vattur
75. Cuddalore
76. Govindakudi
77. Vengadampatti
78. Karur
79. Palani
80. Pollachi
81. Puliampatti
82. Edalakudy
83. Madurai Simmakal
84. Mayiladuthurai
85. Chennai Mount Road
86. Porulur
87. Padanthalumoodu
88. Mayiladumparai
89. Kappukadu
90. Kancheepuram
91. Thoothukudi South
92. Chengavilai
93. Vadamalaikurichi
94. Pandaravilai
95. Varaghur
96. Chockalingapuram
97. M.M.Kovilur
98. Madurai Chinthamani
99. Dr.Nanjappa Road
100. Chennai T.T.K.Road
101. Udumalpet
102. Tiruchengodu
103. Karaikudi
104. Pudukottai (128)
105. Namakkal
106. Ramanathapuram
107. Sattur
108. Thiruvannamalai
109. Nagapattinam
110. Coimbatore R.S.Puram
111. Dharmapuri
112. Sankarankoil
113. Mettupalayam
114. Chennai Aminjikarai
115. Marthandam
116. Hosur
117. Chennai Tambaram
118. Palayamkottai
119. Thirumangalam
120. Sivaganga
121. Cumbum
122. Sipcot, Thoothukudi
123. Chennai Perambur
124. Chennai Thiruvannamiyur
125. Valliyoor
126. Chengalpattu
127. Chennai Anna Nagar
128. Madurai Tallakulam
129. Gobichettipalayam
130. Chennai Purasawalkam
131. Thuckalay
132. Gingee
133. Tiruchendur Road
134. Kovilpatti Pasuvanathanai Road

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|----------------------------|-------------------------|--------------------------|
| 135. Vadakkankulam | 180. Chitlapakkam | 225. Pachanampatti |
| 136. Alagappapuram | 181. Medavakkam | 226. Uchipuli |
| 137. Kulasekaram | 182. Chatrapatti | 227. Checkanurani |
| 138. Perundurai | 183. Melur | 228. Bikshandarkoil |
| 139. Bodinayakanur | 184. Chengam | 229. Devakottai |
| 140. Paramakudi | 185. Somanur | 230. Tharamangalam |
| 141. Virudhachalam | 186. Sankaraperi | 231. Kilambi |
| 142. Pillayarapuram | 187. Natham | 232. Dharapuram |
| 143. Aranthangi | 188. Thuraiyur | 233. Harur |
| 144. Surandai | 189. Sathankulam | 234. Sevagampatti |
| 145. Bhavani | 190. Sankari | 235. Chikkandarchavadi |
| 146. Ranipet | 191. Avinashi | 236. T.Saveriyarpuram |
| 147. Tindivanam | 192. Kaveripattinam | 237. Chinnappampatti |
| 148. Krishnagiri | 193. Elampillai | 238. Soolakkarai |
| 149. Arakonam | 194. Panagudi | 239. Coonoor |
| 150. Sivakasi, A.J.College | 195. Ariyalur | 240. Pattukottai |
| 151. Panruti | 196. Punnaiyapuram | 241. Arni |
| 152. Sholinganallur | 197. Arcot | 242. Arumuganeri |
| 153. Shenkottai | 198. Authoor | 243. Vembar |
| 154. Perumanallur | 199. Manapparai | 244. Chidambaram |
| 155. Rasipuram | 200. Udangudi | 245. Senapathipalayam |
| 156. Sathyamangalam | 201. Mudhukulathur | 246. Aralvaimozhi |
| 157. Sriperumbudur | 202. Thiruthuraiipoondi | 247. Attur |
| 158. Kunnathur | 203. Kuthukkalvalasai | 248. Kadayannallur |
| 159. Poonamalle | 204. Poovanthi | 249. Pasuvanathanai |
| 160. Valasaravakkam | 205. Katpadi | 250. Komarapalayam |
| 161. Kottivakkam | 206. Veppadi | 251. Thiruvengadam |
| 162. Maduravoyal | 207. Koolipatti | 252. Pallagoundenpalayam |
| 163. Thiruvallur | 208. Bellaipalayam | 253. Madampalayam |
| 164. Pallavaram | 209. Othakuthirai | 254. Villapuram |
| 165. Gudiyatham | 210. Therekalputhur | 255. Srivilliputhur |
| 166. Guduvancheri | 211. Kanyakulam | 256. Madurantakam |
| 167. Melmaruvathur | 212. Oddanchatram | 257. Kalangani |
| 168. Andipatti | 213. Kallakurichi | 258. Athipatti |
| 169. Palamedu | 214. Kariapatti | 259. Mathvarayapuram |
| 170. Maraimalainagar | 215. Kulathur | 260. Tirupathur |
| 171. Neelambur | 216. Thirunagar | 261. Reddiarpatti |
| 172. Annur | 217. Asesham | 262. Pappakudi |
| 173. Vandavasi | 218. Kalakkad | 263. Venkateswarapuram |
| 174. Madipakkam | 219. Chekkadu | 264. Vilampatti |
| 175. Naravarikuppam | 220. Perambalur | 265. Ambur |
| 176. Porur | 221. Adayalampattu | 266. Iravathanallur |
| 177. Pettai Rural | 222. Chinnalapatti | 267. Thippanampatti |
| 178. Thiruthangal | 223. Pallipalayam | 268. Edappadi |
| 179. Kavundampalayam | 224. Dasanaickenpatti | 269. Senneerkuppam |

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|-----------------------------|----------------------------------|--------------------------------|
| 270. Sulur | 315. Kallikudi | 360. Idumbavanam |
| 271. Kannicheriputhur | 316. Kangeyam | 361. Venkarai |
| 272. Sivathaiyapuram | 317. Palladam | 362. Tirupattur |
| 273. Puthagaram | 318. Vickramasingapuram | 363. Adiyamankottai |
| 274. Kulayankarisal | 319. Nerkundram | 364. Chennai- Guindy |
| 275. Peraiyur | 320. Vengatadampatti | 365. Tirunelveli-Vannarapettai |
| 276. Vandiyur | 321. Kilakarai | 366. Coimbatore_Peelamedu |
| 277. Kuruvikulam | 322. Tirunelveli NGO Colony | 367. Madurai Palanganatham |
| 278. Vazhkkai | 323. Ganapathy | 368. Madurai Pudur |
| 279. Poravachery | 324. Singanallur | 369. Trichy Srinivasnagar |
| 280. Lalgudi | 325. Regunathapuram | |
| 281. Kanakkan kadu | 326. Ambasamudram | |
| 282. Mettur | 327. Kelambakkam | |
| 283. Somayampalayam | 328. Tenkasi | |
| 284. Servaikaranpati | 329. Sirkali | |
| 285. 87-Goundenpalayam | 330. SME Branch, Thoothukudi | |
| 286. Sikkarayapuram | 331. Thoothukudi - Mattakadai | |
| 287. Tiruchendur | 332. Sivakasi,Palaniadavarapuram | |
| 288. Allampatti | 333. Chennai - Adyar | |
| 289. Ayapakkam | 334. Chappadi | |
| 290. Rameswaram | 335. Madambakkam | |
| 291. Poonjeri | 336. Cbe Oppanakara Street | |
| 292. Malayandipattinam | 337. Nalumavadi | |
| 293. Siruvalur | 338. Chennai-Mylapore | |
| 294. Saravanampatti | 339. Madurai- K.K Nagar | |
| 295. Thoothukudi Port Trust | 340. Srivaikundam | |
| 296. Avadi | 341. Salem Ramakrishna Road | |
| 297. Thillai nagar- Trichy | 342. Chennai-Velachery | |
| 298. Mdu SS colony | 343. Midalam | |
| 299. Karungal | 344. Erichanatham | |
| 300. Kulithalai | 345. Periyanaickenpalayam | |
| 301. Ammapalayam | 346. Kuniamuthur | |
| 302. Neelankarai | 347. Anthiyur | |
| 303. Pudugummidipoondi | 348. Mannargudi | |
| 304. Kazhugumalai | 349. Chennai_Nungambakkam | |
| 305. Veerasigamani | 350. Kurinjipadi | |
| 306. Vedaranyam | 351. Manamadurai | |
| 307. Pallikaranai | 352. Periyakulam | |
| 308. Gudalur | 353. Vasudevanallur | |
| 309. Ayyampalayam | 354. Chennai-Kodambakkam | |
| 310. Ponneri | 355. Eruvadi | |
| 311. Dharmapur | 356. Ambattur | |
| 312. Ariyakulam | 357. Cheranmahadevi | |
| 313. Sithurajapuram | 358. Silvarpatti | |
| 314. Keelaeral | 359. Therku Kallidaikurichi | |

Andhra Pradesh

1. Guntur
2. Vijayawada
3. Nellore
4. Rajamundry
5. Tadepalligudam
6. Vishakapatnam
7. Kakinada
8. Tirupathi
9. Kurnool
10. Nandyal
11. Gollapudi
12. Chebrolu
13. Pedanandipadu
14. Tanuku
15. Vinukonda
16. Jaggayyapet
17. Mandapeta
18. Chirala
19. Chilakaluripet
20. Narasaraopet
21. Kavali
22. Sirkalahasti
23. Bapatla
24. Bhimavaram
25. Vijayawada-Benz Circle
26. Gudur

Chattisgarh

1. Raipur

Gujarat

1. Ahmedabad
2. Surat

3. Unjha
4. Vadodara
5. Surat, Ring Road
6. Sidhpur
7. Bardoli
8. Himatnagar
9. Vapi
10. Sachin
11. Deesa
12. Visnagar
13. Gandhinagar
14. Bilimora
15. Borsad
16. Rajkot
17. Amreli
18. Gondal
19. Anjar
20. Jamnagar
21. Dharangadhra

Haryana

1. Faridabad
2. Gurugram

Karnataka

1. Bangalore City
2. Gulburga
3. Bangalore Cantt.
4. Mangalore
5. Hassan
6. Anekal
7. Nelamangala
8. Hebbagodi
9. Kanakapura
10. Yelahanka
11. Yadgiri
12. Ramanagara
13. Channapatna
14. Chamarajanagara
15. Kengeri
16. Ranebennur
17. Bagalkot
18. Dod Ballapur
19. Hubli
20. Mysuru

Kerala

1. Tirupuram
2. Kottugal
3. Thiruvananthapuram
4. Kollam
5. Ernakulam
6. Kozhikode
7. Chenganachery
8. Kottayam
9. Kalamassery
10. Pappanamcode
11. Pathanamthitta
12. Kayankulam
13. Chavakad
14. Kanhangad
15. Palakkad
16. Malappuram
17. Payyanur
18. Kasargod
19. Kodungallur
20. Taliparamba
21. Thrissur

Madhyapradesh

1. Pithampur
2. Dhar
3. Indore

Maharastra

1. Mumbai Mandvi
2. Mumbai Vashi
3. Ichalkaranji
4. Pune
5. Mumbai Andheri (E)
6. Mumbai Sion
7. Andheri(West), Mumbai
8. Sewri, Mumbai
9. Chembur, Mumbai
10. Mumbai Dharavi
11. Boisar
12. Sukapur
13. Vita
14. Madhavnagar
15. Ratnagiri
16. Jaysingpur

17. Nanded
18. Manmad
19. Chiplun
20. Khopoli
21. Vasai
22. Thane
23. Mumbai_Mulund

Orissa

1. Cuttack

Punjab

1. Ludhiana

Rajasthan

1. Bhilwara
2. Bhiwadi
3. Jaipur

Telangana

1. Hyderabad
2. Secunderabad
3. Rikab Gunj, Hyderabad
4. Miryalguda
5. Suryapet
6. Mehdipatnam
7. Hyderabad-Manikonda
8. Hyderabad-Malakpet

Uttar Pradesh

1. Ghaziabad

Uttarakhand

1. Roorkee

West Bengal

1. Kolkata

Union Territory

1. Delhi
2. Pondicherry
3. Karaikkal
4. Shahdara, Delhi
5. Karol bhagh, Delhi
6. Silvassa
7. Port Blair

PROGRESS AT A GLANCE

(Rs. in Lakh)

| Year | Capital | Reserves | Investment | Deposits | Advances | Profit | No. of Branches |
|-----------|---------|----------|------------|----------|----------|--------|-----------------|
| 1983 | 19 | 134 | 2064 | 9269 | 5338 | 49 | 103 |
| 1984 | 19 | 171 | 2815 | 12487 | 6580 | 58 | 106 |
| 1985 | 19 | 240 | 3091 | 13409 | 6752 | 90 | 108 |
| 1986 | 19 | 337 | 3915 | 14556 | 7345 | 136 | 108 |
| 1987 | 19 | 424 | 4765 | 16795 | 7810 | 157 | 108 |
| 1988-89 | 19 | 576 | 5473 | 17792 | 10820 | 228 | 115 |
| 1989-90 | 28 | 1025 | 6309 | 22604 | 12445 | 235 | 115 |
| 1990-91 | 28 | 1320 | 9309 | 30906 | 17257 | 305 | 117 |
| 1991-92 | 28 | 1826 | 12012 | 40819 | 20662 | 498 | 117 |
| 1992-93 | 28 | 2470 | 15975 | 54769 | 28838 | 665 | 123 |
| 1993-94 | 28 | 3874 | 20912 | 78897 | 43210 | 1036 | 133 |
| 1994-95 | 28 | 5528 | 29306 | 104404 | 63412 | 1683 | 139 |
| 1995-96 | 28 | 7916 | 34100 | 111687 | 69580 | 2405 | 139 |
| 1996-97 | 28 | 11317 | 49698 | 125830 | 74619 | 3420 | 142 |
| 1997-98 | 28 | 15107 | 66238 | 160445 | 82547 | 3815 | 142 |
| 1998-99 | 28 | 18587 | 88605 | 205595 | 97147 | 3503 | 144 |
| 1999-2000 | 28 | 22623 | 123899 | 266453 | 125504 | 4063 | 157 |
| 2000-2001 | 28 | 27643 | 148532 | 319807 | 158835 | 5040 | 160 |
| 2001-2002 | 28 | 33167 | 181571 | 372999 | 177266 | 5535 | 163 |
| 2002-2003 | 28 | 39660 | 214211 | 408458 | 195998 | 6376 | 165 |
| 2003-2004 | 28 | 47654 | 235371 | 440427 | 211399 | 8068 | 171 |
| 2004-2005 | 28 | 55856 | 228557 | 482688 | 262624 | 8235 | 172 |
| 2005-2006 | 28 | 65650 | 236194 | 520287 | 312639 | 10119 | 173 |
| 2006-2007 | 28 | 75887 | 231641 | 601988 | 404672 | 10578 | 183 |
| 2007-2008 | 28 | 85800 | 255354 | 767026 | 533132 | 12673 | 200 |
| 2008-2009 | 28 | 98824 | 320719 | 956604 | 657169 | 15021 | 213 |
| 2009-2010 | 28 | 114790 | 349919 | 1163930 | 828761 | 18453 | 216 |
| 2010-2011 | 28 | 136573 | 376714 | 1379330 | 1075865 | 25090 | 233 |
| 2011-2012 | 28 | 163456 | 489027 | 1711044 | 1377886 | 31346 | 280 |
| 2012-2013 | 28 | 202179 | 534827 | 2022381 | 1625599 | 44028 | 320 |
| 2013-2014 | 28 | 226931 | 677189 | 2264568 | 1714385 | 30077 | 370 |
| 2014-2015 | 28 | 259403 | 767111 | 2564986 | 1933595 | 37940 | 430 |
| 2015-2016 | 28 | 294139 | 886470 | 3036886 | 2257771 | 40215 | 487 |
| 2016-2017 | 14251 | 308153 | 1150447 | 3219015 | 2197232 | 31666 | 505 |
| 2017-2018 | 14251 | 326228 | 1036361 | 3242833 | 2376872 | 22192 | 509 |
| 2018-2019 | 14251 | 347574 | 910659 | 3513625 | 2648794 | 25858 | 509 |
| 2019-2020 | 14251 | 383713 | 946733 | 3682503 | 2771576 | 40769 | 509 |

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