



DIRECTORS' REPORT 2017-18

The Board of Directors have pleasure in presenting the 38th Annual Report of the Bank along with the audited Balance Sheet, Profit & Loss Account and other relevant information for the financial year ended March 31, 2018.

Macro-Economic Scenario 2017-18

Global Economy

The year 2017-18 was comparatively a better year than the previous year considering the overall economic revival visible across the globe. The rebound in commodity prices, improvements in global trade, healthy inflation levels etc., supported the recovery of economy in many countries across the world. During the year, the capital flows from advanced economies to emerging economies strengthened to a significant level.

According to IMF, the Global growth is expected to increase from 3.8% in 2017 to 3.9% 2018. As mentioned by IMF, the last decade has been punctuated by a series of broad based economic crises and negative shocks, starting with global financial crisis of 2008-2009, followed by European sovereign debt crisis of 2010-2012 and the global commodity price realignments of 2014-2016. As the crisis and headwinds that accompanied them subsided, the world economy has strengthened, offering greater scope to reorient policy towards longer-term issues that held back progress along the economic, social and environmental dimensions of sustainable development.

Amongst Advanced Economy, the US showed a healthy growth rate in its Gross Domestic Product supported by revival in fixed business investments and robust growth in consumer spending. The Fed increased its policy rate frequently based on the data indicating improvements in fundamentals of the economy. The Fed raised its growth forecasts for 2018 and 2019 and projections pointed to an extra rate hike in 2019. In Euro area, the growth momentum was visible due to increasing economic optimism alongside falling unemployment and low interest rates. Japanese economy also grew as manufacturing activity gathered pace on strong external demand.

The economic activity in emerging market economies (EMEs) accelerated in 2017. The Chinese economy expanded at faster pace compared to the previous year, marking the first acceleration in growth since 2010. The stronger than expected growth was in part attributed to the implementation of policy stimulus measures, including higher infrastructure spending. However, some downside risks to growth remain, especially from easing fixed asset investment and surging debt levels.

Brazil has made a fast recovery with a robust growth in GDP. However, recovery remains vulnerable to political uncertainty, which has dampened consumer confidence. The Economic condition in South Africa was not promising in 2017 and continues to face challenges on both domestic and external fronts, including high unemployment and declining factory activity.

Indian Economy

The year 2017-18 was an eventful year as far as Indian Economy is concerned. After a year of passive growth due to various short term disturbances to the economy, the country has regained its tag as the fastest growing economy in the world with a GDP growth rate of 7.2% during the 3rd quarter of FY 2017-18. The year witnessed many reforms and initiatives by the Government of India and Reserve Bank of India. It was in the year 2017-18, India implemented its biggest indirect tax reform Goods and Services Tax (GST). Merging of railway budget with union budget, doing away with plan and non-plan expenditure, advancement of the presentation of Union Budget by a month in advance to help the entire budgetary exercise and the legislative approval for annual spending plans and tax proposals to be completed before the beginning of the new financial year on 1 April, etc., were the other major reforms that Government has implemented during the Financial Year 2017-18.

The economy experienced some disruptions and slowness during the first half of the financial year, may be the effect of demonetization and the complications resulting from the implementation of GST. However, the economy has steadily grown in a stronger and faster manner during second half of the financial year 2017-18.



During the second half of the financial year, the liquidity in the system was re-established through re-monetization process and GST system was improvised by taking feedback from the industry. The complications in the GST system was mitigated and tax rates were rationalized on a review basis to support the growth. This helped the economy to regain its growth momentum during the second half of the year.

Inflation in the country continued at lower levels during 2017-18. The Wholesale Price Index (WPI) stood at 2.9% in April - March 2018, as compared to 1.7% in April-March 2017. The primary articles inflation lowered to 1.3% in April - March 2018, from 3.4% in April-March 2017. However, during the year, fuel products inflation increased to 8.1% from -0.3% during the previous year. The inflation for manufactured products jumped to 2.7% in April-March FY2018 from 1.3% in April March FY2017. WPI inflation may start increasing gradually in line with improvements in the efficiency of the industrial sector and increase in overall demand.

Retail inflation, measured by Consumer Price Index (CPI) has declined to 3.59% on a cumulative basis from April - March 2018 as compared to 4.52% in April - March 2017. The CPI inflation level remained within the band fixed by RBI for FY 2017-18. RBI has a mandate of achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2 percentage points, while supporting growth. The retail inflation rate has been moderating since it hit a 17-month high of 5.2 per cent in December 2017 due to unseasonal spike in vegetables and full impact of implementation of Central Government's 7th Central Pay Commission's (CPC's) HRA Award. The RBI took care to maintain inflation levels under control by tightening its monetary policy which was supported by fiscal measures by Government. Considering the possible HRA impact of central Government employees and hike in the general price levels, RBI set CPI inflation projection for 2018-19 to 4.7-5.1% in the first half of the financial year and 4.4% in the second half.

The manufacturing activity improved for the eight consecutive in March 2018, but at a slower pace since October 2017. The combined index of eight core industries, part of India's Index of Industrial Production, with a weightage of 40.27%, increased by 4.2% in on a cumulative basis April - March 2018 compared with 4.8% growth in April-March FY2017.

The Indian rupee depreciated by 0.48% in the financial year 2017-18 as compared with 2.1% appreciation in previous financial year. The rupee had appreciated during the year, on buoyant capital inflows and weakening of US dollar. But it could not sustain the momentum throughout the year. The increase in oil prices, widening Current Account Deficit, fiscal slippage, monetary policy normalization in the US together had led to depreciation of the rupee.

Exports during 2017-18 have been at US \$ 302.84 Billion registering a growth of 9.78 per cent in dollar terms vis-à-vis 2016-17. Cumulative value of exports for the period April-March 2017-18 was US \$ 302.84 Billion (₹ 1952168.79 crore) as against US \$ 275.85 Billion (₹ 1849428.76 crore) registering a positive growth of 9.78 per cent in Dollar terms and 5.56 per cent in Rupee terms over the same period last year. Non-petroleum and Non Gems and Jewellery exports during April-March 2017-18 were valued at US \$ 222.45 Billion as compared to US \$ 200.89 Billion for the corresponding period in 2016-17, an increase of 10.73%.

Cumulative value of imports for the period April-March 2017-18 was US \$ 459.67 Billion (₹ 2962897.70 crore) as against US \$ 384.36 Billion (₹ 2577665.59 crore) registering a positive growth of 19.59 per cent in Dollar terms and 14.94 per cent in Rupee terms over the same period last year. Oil imports during April- March 2017-18 were valued at US \$ 109.11 Billion which was 25.47 per cent higher than the oil imports of US \$ 86.96 Billion in the corresponding period last year. Non-oil imports during April-March 2017-18 were valued at US \$ 350.56 Billion which was 17.88 per cent higher than the level of such imports valued at US \$ 297.39 Billion in April-March, 2016-17. In this connection it is mentioned that the global Brent prices (\$/bbl) have increased by 27.86 % in March 2018 vis-à-vis March 2017 as per World Bank commodity price data.

India's trade deficit expanded to USD 156.81 Bn in FY18, higher than USD 105.96 Bn in FY17. The trade deficit has expanded mainly on account of a significant rise in the value of oil imports. On an annual basis, the import of 'Gold' and 'Pulses' have declined significantly by -40.31% and -83.50% respectively. Taking merchandise and services together, the trade deficit in April-Mar 2018 stands 47% higher than the previous year. The continued rise in oil prices could have potential to push Current Account Deficit for FY19 higher by 20-30 bps from the current estimate of 2.1%



The GDP of the country continued to grow quarter on quarter. The GDP during first quarter of the financial year was at 5.7% which improved to 6.5% during second quarter and further to 7.2% during third quarter of the financial year 2017-18. The Central Statistics Office (CSO) released its second advance estimates for 2017-18, revising India's real gross domestic product (GDP) growth marginally upward to 6.6 per cent from 6.5 per cent in the first advance estimates.

Banking Sector

The Indian banking sector continued to battle with falling asset quality issues and diminishing profitability in the light of mounting bad loans. The banking sector continued to report high slippages on account of default in loan portfolio mainly in corporate segments. A high and rising proportion of banks stressed loans and a consequent increase in provisioning for non-performing assets (NPAs) led to lower profitability of the Banks. The year also experienced the increased number of banking frauds involving huge quantum of amount.

Reserve Bank of India took a cautious approach by keeping a status quo on its policy rates after its latest reduction in repo rate to 6.00 per cent from 6.25 per cent in the month of August 2017. The RBI was concerned about upside risks to inflation, especially from the staggered impact of HRA increases by various state governments; policy for arriving at the minimum support prices for Kharif crops; rise in oil prices and fiscal slippages.

The implementation of demonetization scheme during the previous year helped to increase the digital banking awareness among public and the number of digital transactions has been increased to a significant level during the year 2017-18.

Growth in non-food bank credit stood at 8.4% year on year (YoY) in March 2018 compared with 8.4% of growth during FY2017. Credit to agriculture and allied activities rose 3.8% for the year ended March 2018 as compared with a 12.4% in the previous year. The farm sector was in distress in several parts of the country with many State governments announcing loan waivers to farmers in the last few years. Retail

credit such as home and auto loans grew by 17.8% for the year to March 2018 compared with a 16.4% rise. The credit to industry rebounded 0.7% in March 2018 compared with a decline of 1.9% in March 2017. The Credit growth is expected to pick up in an accelerated mode in the new Financial Year 2018-19.

The Government's decision to infuse capital amounting ₹ 2.11 lakh crore to Public Sector Banks over the two years is a positive move as far as Public Sector Banks are concerned. The funds will help in managing risk and credit capital-related requirements of the banks. The Regulatory bodies RBI and Ministry of Finance, have taken many initiatives to curtail increasing level of deterioration in asset quality and number of frauds being reported by Banks.

During the year the RBI has taken strong measures to improve quality of assets, strengthen operational system, quality of customer services of the Banks. The RBI has revised the PCA framework for banks, effective from April 1, 2017, based on financials of the lenders for the year ended March 31, 2017. This compelled many banks to raise additional capital, restrict dividend payments, branch expansion etc. RBI has brought down the net NPA levels required to include the bank under PCA framework to a level of 6 per cent as against 10 per cent earlier. This made mandatory for the banks to increase the provision coverage on the NPAs for remaining outside the PCA framework. During the Financial Year 2017-18, as per the revised rule, RBI has put many public sector Banks under its PCA framework.

Apart from this, RBI has come up with new initiatives like Banking facility for Senior Citizen and differently abled Persons, Introduction of Legal Entity Identifier (LEI) for larger Corporate Borrowers, High Level Task Force on Public Registry for India, introduction of new notes in denomination of 200 and 50 notes in Mahatma Gandhi (new) series, amendments in Banking Ombudsman Scheme, Action plan to implement the Banking Regulation (Amendment) Ordinance, 2017, revised framework for Resolution of Stressed Assets, Early Identification and Reporting of Stress Loans, Constitution of an Expert Committee on Banking Supervision, Discontinuance of Letters of Undertaking (LoUs) and Letter of Comfort (LoCs) for



Trade Credits etc. The measures will help the banking industry to strengthen further and to equip with to face new challenges which may arise in the banking and economic scenario.

Outlook

The global growth outlook is positive for the year 2018-19. The World Bank forecasts potential growth of emerging and developing economies at an average of 4.3 per cent between 2018 and 2027. However, emerging and developing countries have greater need for fast growth than high-income countries. The rising trade war between the countries with protectionism and inward looking trade policies will hit the prospective for global growth. The world leaders should rise to the occasion with a positive attitude to bring out with mutually agreeable trade policies by sacrificing some potential gains to overcome the situation and to open the gate for a global growth where economies of the all countries shall be benefited.

Indian economy is undergoing structural transformations for the last couple of years. The benefit of such policy initiative will help the country in coming years to cope up with increased competition in the international market. The IMF in its World Economic Outlook, kept GDP growth forecast for India at 7.4% and 7.9% for FY 2020. The report says that the economic activity in India will be lifted up by strong private consumption as well as fading transitory effects of demonetization of high value currencies and implementation national GST.

Now the economy is set for a growth in a faster and healthy manner as the disruptions and complications created with the implementation of demonetization and GST are almost over. The demonetization helped to strengthen formal economy and broaden digital economy in a faster manner. GST is expected to benefit economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems, drawing informal activity into the formal sector, and expanding the tax base. Considering the developments like stabilization in GST implementation, credit growth, revival in investment activity and recapitalization of PSU banks, the growth prospects for Indian Economy including Banking Sector is very much positive for the Financial Year 2018-19.

PERFORMANCE HIGHLIGHTS OF THE BANK DURING THE YEAR 2017-18

1. CAPITAL, RESERVES & NET WORTH

(i) CAPITAL

The Authorized Capital of the Bank at present is ₹ 3000 Crore divided into ₹ 300 Crore shares of ₹ 10 each. At present, Government of India holds 68.77% Equity Share Capital of the Bank. The total paid up (equity share) capital of the Bank is ₹ 1304.15 Crore. During financial year 2017-2018, the Bank has allotted 11,10,22,997 shares of ₹ 10 each at premium of ₹ 53.05 on preferential basis to Qualified Institutional Buyers on 05.09.2017 with total inflow of ₹ 700 crore and 19,42,79,628 shares of ₹ 10 each at premium of ₹ 55.73 on preferential basis to GOI on 27.03.2018 with a total inflow of ₹ 1277 crore.

(ii) Reserves & Net worth

For the financial year ended 31.03.2018, the total Reserves and Surplus is ₹ 9323.05 Crore The Net Worth of the Bank increased from ₹ 6976.90 Crore to ₹ 9224.01 Crore this year.

(iii) Dividend

Taking into consideration the overall profitability, the Board of Directors has recommended a final dividend of ₹ 1.20 per share (12%), for the year 2017-18. The total amount of equity dividend including dividend tax for 2017-18 is ₹ 188.36 Crore.

2. WORKING RESULTS

The Bank has reported a Net profit ₹ 727 Crore as on 31.03.2018 compared to ₹ 750 Crore as on 31.03.2017. The Operating Profit of the Bank has increased from ₹ 2,421 Crore as on 31.03.2017 to ₹ 3,098 Crore as on 31.03.2018, thereby recording a growth rate of 27.95%. The Total Deposits of the Bank registered a growth rate of 18.25% from ₹ 1,33,012 Crore as on 31.03.2017 to ₹ 1,57,288 Crore as on 31.03.2018. The Gross Advances of the Bank increased from ₹ 96,821 Crore as on 31.03.2017 to ₹ 1,18,677 Crore as on 31.03.2018



marked a growth rate of 22.57%. The cost of deposits decreased from 6.50% in 2016-17 to 5.65% in 2017-18. The Net Interest Margin of the Bank improved from 2.77% as on 31.03.2017 to 3.10% as on 31.03.2018.

The trend in financial results of the Bank is as under
(₹ in Crore)

Sl. No.	Items	2016-17	2017-18	Annual Increase (%)
1	Interest Income	12379.46	12589.84	1.70%
2	Interest Expenditure	8873.02	8286.95	-6.61%
3	Net Interest Income (1-2)	3506.44	4302.89	22.71%
4	Non-interest income	1651.26	1600.61	-3.07%
	i. Profit on sale of investments	768.99	544.26	-29.22%
	ii. Other non-interest income	882.27	1056.35	19.73%
5	Net Total Income (3+4)	5157.70	5903.50	14.46%
6	Operating expense	2736.55	2805.70	2.53%
	i. Staff Expenses	1747.89	1607.36	-8.04%
	ii. Other operating expenses	988.66	1198.34	21.21%
7	Operating profit	2421.15	3097.80	27.95%
8	Operating profit (excl. Treasury profit)	1652.16	2553.54	54.56%
9	Provisions and Contingencies	1670.67	2370.78	41.91%
10	Net Profit	750.49	727.02	-3.13%

Important Profitability Ratios

Sl. No.	Item	2016-17 (%)	2017-18 (%)
1	Yield on funds	8.14	7.69
2	Cost of funds	5.83	5.06
3	Interest spread (1-2)	2.31	2.63
4	Yield on advances	9.89	9.14
5	Cost of deposits	6.50	5.65
6	Yield on investments (excluding RIDF) excluding Trading Profit including Trading Profit	7.65	7.28
7	Other operating expenses to Average Working Funds	0.65	0.73
8	Cost-Income Ratio	53.06	47.53
9	Establishment cost to average working funds	1.15	0.98

3. BUSINESS EXPANSION AND BRANCH NETWORK

(i) Total Business

The Total Business of the Bank registered a robust growth rate of 20.07 % grew from ₹ 2,29,833 Crore as on 31.03.2017 to ₹ 2,75,965 Crore as on 31.03.2018.

(ii) Deposits

The Total Deposits of the Bank grew from ₹ 1,33,012 Crore to ₹ 1,57,288 Crore as on 31.03.2018 and the Retail Term Deposit increased from ₹ 47,517 Crore to ₹ 49,020 Crore as on 31.03.2018, grew by 18.25% and 3.16% respectively.

(iii) CASA Deposit

During the financial year 2017-18, CASA deposits of the Bank grew from ₹ 37,398 Crore as at 31.03.2017 to ₹ 39,390 Crore as at 31.03.2018, recording a growth rate of 5.33%, Y-o-Y. Out of CASA, Saving Bank deposits increased to ₹ 30,669 Crore and Current Account Deposits increased to ₹ 8,721 Crore, marking growth rates of 6.36% and 1.84% respectively. The percentage of CASA Deposits to Total Deposits stood at 25.04% as at 31.03.2018.

(iv) Branch Network

During the financial year 2017-18, the Bank has increased the number of branches from 2031 to 2136 and number of extension counters increased from 13 to 15. All the branches and offices are well managed by the Head Office at Bengaluru and its 32 Regional Offices situated across different geographical areas of the country.

4. CREDIT EXPANSION

(i) Gross Credit

For the first time the Bank has crossed a milestone of One Lakh crore advances during the Financial Year ending 31.03.2018. During the year, the Gross Credit of the Bank has registered a growth of 22.57%



from ₹ 96,821 Crore as at 31.03.2017 to ₹ 1,18,677 Crore as at 31.03.2018, despite slowdown in the credit growth as a whole. Considering the challenging economic environment, the Bank had been very selective in the approval of big ticket credit proposals and conscious efforts have been made to reduce high risk assets. During the year, the Bank has lent ₹ 17290 Crore to Government Undertakings, out of which State Government Guarantee is available to the extent of ₹ 9237 Crore. The Bank has put in place a perfect due diligence mechanism for screening of credit proposals and implementing the guidelines received from Department of Financial Services, Ministry of Finance and Reserve Bank of India. In terms of extant guidelines from Ministry of Finance, the Bank is following Committee Approach for disposing credit approvals at Regional Office and Head Office levels. The Committees meet, as frequently as possible to reduce turnaround time for credit decision.

The Bank has continued with its strategy to recruit professionals from CA/ICWA/CS/MBA streams during 2017-18 for ensuring qualitative credit processing.

Bank's Credit Department is accredited with ISO/ IEC 27001:2013 certification for Information Security Management system by British Standard Institute (BSI).

In tune with market trends, Bank has come up with various new loan products and have also fine-tuned existing ones to suit the needs of customers.

(ii) Large & Mid Corporate

The Bank's 14 Corporate Banking Branches (CBBs) at different geographical locations have facilitated in exercising better control and supervision over large advances besides reducing turnaround time in the delivery of Corporate Credit. In addition, the Bank has SME branches spread across the country, catering to the needs of mid-corporate and SME clients by offering services including cash management, forex, treasury products, trade finance, deposits, retail banking etc.

Bank's Corporate/SME Banking Division offers an array of loan products and services such as, Term Loans, Demand Loans, Corporate Loan, Short-Term Loans, Working Capital Facilities (FB+NFB), Bridge Loans, Syndicated Loans, Infrastructure Loans, Foreign Currency Loans, Loan Against Future Rent Receivables etc., to its corporate clients depending upon their needs.

The Bank has set up MSME cells at all important centres to improve the flow of credit to MSME sector.

The Bank has evolved a strategy to focus on well rated Corporates, Government Undertakings etc.

Accordingly, a database of Government Undertakings has been created and provided to the field functionaries to establish a liaison and explore for a banking relationship with these entities.

(iii) Infrastructure Finance

In view of the various challenges faced by the Infrastructure sector, Bank has adopted a cautious approach for financing to this sector. However, good and viable projects are extended with necessary financial support. Total outstanding infrastructure advances sector stood at 23.40% of aggregate credit and total exposure under infrastructure is well within the prescribed sectoral exposure cap of 32%.

(iv) Retail Credit

Retail lending continues to be the thrust area for credit expansion in view of its inherent advantages such as, risk spread, better yield and scope for cross selling of our Bank products.

The Retail Advance of the Bank grew from ₹ 29,157 Crore as on 31.03.2017 to ₹ 36,439 Crore as on 31.03.2018, registered a robust growth rate of 24.98 %. The retail credit portfolio accounted for 30.70% of the Bank's Gross Credit.



Housing Loan and Vehicle Loan portfolio recorded robust growth rates of 30.50% and 21.38% respectively with outstanding level of Housing Loan reaching ₹ 14,700 Crores and Vehicle Loan reaching ₹ 3,269 Crores as on 31.03.2018.

Fresh sanctions during the year under housing loan amounted to ₹ 5020 Crores comprising of 27306 borrowers and ₹ 1525 Crores under Vehicle Loans comprising 36243 borrowers.

Special Campaign were conducted for various products during the year to create competitive spirit amongst the field functionaries and to garner more business.

Under PMAY (Pradhan Mantri Awas Yojna)-CLSS (Credit Linked Subsidy Scheme) – “Housing for All” Scheme for Economically Weaker Sections / Low Income Group / Middle Income Group – I / Middle Income Group – II /, the Bank has disbursed ₹ 318.40 Crores to 2748 beneficiaries.

(v) Education Loan

Utmost importance is given to extend Education Loans to deserving meritorious students. The Education Loan portfolio grew by ₹ 199 Crores to reach a level of ₹ 1513 Crores as on 31.03.2018, recording a growth rate of 15.15%.

(vi) Performance under Micro, Small and Medium Enterprises (MSME) Sector

despite the impact of demonetization, MSME advances recorded a growth rate of 11.06% with outstanding level reaching ₹ 22002 Crore as at the end of March 2018. Outstanding advances under Micro and Small Enterprise (MSE) sector reached a level of ₹ 18288 Crore as on March 2018, recording a growth of 13.40%. The performance under Prime Minister’s Task Force as at the end of March 2018 is as under.

Sl. No.	Particulars	Achievement as at March 2018
Target 1	60% of total lending to MSE sector as on preceding March 31st to Micro enterprises	60.25%
Target 2	10% y-o-y growth in number of Micro enterprises	10.61%
Target 3	20% y-o-y growth in credit to MSE Sector	13.41%

The Bank has successfully implemented the Pradhan Mantri Mudra Yojana (PMMY) Scheme with a disbursement of ₹ 2290 Crore in FY 2017-18 covering 1.69 lac entrepreneurs as against the target of ₹ 2850 Crore, thus achieving 80.35 % of the target. The Bank showed remarkable performance Under Stand-Up India scheme also with disbursement of ₹ 422 Crore to 2225 entrepreneurs during the financial year which include 1938 women entrepreneurs.

(vii) Training in Credit Matters

With the retirement and elevation of earlier credit officers, the requirement for well-trained credit officers has been felt by the Bank. In the above direction, in order to build a pool of trained credit officers Bank has initiated credit training programme to the Officers selected from different branches and controlling offices spread across the country.

(viii) Cancellation of Undrawn Exposure

In its efforts to enhance conservation of capital under the Basel-III Capital Adequacy Framework, the Bank is focussing on cancellation of large value undrawn exposures. Such an approach will have a two-pronged effect, i.e., reduced capital allocation and availability of resources for investment in profitable ventures.



5. PRIORITY SECTOR

Total Priority Sector advances of the Bank stood at ₹ 48364 Crore as at the end of March 2018, constituting 47.70% of the Adjusted Net Bank Credit against the RBI norm of 40%. Total Priority Sector Advances has increased by ₹ 7774 Crore (19.15%) over March-2017. Average Priority sector credit achievement for FY: 2017-18 was 44.15% of avg. ANBC.

(i) Agricultural Finance

Agricultural advances of the Bank as at March 2018 stood at ₹ 19521 Crore, constituting 19.25% of the Adjusted Net Bank Credit. Agriculture credit has shown y-o-y growth of 24.88%, with an absolute increase of ₹ 3889 Crore. Average agricultural credit achievement for FY: 2017-18 was 17.15% of avg. ANBC.

(ii) Kisan Credit Card Scheme

The outstanding level of advances under Vijaya Kisan Card (VKCs) stood at ₹ 3329 Crore through 175742 accounts as at 31.03.2018. The Bank's Kisan Cards are ATM enabled under RuPay platform.

(iii) Advances to Weaker Sections

As at March 2018, the outstanding weaker section advances of the Bank stood at ₹ 16089 Crore, which constitutes 15.87% of the ANBC against the norm of 10%.

(iv) Self Help Groups (SHGs)

Bank has accorded top priority to lending to SHGs. Outstanding level under lending to SHGs has increased from ₹ 698 Crore as at 31.03.2017 to ₹ 841 Crore as at 31.03.2018.

Bank is actively participating in implementation of Deendayal Antyodaya Yojana - National Rural Livelihood Mission (DAY-NRLM) in coordination with various State Rural Livelihood Missions. Bank's advance under DAY-NRLM stood at ₹ 808 Crore benefitting 28963 Women SHGs.

(v) Credit to Women Beneficiaries

Advances to Women beneficiaries stood at ₹ 11690 Crore as at March 2018 as against ₹ 9501 Crore as at March 2017, registering

a growth rate of 23%. Against the stipulated target of 5% of Adjusted Net Bank Credit (ANBC), the Bank's achievement stood at 11.53% of ANBC.

(vi) Lending under Govt. Sponsored Schemes

The credit flow under various Govt. sponsored schemes as at 31.03.2018 was as under:

Sl. No.	Schemes	No of beneficiaries	Loan amount outstanding (₹ in Crore)
1	DAY-NRLM	28963	808.19
2	DAY-NULM	1090	12.17
3	PMEGP	3971	175.60

(vii) Advances to SC / STs

Total advances to SC / STs stood at ₹ 2045 Crore as at March 2018.

(viii) Credit to Minority Communities

Advances to Minority Communities stood at ₹ 6539 Crore as at March 2018, constituting 15.04% of total Priority Sector advances against the stipulated norm of 15%.

(ix) Lead Bank Scheme

Bank is having Lead Bank responsibility in three districts i.e. in Mandya, Dharwad and Haveri districts of Karnataka State. All the Lead District Managers have been effectively coordinating with all Bank branches/Govt. agencies/NABARD in their respective Districts to ensure achievement of targets under Annual Credit Plan, Govt sponsored schemes, Pradhan Mantri Fasal Bima Yojana (PMFBY), Financial Inclusion, Social Security Schemes, Digital Banking, Aadhaar Seeding, Direct Benefit Transfer Scheme etc.

(x) Crop Insurance

Government of India has introduced Pradhan Mantri Fasal Bima Yojana (PMFBY)



by replacing existing Crop Insurance schemes with reduced insurance premium. The Bank has actively participated in the Scheme during Kharif and Rabi Seasons of 2017-18 and covered 104343 farmers under PMFBY.

(xi) VIBSETIs (Vijaya Bank Self-Employment Training Institutes)

The Bank has established Vijaya Bank Self Employment Training Institutes (VIBSETIs) at Mandya and Haveri in Karnataka state and at Indore in Madhya Pradesh. These Institutes have been conducting various vocational training / skill upgradation / awareness programmes / Entrepreneur Development Programmes etc. All the three VIBSETIs have been graded 'AA', the highest grading by Ministry of Rural Development (MoRD), GoI, for the Financial Year 2016-17.

During the financial year 2017-18, VIBSETIs have conducted 87 programmes and trained 2399 beneficiaries. Since inception, totally 1624 programmes have been conducted benefitting 63631 beneficiaries. Settlement of trained candidates with gainful self-employment ventures was around 70% as at 31.03.2018.

(xii) Vijaya Rural Development Foundation (VRDF)

Vijaya Rural Development Foundation (VRDF) was promoted by the Bank in the year 1990 at Mangalore to provide a platform for developmental programmes and conducting extension activities in rural areas promoting and fostering scientific, educational and extension activities in the field of agriculture, animal husbandry, Rural industries, services etc and also other rural development fields like literacy, self-employment, health & hygiene. VRDF has been conducting various awareness programmes covering a wide range of subjects through the Village Development Councils (VDC). At present, 49 such VDCs are functioning including 5 VDCs formed during FY 2017-18. The activities of the Foundation are spread over Dakshina

Kannada, Udupi, Kasargod and adjacent parts of Uttara Kannada district and Haveri, Dharwad and Mandya, where the Bank has Lead Bank responsibility.

During the financial year 2017-18, VRDF has conducted 283 programmes benefitting 11094 persons. This is the highest number of programs conducted in a year by VRDF since its inception. Since inception, totally 1969 programmes have been conducted benefitting 121665 beneficiaries.

The following were a few novel programmes conducted during 2017-18:

- Roof rain water harvesting models to give awareness about water conservation among villagers which is the need of the day.
- Popularizing Prime Minister Soil Health Card Scheme.
- Radio classes to 10th Class Kannada medium rural school students in Mathematics, English and Science through Akashvani Mangalore.
- Formation of 50 Vidyarthi Krishika Sanghas to motivate students to develop interest in agricultural profession.
- Distribution of Vegetable seeds.

6. FINANCIAL INCLUSION

(i) Key Achievements

- Bank has been allotted with 1151 Sub Service Areas comprising of 3410 villages and 20 wards on a pan India basis to provide banking facilities. Bank has provided Banking Facilities to these villages through 289 branches and the remaining through Bank Mitras (Business Correspondent Agents).
- Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched by the Hon'ble Prime Minister on 28.08.2014 with the objective of bringing all unbanked households/families of the country into



banking fold by providing them with Basic Bank Accounts, RuPay cards with accidental insurance coverage of ₹ 1.00 Lakh, life insurance coverage of ₹ 30,000/- and overdraft facility up to ₹ 5000/- based on the satisfactory transactions in the account.

- As on 31st March 2018, the Bank was having 14.59 Lakh Basic Savings Bank Deposit accounts with total savings of ₹ 203.43 Crore .
- All active accounts have been provided with RuPay debit cards.
- Aadhaar seeding percentage in PMJDY accounts improved to 90.01% in March 2018 from 88% in March-2017.
- Aadhaar seeding in operative accounts improved to 82% in March 2018 from 62% in March 2017.
- Bank has sanctioned Overdraft facility to 9442 PMJDY account holders amounting to ₹ 158.00 Lakhs.

(ii) Highlights of the Financial Inclusion activities:

- E-KYC has been enabled in all the branches and also in Hand Held Machines/Micro ATMs.
- RuPay card Off Us transaction has been implemented at all BCA Locations.
- All Micro ATMs are interoperable.
- Cash receipt to SB accounts from third parties without biometric authentication has been enabled in all the HHMs/Kiosks.
- New MIS has been developed to enable the field functionaries and the controlling offices to monitor the performance of the Business Correspondents.
- Control room set up in Head Office to monitor Business Correspondents on daily basis by using MIS reports relating to Day Begin / Day End status, number of transactions carried out etc, through a portal.

(iii) Special Initiatives during the Financial Year:

- Special Drive for Financial Inclusion Initiatives was organized in the month of February 2018 with focus on opening Jan-Dhan accounts for any uncovered individuals and activating any inactive accounts that were opened, for issuing RuPay Card & their activation and Aadhaar seeding & authentication of all operative accounts.
- Bank has sponsored a research project through National Institute of Advanced Studies, Bangalore regarding “Study on boundaries of formal and informal finance as well as nature of Financial Instruments in Karnataka”.

(iv) Vijaya Digital villages

Our Bank adopted 105 villages across India under ‘Vijaya Digital Villages’ project. Out of this 101 villages have been adopted during the current financial year. Shri Arun Jaitley, Hon’ble Minister of Finance, Govt. of India launched this Digital Village project on the 26th of August, 2017. Under the project:

- All the villagers have been covered with Jan Dhan accounts.
- Account holders have been issued RuPay Debit cum ATM cards.
- Digital banking products viz., Mobile banking, net banking and SMS alert facility have been encouraged.
- Account holders are covered under PMSBY and PMJJBY.
- Wi-Fi facility provided in the villages at Bank’s cost.
- Digital banking transactions improved in these villages.



(v) Financial Literacy:

- The Bank has set up “Vijaya Financial Literacy Trust” (VFLT) on 20-11-2015 with the objective of imparting literacy to all the Urban & Rural masses regarding financial matters. The Trust has 18 Financial Literacy Centres (FLCs) which are managed by the Counselors who are retired experienced Bankers.
- The Trust through FLCs conducts various Financial Literacy programmes and credit counseling activities.
- To create awareness on ‘Pradhan Mantri Jan Dhan Yojana’ in Rural and Urban areas, Bank has prepared an Audio Film in regional languages for screening at account opening camps and other literacy programmes.
- Financial literacy materials in regional languages are also provided to branches to impart financial literacy to PMJDY account holders and other rural and urban masses.
- Trust is actively participating in promoting social security schemes, such as Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY).
- During the year, the Trust has conducted 6923 awareness programmes involving 3,12,977/- participants and extended counseling to 45,786 persons. Out of this, 18,951 persons have opened their bank accounts and 6223 members have enrolled under various social security schemes like PMSBY/PMJJBY and APY.

(vi) Direct Benefit Transfer:

Bank is actively implementing the modified DBTL programme of Govt. of India, by seeding Aadhaar number of LPG

consumers into their accounts. SMS alerts are also sent to all the customers regularly for seeding Aadhaar numbers into their accounts through various modes.

(vii) Electronic Benefit Transfer:

Bank is disbursing Social Security Pensions / MNREGA amounting to more than ₹ 8.00 Crore per month to more than 2.00 Lakh beneficiaries through Bank Mitrs. Our Bank has a separate Financial Inclusion Cell in Mandya District of Karnataka where large number of beneficiaries of various social security pension/MNREGA are having account with our Bank under the then “One District One Bank Model” scheme.

7. TREASURY AND INTERNATIONAL OPERATIONS

Treasury Department performs the crucial function of interacting with dynamic market forces, understanding them and transforming such understanding into profits for the Bank. Treasury provides crucial market inputs and insights to enable Bank to manage its market risk, liquidity risk and asset and liability mismatch.

The Department ensures the maintenance of the statutory reserves of CRR and SLR prescribed by RBI, meets short term liquidity requirements of the Bank in domestic and foreign currencies effectively, manages the SLR and Non - SLR investment book of the Bank, trades in interest rate, equity and forex instruments, utilizes arbitrage opportunities available across markets and also provides crucial market related inputs to asset liability management of the Bank.

Treasury is functionally separated into Front Office, Back-Office and Mid-Office. Front office carries the dealing and borrowing / lending activities, while Back office carries out the function of accounting, valuation and reconciliation of front office transactions. Mid- Office monitors the dealing activities of Treasury to ensure that they are conducted as per laid down Investment policy and regulatory guidelines. To ensure independence in monitoring, Mid-Office reports to Head of Risk Management Department.

A brief of the treasury operations during 2017-18 is given below:



(i) Market Scenario

Interest rates were range-bound during the first half of 2017-18 with the 10 year benchmark bond trading in the yield range of 6.42% to 6.99%. The second half of the year witnessed considerable hardening of yields from 6.65% on October, 03, 2017 to a high of 7.78% on Mar 06, 2018, due to a combination of factors, like hardening outlook on inflation, rising oil prices, worries about Government overshooting its fiscal deficit target and the worries of trade war between US and China. The 10 year benchmark ended the year at 7.40% helped by the Government's rationalizing its bond programme for 2018-19.

Indian stock markets touched all-time high in Jan 2018, fuelled by the domestic investor sentiment, Net FII flows and positive business sentiments, before corrections set in due to the uncertainties on US Fed hike and the trade war fears. NSE Nifty 50 started the year at 9238 levels, touching an all-time high of 11171 points on Jan 29, 2018 and closed the year at 10114.

Rupee opened the year at around 64.86 levels and traded a range of 63.25 to 65.90 during FY 2017-18 before ending the year at 65.14 more or less at the opening levels. While stock market inflows aided the rupee, it was affected by the Fed rate hike worries, the US spat with North Korea as well as the looming threat of trade wars between US and China.

(ii) Investment Book

A sizeable chunk of Bank's resources are managed by Treasury, which is evident from the average investment deposit ratio of 32.01 during FY 2017-18. The Investment book size decreased from ₹ 44,786.97 Crore as on 31.03.2017 to ₹ 40,281.86 Crore as on 31.03.2018. SLR investments decreased from ₹ 40,057.39 Crore to ₹ 35,251.99 Crore, while Non-SLR investments increased from ₹ 4,729.58 Crore to ₹ 5,029.86 Crore during the period. During FY 2017-18, Bank has invested ₹ 1,277 Crore in the Recapitalisation

Bonds issued by Government of India as part of GOI's program of capital infusion.

Average investment was ₹ 42,768.26 Crore in 2017-18 compared to ₹ 44,275.16 Crore in 2016-17. Yield on investments during FY 2017-18 was 7.28%, compared to the yield of 7.65% in FY 2016-17.

(iii) Interest Income from the Treasury Operations

Interest income from the Treasury operations was ₹ 3083.58 Crore in FY 2017-18 compared to ₹ 3,359.09 Crore in FY 2016-17 commensurate with the decrease in the investment portfolio.

(iv) Profit from the Treasury Operations

During 2017-18, Treasury of the Bank achieved profit of ₹ 574.80 Crore from its trading activities in G-Sec, equity and forex desks compared to a profit of ₹ 794.71 Crore during FY 2016 - 2017. The profits were impacted by the volatility in the benchmark 10 year yields caused by hardening inflation outlook and the fiscal worries.

(v) Dividend Income from Equity

The Bank has earned dividend of ₹ 7.84 Crore during the FY 2017-18 from its equity investments vis-à-vis ₹ 3.13 Crore in FY 2016-17.

(vi) Funding Activities

The average net borrowing during FY 2017-18 was ₹ 4,449.22 Crore at the rate of 5.89% compared to ₹ 6,962 Crore at the rate of 6.27% during FY 2016-17. The borrowing cost has come down by 38 bps compared to last year mainly due to the reduction in policy rates by 25 bps in FY 2017-18 and also through a judicious mix of various borrowing avenues.

(vii) CRR / SLR Maintenance

Bank has complied with the CRR / SLR requirements including the incremental CRR requirements imposed by RBI during the financial year 2017-18.



(viii) Market Risk

The capital charge for market risk stood at ₹ 642.59 Crore as on 31st March 2018 with RWA at ₹ 8032.38 Crore, vis-à-vis ₹ 692.38 Crore as on 31st March 2017 with RWA at ₹ 8654.75 Crore. The decrease in RWA is due to the decrease in the investment portfolio.

(ix) International Banking

Bank has 36 branches designated to deal in foreign exchange. In addition, Bank has a state of the art Integrated Dealing Room, at HO, Bangalore, equipped to quote rates in 9 major currencies for our customers.

Bank's export credit registered a Y-o-Y growth of 2.86% and stood at ₹ 1696.46 Crore as at 31.03.2018. Out of the above, quantum of export credit extended by the Bank in foreign currency was USD 43.83 million. For the financial year 2017-18, foreign exchange business turnover of the Bank stood at ₹ 18350 Crore. Bank's total NRI deposits as at 31.03.2018 stood at ₹ 4331.61 Crore as against ₹ 4019.13 Crore as at the end of previous financial year, thereby recording a growth of 7.77%.

During the financial year 2017-18, the Bank has continued to extend 'Speed/Flash Remittance' facility to AI Ansari Exchange UAE and AI Bader Exchange, UAE and 'Speed Remittance' facility to Wall Street Exchange, UAE to enable the NRIs from Gulf Countries to electronically remit funds to their account with our branches anywhere in India.

NRI Customer Cell set up at Head Office, Bangalore is exclusively catering to the requirements of our NRI customers.

Bank has successfully upgraded various technological support systems by way of integration of process flow of forex transactions into CBS through DMS Software, enhancement in EDPMS Portal of RBI, implementation of IDPMS for capturing and monitoring import related transactions etc. Further, cyber security related issues in SWIFT operations have been addressed and made foolproof.

Besides catering to the entire forex business requirements of Pan-India based customers through Centralized Forex Processing Cell at Head Office with prompt and efficient delivery of transactions, International Banking Division is also ensuring optimum compliance check in executing such complex and diverse nature of transactions.

8. RISK MANAGEMENT

Vijaya Bank has in place a well-defined and robust Risk Management framework. The Risk Management function partners with the Business functions to ensure that capital is used efficiently while driving value, with an appropriate tradeoff between risk and returns. The Risk Management function is divided on the basis of principle risks defined under Basel II Guidelines i.e Credit Risk, Market Risk, Operational risk and Liquidity risk.

The Bank has implemented the New Capital Adequacy Framework as per the timelines prescribed by RBI. While the Bank, to start with, has adopted Standardized Approach for Credit Risk, Standardized Duration method for market risk and Basic Indicator approach for Operational risk, the initiatives so far undertaken/ envisaged are geared towards enabling the Bank to comply with the standards set out for more advanced capital measurement approaches in the Basel guidelines. The Risk Management Department of the Bank has been bestowed with prestigious ISO 27001:2013 for best ISMS practices in Banking Industry.

As part of further strengthening of Risk Management, the Bank has introduced the following new initiatives during the financial year 2017-18.

- Bank leverages capital optimization techniques to align with the goals and risk profile of the Bank with a focus on Retail portfolios.
- Continuous Improvement in Coverage of Eligible Externally Rated accounts.
- Churning of low quality loan portfolio for better quality loan portfolio.
- Measures such as enforcing individual exposure ceilings for single and group borrowers, maintaining sectorial caps.



- Limiting exposures to stressed sectors.
- Risk Based pricing for loan accounts.
- External and Internal Validation of Rating Models for strengthening of rating models
- Sensitisation of field functionaries on Risk Management by means of Training and e- learning programme.
- Safeguard Banks assets by recommending for appropriate Risk Mitigation measures such as Insurance cover, new safety measures.
- Improvement of systems and procedures by deployment of corrective action plans.
- The risk measurement system is also put in place for all treasury related products i.e derivatives, equity, G-Sec, forex etc approved in treasury policy.
- The stress testing is regularly conducted for trading book as per stress testing framework of RBI and the bank has also created its own scenarios for stress testing as part of IMA guidelines of RBI.
- The back testing is regularly conducted for all VaR models such as Historical Simulation Approach, Variance covariance approach and Monte Carlo Simulation Approach.
- Bank is in the continuous process of implementing Information Security and Cyber security practices by enforcing regulatory guidelines & international best practices to create more secure environment for customers.

(i) **Credit Risk**

Bank has put in place a Comprehensive lending Policy as well as Credit Risk Management Policy which encompass various aspects such as risk appetite, risk based pricing, risk diversification / mitigation strategy, prudential limit, substantial exposure ceiling, group exposure ceiling, Rating wise exposure ceiling, preferred sector growth strategies, credit approval process, documentation and security standards, security valuation etc. These

policies are revised periodically based on corporate goal and business plans of the Bank.

The stress tests for Credit Risk are carried out on a half yearly basis which covers scenarios such as credit portfolio to stress like increase in NPAs, slippage of restructured standard accounts, downgrade in Counterparty rating, depletion in collateral, etc.

Further, Bank has put in place a comprehensive risk rating/ scoring system which serves as a single point indicator of diverse risk factors on the counterparty and to facilitate execution of proper and consistent credit decisions. Bank has evolved separate risk scoring models for Housing /other Retail lending sectors and endeavors higher coverage in risk rating exercise. Rating migration analysis in respect of credit exposures of ₹ 1.00 Crore and above is conducted on half yearly basis. Bank is conducting risk rating of all retail and non-retail loans by using CRISIL RAM software which is Basel II compliant. The software facilitates Bank to maintain the credit quality and also to support efforts of the Bank in translation towards advanced approach of Basel II by ensuring that prior to sanction of loans, all type of exposures is covered under risk rating process. In addition to this, Bank has also implemented the interface between CRISIL RAM and CBS(Finacle). Hence, unless the rating is being carried out, branches cannot open the loan accounts in finacle system. Bank has taken the required initiatives to move towards FIRB (Foundation Internal Rating Based) approach in credit risk. In this regard, validation of the rating models has been done for credit risk and the Bank is in the process of calibrating the parameters for various risk grades.

(ii) **Asset Liability Management (ALM) and Market Risk**

ALM and Market Risk of the Bank is managed by the Asset Liability Management Committee (ALCO) and Market Risk Management Committee



(MRMC) respectively. Appropriate tolerance limits have been stipulated for mismatches in different time buckets, both for managing liquidity and interest rate risks. These are being monitored at fortnightly intervals and also appraised to the Board of Directors.

The market risk exposure is measured by tools like VaR (Value at Risk), AGL (Aggregate Gap Limit), and Duration gap analysis. Exposure limits for all countries have been put in place to manage and monitor the country risk. Mid-office closely monitors the treasury transactions on regular basis to monitor compliance and advises for taking corrective actions.

The Bank has applied to RBI, seeking their approval to implement Internal Model Approach (Advanced Approach) for Market Risk.

The Duration Gap Analysis is implemented for assessing the possible impact on market value of equity (net worth) using 200 basis points shock on interest rate curve.

Interest Rate Risk on entire portfolio is identified and measured through Earnings at Risk (EAR). Sensitivity analysis is also conducted and reviewed by the top management. Contingency Funding Plans, Prudential Ratios / Limits have been set and actual position is monitored as part of Liquidity Risk Management. Stress Test on Interest Rate Risk, Liquidity Risk, Forex risk, etc on different scenarios are carried out on quarterly basis and appraised to Asset Liability Committee (ALCO). To monitor short term liquidity, the Bank is preparing the ALM statement of Structural Liquidity on daily basis.

Bank is calculating Liquidity Coverage Ratio (LCR) and Leverage ratio at prescribed intervals. Bank's Liquidity Coverage Ratio (LCR) stood at 129.94% as on 31.03.2018 against the minimum LCR of 90% as on 31.03.2018 and Bank's Leverage Ratio stood at 6.26% as on 31.03.2018 against the RBI's indicative ratio of 4.50%.

(iii) Operational Risk

Bank has put in place a well-defined Operational Risk Management Framework to effectively identify, measure, manage and address Operational risks. The Bank has also put in place a framework required for implementation of The Standardized Approach (TSA). The governance of Operational Risk Management is monitored by Operational Risk Management Committee (ORMC), which reviews the operational risk loss event data, new products, processes and systems adopted by the Bank and provides suggestions for taking corrective/preventive measures to strengthen the internal system and procedures. In order to mitigate Operational risks, several thematic studies have been conducted for frauds committed in loan and deposit portfolios, so as to identify systemic deficiencies from Risk Management angle. Further, in order to move towards advanced approaches, Bank has put in place frameworks for Risk Control Self Assessment (RCSA) and Key Risk Indicators (KRIs). Bank has been taking steps to strengthen the RCSA and KRI by reviewing the same and improving the coverage area for management of Operational risk. The risk drivers and the root cause for operational risk loss events are identified and appropriate risk mitigation plans are devised and informed to stakeholders for compliance.

The Bank is one of the founding members of M/s Cordex India Pvt Ltd, a loss data consortium formed under the aegis of IBA with the sole aim to enrich Bank's loss database.

The Bank has been permitted by RBI to assess Operational risk capital under The Standardized Approach (TSA) - (Parallel run w.e.f March 2015).



(IV) Basel-II & Basel III Compliance

In compliance with the RBI guidelines, Bank has adopted Standardised Approach for Credit Risk, Standardised Duration Gap for Market Risk and Basic Indicator Approach for Operational Risk. Bank has complied with Basel III norms and the overall Capital Adequacy Ratio as on 31st March 2018 stood at 13.90% (including CCB), which is above the minimum stipulated norm of 10.875% including Capital Conservation Buffer (CCB). Further, Bank has also complied with Basel II norms and the overall Capital Adequacy Ratio as on 31st March 2018 stood at 13.32%, which is above the minimum stipulated norm of 9%.

The Bank has formulated its Internal Capital Adequacy Assessment Process (ICAAP) policy which is revised from time to time based on the modification in RBI guidelines, industry best practices and external validation of the ICAAP documents. The ICAAP Document is compiled and submitted to RBI on half yearly basis. The external validation for ICAAP framework is conducted and recommendation of the external agency is incorporated as part of the Bank's endeavor to leverage best practices in the Industry.

(v) Integrated Risk Management System (IRMS) Project

In order to facilitate smooth and effective compliance of Basel-II norms, the Bank has taken up implementation of Integrated Risk Management System (IRMS).

The unique IRMS Project consists of six solutions, viz. Credit Risk Management (CRM), Market Risk Management (MRM), Operational Risk Management (ORM), Credit Risk Rating Solution (CRR) (Retail & Non-Retail), Asset Liability Management (ALM) and Funds Transfer Pricing (FTP) Solution.

As part of the implementation and ongoing awareness drive for risk management, Bank has identified nodal officers for 32 Regions who are instrumental in implementation of risk management initiatives. The nodal officers have been sensitized on various dimensions of risk management through train the trainer concept.

(vi) Basel III and Capital Adequacy

The Bank is well capitalized with a CRAR ratio of 13.90% under Basel III against a minimum regulatory capital of 10.875%. During the financial year 2017-18, the Bank has augmented its capital position by raising Common Equity Tier-I Capital amounting to ₹ 700 Crore (including premium) through Qualified Institutional Placement (QIP) of Equity Shares, fresh infusion of equity share capital from Government of India amounting to ₹ 1277 Crore (including premium) and by internal accruals has retained earnings (reckoned for regulatory capital) to the tune of ₹ 538.67 Crore. The Capital Adequacy Ratio improved to 13.32% (as on 31.03.2018) as compared to 12.95% (as on 31.03.2017) under Basel II norms. Further, the capital adequacy under Basel III has improved to 13.90% as on 31.03.2018 from 12.73% as on 31.03.2017. The relative components of the capital are furnished as under:

(₹ in Crore)

Basel III	31.03.2017		31.03.2018	
	Amount	Ratio	Amount	Ratio
Common Equity Tier I Capital*	7327.49	8.44%	10153.68	10.36%
Additional Tier I Capital	1319.89	1.52%	1325.00	1.35%
Tier I Capital*	8647.38	9.96%	11478.68	11.71%
Tier II Capital	2404.11	2.77%	2145.75	2.19%
Total Capital*	11051.49	12.73%	13624.43	13.90%
Risk Weighted Assets	86798.93		98024.80	

* includes Capital Conservation Buffer (CCB) of 1.25% as on 31.03.2017 & 1.875% as on 31.03.2018



9. ASSET QUALITY

The Bank continued its focus on maintaining quality assets along with thrust on preventing fresh slippages. It initiated and continued to emphasize various measures in this direction, including the following:

- Accounts showing signs of stress / likely default in dues are identified and treated as Special Mention accounts and are closely monitored. Wherever feasible, such assets are restructured on merits, with additional need-based credit limits considered in deserving cases. Viability study are conducted in respect of SME accounts slipped to NPA and are brought under nursing wherever feasible within a time frame.
- Special Recovery Cells are formed at RO's for systematic follow up of NPA accounts. Centres wherever DRT's are functioning, Nodal Officers are designated, who keeps regular liaison with the presiding officer and the bank's advocate for speedy disposal of the cases.
- Declaration of willful defaulters and taking stringent recovery measures, including legal actions like Securitization and submitting the names to RBI are done.
- Services of Lok Adalats are resorted for speedy recoveries of impaired assets and 725 number of accounts was settled in Lok Adalats for amount of ₹ 9.41 Crores.
- Business Correspondents were engaged for recovery of NPA accounts under agriculture and priority sector in rural areas and recovery was made in 1688 number of accounts amounting to ₹ 19.40 Crores .
- Four Recovery Centres were established at Hassan, Hubli, Kalaburgi and Mysore with 1 Centre in Charge and 3 Recovery officers in each centre.
- All ₹ 10.00 lakhs and above NPA accounts are reviewed by the Top management through video conference with the Regional Heads and guiding them for the speedy recovery.
- As per the Recovery policy of the bank, 'Vijaya Adalats' are regularly conducted at various centres for speedy recovery involving a cluster of branches having large number of NPA accounts and accounts are settled in the Adalats on the spot. During the year, Bank could settle ₹ 121.30 crores in 8562 accounts by way of settlements till 31.03.2018. A separate portal is used for recording the details of Adalat conducted at Regional office and Branch and for effective monitoring of the performance under Adalat.
- The services of retired officials of our Bank/ PSU banks are also engaged for recovery of the dues of the bank as per the latest policy of the Bank.
- To have focused attention on recovery in NPA accounts under Agriculture and MSE sectors, bank has introduced Special OTS for Agriculture loan accounts and Special OTS for plantation of coffee & pomegranate and special OTS for MSME loan accounts which was in force till 31.03.2018.
- Bank has a special OTS named "Vijaya Runa Mukti Yojana" scheme for the Priority sector loans upto ₹ 10.00 lakh.
- Appointment of Recovery Agents in respect of NPA accounts other than those covered under SARFAESI Act.
- Action initiated under SARFAESI was taken to the logical end either by recovery or upgradation of the account. During the year, Bank could recover ₹ 1118.42 crores in 6917 accounts till 31.03.2018.
- Bank has formed exclusive wings named 'NPA war room 1' and 'NPA war room 2'. Fresh NPA accounts/sub standard/other retail NPA accounts are being followed vigorously with branches/borrowers for recovery by staff at war room 1' and doubtful in loan accounts are being followed vigorously with branches/borrowers for recovery by staff at 'war room 2'.



- Department started new initiative of 'SKIP TRACING' for obtaining additional details of NPA borrowers so as to locate the borrowers at the new addresses for follow up and recovery.
- Separate recovery portal is used for contacting and recording the details so that all NPA accounts are followed up.
- Recovery agents are engaged to recover Doubtful and Loss assets.
- Conducting Video conference with Regional Managers by the Top Management on fortnightly basis on NPA recovery.
- Junior advocates are engaged for speedy execution of EP in decreed cases.
- In all centres wherever DRTs are functioning, Nodal Officers are designated and instructed to keep regular liaison with PO/ROs for speedy disposal of the cases.
- All the compromised accounts approved under OTS scheme as per Recovery Policy of the Bank are followed up for immediate recovery as per terms of approval.
- Eligible accounts are referred to NCLT under Insolvency and Bankruptcy (IBC) act.
- Conducting Video conference daily with Regional Managers of two regions by the Top Management on performance of seizure agents and portal for monitoring the same is under process.

The gross Non-Performing Assets of the Bank as on March 2018 stood at 6.34% of total advances, while net NPA ratio was 4.32% to net advances. During the year 2017-18, Bank could effect total cash recovery of ₹ 1252.73 (including interest) and upgraded NPAs amounting to ₹ 876.57 crores. Further, the Bank also made provision of ₹ 2,442.65 crores for the unexpected defaults, apart from having a floating provision of ₹ 71.35 crores as on March 31, 2018. The Provision Coverage Ratio (including PWO) as at March 2018 worked out to 59.39%.

10. DIGITAL BANKING

The Bank is always in forefront to offer its products and services to the customers based on latest technology. This helps the Bank to increase the customer experience and satisfaction. During the financial year 2017-18, the Bank has introduced / upgraded its product and services as per the latest available technology. The Bank's instinct to adopt technology and to offer latest products and facilities to customers helps the Bank to stay competitive in the industry. The following are some of the IT based main initiatives taken by the Bank during the year.

(i) Internet Banking

The Bank has upgraded its internet banking i.e., V-Net Banking and it is now responsive i.e. it can be seamlessly used on laptop, mobile or any hand-held device. V-Net Banking is providing services like balance enquiry, account statement, intra-bank and inter-bank fund transfers through RTGS/NEFT/IMPS, transactions related SMS alerts, payment of Indirect / Direct taxes, State commercial Taxes, utility bill payments, online temple donations & online donations to Prime Ministers Relief Fund (PMRF) and others. The add-on features of V-net banking are :

- Online FD/RD account opening.
- Password can be reset online.
- Creation of User-id and Password credentials online.
- Customers can view their PPF account and transfer funds to PPF Account from their linked operative accounts using V-Net Banking facility.
- Customer can view their Vijaya Bank Credit Card statement.
- Customer can pay Import & Export custom duties.
- Customer can prefer the language i.e., Hindi/ English.
- Online Trading in Co-ordination with IDBI Capital.
- Corporate V-Net Banking users have the facility of Bulk / Salary upload.



- Customer can choose Software / Hardware Token to secure the V-Net Banking transactions.
- Customer can perform e-filing of the income tax returns filed.
- Customer can block and unblock V-Net banking by sending SMS to NETB / NETU.

(ii) Mobile Banking

Mobile Banking services were introduced by the Bank in the year 2009. V-Mobile Banking, the channel of the Bank for performing banking activities like balance enquiry, account statement, mobile recharge, intra and interbank funds transfer using NEFT, Mobile Recharge, DTH recharge etc., with their mobile handset using GPRS mode of communication. "Immediate Payment Service" - IMPS (P2P-Person to Person), an initiative from NPCI (National Payment Corporation of India) has been implemented for the benefit of the customers using Mobile Banking services to perform the transactions 24x7 within and across the banks using beneficiary's mobile number and MMID (Mobile Money Identifier). IMPS (P2A - Person to Account) is implemented in Bank's existing Mobile Banking services, wherein the customers can do funds transfer using beneficiary's A/c No. and IFSC.

The Bank has launched new version of Mobile Banking with enhanced look and feel, and additional features like facility for customers to receive notifications from the Bank, add remarks to fund transfer transactions, to generate application password by themselves, and a host of other customer friendly options. The mobile banking is made available in bilingual (Hindi & English).

The Bank has also enabled both the options of IMPS merchant payment i.e PUSH and PULL. Bank's Mobile Banking offers the facility to do online merchant payment on any biller site under IMPS options using their MMID, Mobile Number and OTP.

(iii) Missed Call Services (FreeBuzz)

Bank is providing missed call services to the customers and enable them to know the account balance and mini statement. The ease of giving missed calls with zero charges provides a huge advantage to the customers.

(iv) V-FeeHive

Bank's in-house software development team has developed a unique application for collection of fees for Educational Institutions, collection of monthly maintenance fee by Apartments and collection of fees by Clubs, etc. It is equipped with unique features like integration of other payment channels like debit card, credit card and internet banking. Prestigious institutions like IIM-Kozhikode, Army Public School-Delhi, Yenepoya College- Mangalore and Mount Carmel College - Bangalore are availing this service. The application was implemented for various new institutions in the year including Dr. A.P.J. Abdul Kalam Technical University Uttar Pradesh, MSRIT Bangalore, Motilal Nehru National Institute of Technology and Vasavi Pearl Apartment.

(v) V-ePassbook+

The Bank's in-house software development team has developed mobile application for accessing account details / to view transaction details. The application is loaded with additional customer friendly features like facility to add notes to each transaction, facility to maintain various personal account heads and to add pass book transactions to these accounts on a single click, etc. A Page with latest offerings and information like interest rate of the Bank with links to reach the website of the Bank and facility to refer us to a friend is also available in this application. New version of the software V-ePassbook+2.0 with attractive features like reset of password online, maintain financial calendar, locate our branch/ATMs, display details in Hindi/Kannada languages etc. released during the current year.



V-ePassbook+ - an electronic version of passbook which enables the account holders to maintain their pass book on their mobile devices

The salient features are

- Maintain passbook of multiple accounts
- Avail the facility without any request or visit to the Branch and to update with account Information at any time wherever you are.
- Sync with Bank data whenever you like over mobile network and use in offline mode also
- Make personal notes on each passbook entries.
- Maintain personal accounts and to tag transactions of passbook to it.
- Record transactions occurring outside the Bank also in these personal accounts.

(vi) BHIM Aadhaar Vijaya

The features of the BHIM Aadhaar Vijaya product are:

- Accept real time payments directly to your account. No need to spend time to deposit cash into your account.
- Escape from hassles of receiving payments in cash. No risk of forged notes
- Get transaction reports and keep track of your business
- Card-less transactions: All that the consumer needs is his Aadhaar number.
- Safe and Secure

(vii) BHIM VIJAYA UPI

BHIM Vijaya Unified Payments Interface (UPI) is an instant payment system built over the IMPS infrastructure and allows for instant transfer money between any two parties' bank accounts.

The following are the features of the BHIM VIJAYA UPI

- One single App for Multiple Bank Accounts.
- Vijaya Bank or Non Vijaya Bank customers can send money or ask for money using the Vijaya Bank UPI app, without knowing their bank account details.
- Transfer funds to a Virtual Payment Address (VPA).
- Option to send money using Account No/ IFSC or Mobile Number/ MMID (Mobile Money Identifier)
- Add beneficiary instantly by just using Virtual Payment Address (VPA). No need to remember or enter the bank account number and IFSC
- Request money from anyone using the sender's Virtual ID
- Fund transfers are instant, 24*7, 365 days and take place in a completely safe and secure way.
- Customer can freely share the UPI financial address with others without fear of misuse.
- Customer can choose to create multiple virtual addresses for multiple accounts across banks.
- PAY and collect using IMPS.

(viii) V-eConnect⁺

V-eConnect+ is a single app which aggregates various e-products of the bank with the following features

- Quick Links to all Mobile Apps
- Quick Links to all Websites
- Missed Call Services
- Net Banking



- Debit Card
- Rates
- Social Banking
- Locate Us
- Loan and Deposit Calculators
- Holidays
- About us & Contact Us

(ix) Toggle Debit Card:

Debit card protection has become an utmost need and the easiest way to achieve debit card protection is providing control of the card to the customer. By empowering cardholders to control their cards from a smartphone, Cardholders can lock or unlock their cards with a single touch. They can control personal and dependent card usage by location, regions on a map, individual merchant, merchant type, transaction categories, and spend limits; act instantly on real-time transaction alerts and respond to fraud alerts; manage transactions by tagging, memo, merchant receipt capture, and dispute fraudulent transactions.

Using the Toggle Solution offered through V-eConnect+ Users can:

- Manage and control multiple cards using a single app.
- Switch off a card temporarily and switch it back on when needed.
- Customize transaction types and spending limits.
- Turn on safe mode to allow a single transaction at a time.
- Configure transaction alerts.
- Control cards based on location by using geo fencing.
- Block and unblock Internet Banking at their convenience.

(x) Toggle V-Net Banking

The Bank always trying to add security features to its digital banking products for the protection of the customer without compromising on the simplicity of its usage. Toggle V-Net banking introduced to provide the facility of disabling and enabling of Internet banking (V-Net banking) from customer end point. This facilitate the customer to lock his internet banking facility from its V-Connect+ app available on the mobile of the customer.

(xi) Social Media Banking

Customers using social media like Facebook, Twitter, Instagram, YouTube and LinkedIn can also avail Banking Services.

Social Media Banking offers the following features through Facebook and Twitter:

- Customer registration
- Account Balance
- Mini statement
- Fund Transfers
- Bill payment

(xii) SMS alerts/e-mail

The Bank also offers SMS alert service. Messages are sent for all transactions of ₹ 1 and above and on return of cheques. Monthly statement of account through e-mail to account holders who have registered the e-mail ID has been implemented. Transaction alert mails are also now being sent to the registered email ID of the customer with a copy to branch and corresponding regional office while opening or closing deposits of ₹ 1 Crore and above.

- Adding beneficiaries in V-Net Banking through SMS – OTP (One Time Password).
- Online Resetting of Password in V-Net Banking through SMS - OTP.



- Self-User Creations for Retail Customers using SMS - OTP along with other security features.
- Advisory SMS/emails to customers
- SMS to deposit holders about closures

(xiii) V-GyanSagar

V-Gyansagar is a unique initiative by the Bank to impart financial information to the public as part of financial literacy. V-Gyansagar is an Android mobile application which provides the subscriber a facility for getting daily updates on Financial, Economic and Banking news and also explanation of Financial and Banking terms.

(xiv) V-Abacus

A facility to open account by giving a missed call and opening of account through Tab Banking was implemented. This will be useful for the customers who could not come to branch and open an account.

(xv) V-QuickPay

V-QuickPay is a unique initiative of the Bank and is the next generation bill payment service where the Bill payment is made by scanning of QR code. Customer has to scan the QR code on the Bill generated by the merchant who has availed this facility from us, and proceed with the payment of the bill without having to swipe the Credit/Debit card on the POS machines. It facilitates Payment by way of Credit and Debit Cards and also net banking of any Bank.

(xvi) V-OnlineSB a/c

An option to open online SB account was introduced through the Bank's website 'www.vijayabank.com'. Customer has to choose account opening at his/her place of choice and at his/her convenience. Branch receives an automated mail with regard to the customer's request; branch will call the customer and inform the required documents and procedures. Customer will visit the branch on his/her chosen date and submits the necessary documents and opens the account.

(xvii) Internal Control

The Bank has well documented IT and IS Security policies, Internet Banking Policy, IT Procurement Policy, Internet usage Policy, e-mail policy, Business Continuity Policy, Disaster Recovery Policy, Outsourcing Policy etc., covering wide range of functions at the field and administrative levels. Adequate controls are also built in to mitigate the risks associated with each of the activities. IT policy and IS policy was revised during 2017-18. Separate policies have been brought out for Incident management, Vulnerability and penetration test as part of IS Security policy.

(xviii) Security Operation Center

The bank has established Security Operation Center with Security Information and Event Management Solution (SIEM) and Correlation tool, to help the Bank in blocking/mitigating the attacks procedurally. As part of the Common procurement process for implementation of SOC, Bank has procured the below solutions to strengthen the Security Infrastructure.

1. Web Application Firewall
2. Database Activity Monitoring Solution
3. Network Behavior Analysis Solution
4. Privileged Identity Management Solution
5. Anti- Advanced Persistent Threat Solution
6. IT Governance, Risk & Compliance

(xix) NACH(National Automated Clearing House)

National Payments Corporation of India (NPCI) has implemented "National Automated Clearing House (NACH)" for Banks, Financial Institutions, Corporates and Government a web based solution to facilitate interbank, high volume, electronic transactions which are repetitive



and periodic in nature. The Bank has implemented Automated Process for generation of Aadhaar-Mapper and OMC DBTL (Option-2) files for NACH Project.

(xx) Disaster Recovery

The Bank has implemented Integrated Human Resources Management System, Integrated Treasury Management System and Integrated Risk Management System and are integrated with the Core Banking System. ITMS project has met all the objectives with the setting up a DR in Mumbai. HRMS has also met most of the objectives with setting up a DR set up in Mumbai.

(xxi) Software Token

The Bank has introduced Software token as an additional mode of two factor authentication [2FA]. Soft token is a mobile application which generates one time password (OTP) in lieu of SMS OTP, for authenticating transactions in Vijaya Bank Internet Banking. It generates OTP instantaneously and eliminates the need for SMS OTP. The mobile application is PIN protected to prevent its misuse by unauthorized person possessing your mobile.

(xxii) Hardware Token

Bank is providing Hardware Token to high valued corporate customers, who can generate the OTP on the Hardware Token by just a click on the button. The OTP can be used for beneficiary addition, fund transfer etc.

(xxiii) BBPS (Bharat Bill Payment System)

BBPS is being offered through V-Mobile banking and following features are available as part of BBPS

- The system is accessible anytime from anywhere, making it convenient for the customers.
- The system provides on the spot payment confirmation making it easily verifiable.

- The customers will enjoy the facility of payment of bills anywhere and at any time just by connecting to the BBPS network, online or through agents.
- The bank branches, ATMs, Customer Service centres, etc., could be the outlet of BBPS. A customer could make payment from any BBPS outlet.
- Security and reliability could be entrusted in the customers with the use of this system.

(xxiv) BHARAT QR – VPAYQWIK MERCHANT APP

The User process flow for Bharat QR is as below:

- Customer will open VPayQwik App and select Bharat QR Pay option.
- The feature allows customer to scan the QR code of merchant.
- Scanning the QR Code will show merchant information such as merchant name & ID.
- Customer can fill in the Amount and submit the transaction.
- The amount will be debited from customer VPayQwik wallet and request will be routed to respective merchant acquirer.
- Merchants could be of Visa/Master/Rupay/VPayQwik.
- If transaction is ONUS transaction, then it will be settled with in our ecosystem and success response will be sent to customer & merchant.
- If transaction is OFFUS transaction, then it will follow the similar procedure of settlement which is being used in POS transactions.

(xxv) BHIM Vijaya UPI QR Solution

- Customer uses BHIM Vijaya UPI to make payments to nearby grocery store or any petrol bunk [HPCL].
- After the purchase, grocery store owner can seek customer to pay through static QR code or can



generate a dynamic QR code using PoS application with the payment details for accepting payment through UPI.

- Customer opens the UPI application on mobile and scans the QR code on the PoS device or on the bill printed by the PoS or the static QR displayed at the merchant outlet.
- UPI application takes customer straight to pay screen with all values pre-populated from the QR.
- Customer verifies the info on screen and clicks pay to complete the payment.
- Both merchant and customer gets confirmation instantly.

(xxvi) ATMs

To reach out its vast expanding customer base and geographical area, the Bank has opened 154 new ATMs during the year 2017-18 at various parts of the country, recorded a Y-o-Y growth rate of 44% compared to the last financial year. With this the total number of ATMs increased to 2155 as at the end of March 2018. As per RBI guidelines all the existing ATMs and newly installed ATMs of the Bank have to be calibrated for new ₹ 200 currency denomination and the calibration process is going on. Post demonetization, Bank procured mobile ATM Van and made it operational which is successfully catering to customer's cash requirements at public places, like exhibitions, Melas (e.g. Digital Dan Mela) etc. in and around Bangalore city and nearby towns. This service is offering high level of flexibility to serve the customers.

Bank took one step ahead of its peer banks in helping for a social cause by sharing ₹ 0.50 for every successful financial transaction towards the CSR activities of the bank which added one more fine reason to choose our bank ATMs by public. This helped to increase bank's brand name and image in the public. To increase the efficiency of ATMs by reducing cost and

operational time of ATMs per customer, all Onsite ATMs have been brought back from CRA (Cash Replenishment Agency) to the base branch making the corresponding ATMs as profit centre. The bank also takes care to maintain good ambience at all its ATMs by keeping it clean & neat with all necessary guidance for customers and with necessary security measures which helps to increase the customer experience.

(xxvii) RTGS & NEFT Services

RTGS and NEFT services are available to the Bank's customers from all its branches. The customers can enjoy the benefit of immediate inter-bank and intra bank fund transfer facility. The centralized payment systems, viz. Real Time Gross Settlement System (RTGS) and National Electronic Funds transfer (NEFT), provides for only direct membership. However, RBI has expanded the sub-membership route to enable all licensed banks to participate in NEFT and RTGS systems. The sub-member/s would participate in the centralized payment systems through their sponsor bank which is a direct member of the centralised payment system. As per the directives of the RBI, the Bank has entered into an agreement with Shimsha Sahakara Bank Niyamitha, Maddur and Lokapavani Mahila Sahakari Bank, Mandya for using our RTGS/NEFT services as sub-members.

(xxviii) IMPS

IMPS is an emphatic tool to transfer money instantly within banks across India through mobile, internet etc which is not only safe but also economical both in financial and non-financial perspectives. This service is available 24x7, throughout the year including Sundays and any bank holiday. IMPS system allows customers to carry out transactions through mobile and internet banking, the same is being offered through V-Mobile and V-Net Banking to all customers.



(xxix) Merchant Enrolment:

In line with the move for digitization, the Bank has enrolled large number of merchants and installed 4224 PoS machines during the year. The total number of PoS Machines installed at the end of the financial year 2017-2018 stood at 9359 as against 5135 machines in 31.03.2017. The Bank is also providing cordless card swiping machines and the terminals are EMV/UKPT/TLE compliant. All PoS machines of the Bank are Aadhaar enabled.

(xxx) Credit Card

At the end of the financial year, the total cards issued by the bank stood at 61246. The Credit Card turnover for 31.03.2018 is 1564.70 Crore as against the turnover of 993.49 Crore in the previous year, registering 58% growth. To provide better & value added services to card holders the credit card systems were migrated to a new system to provide more facilitates like Credit Card Customer Portal, EMI option for card transactions etc. The Customer portal can be used to view transactions, generate statements, generate pin etc.

A new generation Vijaya Bank Credit Card mobile application has been developed for both android and IOS mobile operating systems. The app can be used to manage card, blocking/unblocking international transaction usage, view transactions of main & add on cards, generate statement, Service requests, etc.

The bank has started issuing higher end Rupay Platinum & Select Credit Cards. The Rupay Credit Cards have free airport lounge facility, various discount offers & personal accident coverage of upto ₹ 10 lakh.

The credit card application procedure is made online for our branches and this would facilitate faster issue of Credit Cards.

(xxxi) Debit Card

The Bank is issuing Debit Cards in association with both VISA & RuPay. In order to express our support to the Make in India

campaign of Govt. of India, the Bank has taken a conscious decision to promote RuPay Debit Cards, a brand of National Payments Corporation of India (NPCI) amongst the Bank's customers. Bank is also issuing RuPay Platinum Debit Cards both Domestic and International Debit Cards to all its customers.

The Bank's Debit Card & Prepaid Card Business has increased by 33.79% in FY2017-18 as against the previous financial year FY2016-17.

There has been considerable increase in the number of Debit Cards during FY2017-18. The details of debit cards issued in the financial year 2016-17 and 2017-18 are as furnished below.

Debit Cards Issued	FY2017-18	FY2016-17
Total Debit Cards Issued during the financial year	9,51,518	14,46,281
Debit Cards issued to PMJDY accounts	46,024	57,556
Total number of debit cards excluding those issued to PMJDY accounts	9,05,494	13,88,725

(xxxii) Green Pin for Debit and Credit Cards

In order to promote paperless banking, the Bank has introduced Green PIN facility for Debit Cards & Credit Cards. Customers can re-generate pin for debit & credit cards instantly through this facility.

(xxxiii) Remittance and Collection for GST:

The Bank has implemented the facility for GST challan collection for the customers and facility for GST charges collection for the services provided by Bank. The Bank has also implemented the State Tax Collection for Tamil Nadu Inspector General of Registration (TNIGRS), Assam State Tax collection and Rajasthan Online Payment.

11. INTERNAL AUDIT & SUPERVISION SYSTEM

The Bank has a well-defined Internal Audit Policy covering Risk Based Internal Audit (RBIA),



Concurrent Audit, Information System Audit, AML/ KYC Compliance, etc. The Audit Committee of Executives and the Audit Committee of the Board oversee the internal audit and control functions and guide the Bank in developing and implementing effective systems with positive and timely interventions.

10 Regional Inspectorates situated at different places of the country examine adherence to the laid down Systems, Internal Controls, Policy and Procedures by branches and offices in accordance with statutory and regulatory requirements. During 2017-18, RBIA was conducted in 1443 branches / units and 88% of the audited branches have secured "Low Risk". The 10th Regional Inspectorate at Lucknow was inaugurated during the current year.

RBIA is supplemented with Concurrent Audit of special branches and high risk areas on a continuous basis. During the year, 437 branches / offices, encompassing 80% of Bank's business, were covered under Concurrent Audit against 50% stipulated by RBI.

Information Security Audit of all service branches and Retail Asset Central Processing Centres (RACPC) was conducted by CISA qualified officials. Performance evaluation of 27 outsourced service providers was carried out by the staff of the Bank. Besides, audit of 9 outsourced financial activities is being carried out by our Bank's staff and soon it will be completed. Bank has also introduced a system of Sustenance Audit to strengthen oversight and improve checks and balances. During the year, Sustenance audit was conducted in 150 branches. Further, surprise inspection was conducted in 111 branches.

(i) Web Based Audit (eRBIA):

The Bank has implemented web based audit (eRBIA) with effect from 1st October 2016. Under e-RBIA, the entire audit process such as audit planning, allotment of branches to Internal Auditors, fixing of mandays, actual conduct of the audit, scoring matrix under

Business, Control & Composite Risks, Risk Rating of branches, preparation of detailed RBIA Report, identification of account-wise deviations & deviation-wise accounts, preparation of synoptic report, rectification of comments, submission of Final Rectification Certificates (FRC) are made system-driven. This ensures very high data / audit integrity and significant reduction in mandays. Since the Web Based Audit is an on-line audit, the audit observations can be viewed by all concerned on a real-time basis for immediate spot rectification of comments. Hands on training for all the Regional Inspectorate Officials, Branch Heads, ABMs and officers handling inspection department at RO level is imparted yearly and all new developments(if any) are covered in the programme.

For the year 2017-2018, the Bank hired our ex officials/Executives up to Scale IV as internal auditors on contract basis for conducting the RBIA as per the guidelines of RBI. Our Regular Internal Inspectors will accompany these Internal auditors for audit of the Branch/Offices. Performance evaluation is being done for all the internal inspectors including retired officials as per the evaluation matrix in terms of HOC 17079.

(ii) Web Based Audit (Concurrent):

The Bank has implemented web based audit (Concurrent) with effect from 1st of July 2017. The branches are selected on yearly basis as per Business parameters like Deposits and Advances covering more than 80 % of the Bank's total business against the stipulated 50% by the Reserve Bank of India. The selection of Concurrent auditors is done on a yearly basis as per the extant guidelines laid down by the RBI. The selection process of CISA/DISA qualified Concurrent auditors starts in the month of May every year and concludes before 15th of June and auditors will be selected for the period of 1 year commencing from 1st of



July till 30th of June. Performance evaluation of the Concurrent auditors is being carried out on yearly basis by ROs & RIs. Under this, the branches undergo the process of Concurrent audit every month. All the 'High Risk' branches, Service Branches, all CBBs, RACPCs and selected HO departments are also subjected to Concurrent Audit.

(iii) Control Unit

The Control Unit at Head Office and all Regional Offices monitor customer transactions under 87 major alert indicators. Workshops on Control and Review Mechanism were conducted during the year at all Regional Offices to sensitize the officials at branches and for Nodal Officers of Control Units of all Regional Offices.

(iv) Control Unit Reports Portal

Bank developed 87 various reports for the Offsite Surveillance Cell of Internal Audit & Supervision Department where the Cell can generate the required reports depending on the periodicity specified to identify the frauds at early stage and income leakage.

12. FRAUD MONITORING & VIGILANCE

(i) Fraud Monitoring Cell

Bank has an independent Fraud Monitoring Cell, which is functioning as per the RBI guidelines on Frauds Classification and Reporting. During the financial year, 19 frauds amounting to ₹ 31.02 crores were reported to RBI. All frauds involving ₹ 1.00 lakh and above are systematically analysed in terms of modus operandi and system lacuna, if any, and reports are submitted to the RBI in time. Police / CBI cases are filed in respect of all such fraud cases. Fraud cases involving ₹ 1.00 lakh and above are placed before the Board and Board instructions / guidelines are implemented. Quarterly review of fraud cases is made by the Audit Committee of the Board. A review of large value frauds of ₹ 1.00 crore and above is placed before the Special Committee of

the Board at periodical intervals. Latest position / progress in all the fraud cases are reported to RBI on quarterly basis. Periodical guidelines / instructions are issued on fraud prevention measures and system improvements.

A Study visit of the Committee on Subordinate Legislation, Rajya Sabha was held on 19.04.2017 at Mumbai on Frauds classification and reporting by Commercial Banks and Select FIs and bank has attended the said Committee meeting.

(ii) Vigilance

The Vigilance Department at Head Office is headed by Chief Vigilance Officer of the rank of Executive Director who is presently on deputation from Punjab & Sind Bank. The Vigilance Department oversees all vigilance functions of the Bank as per the guidelines given by Central Vigilance Commission. In addition, Vigilance Department carries out random vigilance inspection of branches and Controlling Offices, concentrating on preventive vigilance through Field Vigilance Officers (FVOs) stationed at Regional Offices. The preventive vigilance inspection is being conducted through in house software "Vigilance One". In order to adopt better preventive vigilance mechanism, we have

- Customized the questions templates of the portal in the area of Loans and advances, Office Accounts, Staff related matters, Expenses head and cash related matters etc.,
- Customized the prioritizing of the Branch visits based on Branch's Risk parameters.

The live testing of in - house software developed at the initiative of Vigilance Department to automate the total process of investigation right from ordering the investigation till passing of final orders has been completed by Internal Audit & Supervision and Vigilance Departments.

We have also customized the Standard Public Grievance Redressal System (SPGRS) portal of



our Bank to receive vigilance related complaints from general public. A Job Card on how to lodge complaints has also been provided at the website so as to facilitate general public in lodging of vigilance complaints. The portal is made available in the corporate website of the Bank.

As part of Preventive Vigilance, SMS are being sent to all staff members on vigilance matters at periodical intervals.

As per the directions of CVC, Vigilance Awareness Week was observed by the Bank from 30th October 2017 to 04th November 2017. Bank has conducted 2152 Awareness Gram Sabhas and 104242 E-pledge/Mass pledges were taken by staff members and various customers of the Bank. One such Awareness Gram Sabha was arranged at Manchanayakanahalli village, Ramanagar District, on 3rd November 2017 with the participation of officials from CVC, top executives of the Bank, Chief Vigilance Officer and President, Gram Panchayat, Manchanayakanahalli, Stalls for Integrity Pledge, Financial Literacy Centre and Financial Inclusion for creating awareness among the villagers were opened. Activities were held in 41 colleges with 6892 students and 90 schools with 11850 students participating in competitions like essay writing, elocution, drawing, debate and quiz. A walkathon was arranged on 03rd November 2017 at Bangalore with active participation of Executives from Central Vigilance Commission and Top Management of the Bank.

13. COMPLIANCE & RTI ACT

Board approved Compliance Policy is a requirement under the extant RBI guidelines and accordingly, the Bank has adopted Compliance Policy and functions as directed in the Policy. The Compliance Department is headed by the Chief Compliance Officer who is in the Rank of a Dy. General Manager. Compliance Officers have been identified at all the Departments at HO, Regional Offices and Branches.

Apart from a session allotted in all the in-house Training Programs to educate the participants on the importance of Compliance, a workshop on compliance was conducted for second line Executives/Regional Compliance Officers of all Regional Offices. Compliance Department at HO, ensures compliance with various guidelines

issued by the Government of India, Reserve bank of India, IBA and other Regulators. Compliance Tests are conducted every quarter on the guidelines issued from time to time. Quarterly and Annual review on compliance aspects are placed before the Board. Identified 354 Compliance Risk Parameter to assess Compliance Risk. Compliance Department HO, also monitors timely submission of Returns to the Regulators through compliance e-Governance portal and places report to the Chief Compliance Officer.

(i) Know Your Customer (KYC), Anti Money Laundering (AML) and Combating of Financial Terrorism (CFT)

Bank has formulated a comprehensive policy on KYC, AML and CFT with an objective of preventing the Bank from being used by unscrupulous elements for money laundering or terrorist financing activities. Procedures and systems have been put in place to ensure that no account is opened in anonymous / fictitious names or by persons with a criminal background and/ or having connections with terrorist organisations. A 'Quick Reference Guide to Know Your Customer Norms' is put in place to serve as a ready reckoner and a single point of reference.

The bank has launched e-learning portal wherein detailed interactive session on KYC/AML is also included with FAQs to enhance the knowledge levels of the staff. Implementation of KYC norms and AML guidelines is being checked by internal inspectors and concurrent auditors. System generated reports are submitted to Financial Intelligence Unit- India (FIU-IND), as per the prescribed periodicity.

(ii) Central KYC Records Registry (CKYCR)

The Bank has taken steps to implement Central KYC Records Registry (CKYCR), wherein KYC details of all individual customers are captured and uploaded to CERSAI along with the scanned copies of address proof, id proof, photograph and specimen signature and 14 digit unique CKYC identifier number will be given to the customer.



(iii) Risk Based Supervision (RBS)

Reserve Bank of India rolled out compliance-based Risk Based Supervision (RBS) replacing the transaction-testing approach (CAMELS) in select Banks during 2013-14. In RBS, focus is on the processes and policies that a bank adopts to achieve growth. Our Bank joined the RBS framework from March 2015. Focus is mainly on the compliance level and adherence to systems and policies. The requirements are expected to change dynamically based on emerging risks in the banking industry. Data collected by the supervisor covers both qualitative and quantitative data and is broadly expected to cover all the risk aspects.

The risk based supervision process focuses heavily on offsite surveillance and is therefore extremely data intensive.

The assessment is made based on the offsite analysis of data and information furnished by the Bank as well as the findings of the onsite Inspection for Supervisory Evaluation (ISE) was carried out by RBI U/s 35 of Banking Regulations Act 1949. Bank is being supervised under Supervisory Programme for Assessment of Risk and Capital (SPARC).

(iv) Right to Information Act 2005

Government of India enacted RTI Act, 2005 which came into force on October 12, 2005. The Act provides right to every citizen to secure/access to information under the control of Public authorities. It aims to promote openness, transparency and accountability in administration and in relation to matter connected therewith or incidental thereto.

Bank has designated all the Branch Managers as Assistant Public Information Officers, Second line Executives of all the 32 Regional Offices as Public Information Officers and Regional Head as Appellate

Authorities under the Right to Information Act, 2005. At Head Office, a Deputy General Manager is designated as Public Information Officer and a General Manager of the Bank as Appellate authority. Bank as a whole, 33 offices are provided with Public Information Officer and Appellate Authority respectively under the Right to Information Act 2005. At Head Office level, one Alternate Public Information Officer and one Alternate Appellate Authority have also been instituted in the absence of present Public Information officer and Appellate Authority in case of exigency/emergency for discharging the duties as per the RTI Act, 2005.

Information sought under the RTI Act 2005 is being provide within the prescribed time frame. During 2017-18, Bank as a whole has received and disposed of 725 Applications and 161 Appeals under the RTI Act 2005.

14. HUMAN RESOURCES DEVELOPMENT

(i) Manpower

The total staff strength of the Bank stood at 16079 in March 2018 as compared to 15679 in March 2017. Of the total staff, 8410 are Officers, 5172 Clerical Staff and 2497 are employees in the subordinate cadre. The number of women employees as at the end of March 2018 stood at 4479 consisting of 2403 Officers and 2076 Award Staff. As at the end of March 2018, there were 342 employees belonging to Persons with Different Abilities (PwD) category and 976 employees belonging to Ex-Servicemen Category.

(ii) Recruitment

During the financial year 2017-18, the Bank has recruited a total number of 1154 employees comprising of 548 Officers, 597 Clerks and 9 subordinate staff.

(iii) Promotions

The promotions effected during the year 2017-18 are furnished hereunder:



Sl. No.	Promotion from	Promotion to	Total promoted
1	TEGS-VI	TEGS-VII	2
2	SMGS-V	TEGS-VI	9
3	SMGS-IV	SMGS-V	34
4	MMGS-III	SMGS-IV	84
5	MMGS-II	MMGS-III	106
6	JMGS-I	MMGS-II	218
7	Clerical	JMGS-I	310
8	Sub staff	Clerk	113

In terms of DOPT, Ministry Of Personnel, "Three percent of the vacancies in case of Promotion to Group D and Group C is reserved for persons with disabilities of which one per cent each is reserved for persons suffering from (i) blindness or low vision (ii) hearing impairment and (iii) locomotor disability or cerebral palsy in the post identified for each disability".

In addition to the above, as a responsible employer, to promote equal employment opportunity and fulfil the legitimate career aspirations of the PWD employees, thereby providing built in motivation, Bank has a promotion policy, a first of its kind in the Banking industry exclusively for PWD employees. The eligibility norms for PWD employees are relaxed in the newly formulated promotion policy, which enable the PWD employees to go up in the career ladder. 06 PWD employees have been promoted from Clerical cadre to Officer cadre in JMGS-I year 2017-18.

(iv) Employees & Branch Productivity

Business per employee (Quarterly Average) increased from ₹ 15.51 Crore as on 31.03.2017 to ₹ 18.10 Crore as on 31.03.2018. Business per Branch increased from ₹ 113.22 Crore as on 31.03.2017 to ₹ 129.20 Crore as on 31.03.2018.

(v) Training

The Bank has an effective training system that has been further enhanced with the addition of competent manpower and necessary infrastructure. The courses have been improved to equip employees to effectively handle their roles and responsibilities and stay motivated to perform well and remain consistent in a highly competitive, technology-oriented, customer centric banking environment. The Bank has also collaborated with premier institutes to impart specialized training to employees in areas such as Credit, FOREX, Treasury Management, Risk Management, HR, Marketing, etc.

During the financial year, the Bank has imparted training to different cadres of employees totaling to 14710. Out of this, 13228 employees had undergone training in the Bank's own establishments and 1482 were trained at the reputed external training institutions including some well-regarded overseas institutions.

(vi) SC/ST/OBC Employees

Out of the total manpower of 16079 as at the end of March-2018, 3252 employees belong to SC category, 1236 to ST category and 4042 to OBC category.

(vii) SC/ST/OBC/PwD CELL

SC/ST cell has been functioning at all the 32 Regional Offices and a Senior Officer belonging to SC/ST is designated as Liaison Officer. At Head Office, the Cell is functioning under the control of Chief Liaison Officer.

The grievances of SC/ST employees are looked into and prompt remedial action is taken. The Chief Liaison Officer meets the SC/ST Employees Welfare Association and their representatives to hear their grievances at Head office and refers the matters if any, to the concerned department at Head office for redressal. Similarly Regional Heads/Liaison Officers are attending to their grievances at Regional Office Level.



Further, Quarterly meeting of SC/ST representatives with the Managing Director & CEO of the Bank are held regularly in terms of Govt. guidelines. In these meetings, the grievances, if any, pertaining to SC/ST employees are discussed with the representatives of the SC/ST Welfare Association and sorted out. All the representations received are entered in a Register showing therein the action taken on each representation. The Register is inspected by the Chief liaison Officer periodically.

In the similar manner, OBC Cell is also functioning separately at all the 32 Regional Offices & at Head Office under the control of Chief Liaison Officer appointed separately for OBCs.

Bank is arranging pre-promotion training for SCs/STs & OBCs regularly (i.e for sub-staffs, clerks and officers up to scale-III).

For the welfare of the PwD employees, Bank has also formed Grievance Redressal Committee for Persons with Disabilities at HO Level as well as at Regional Level. Regular quarterly meetings of the committee are held to address various grievances of PwD employees and to seek their suggestions and ideas to better the working conditions make the workplace more accessible.

Bank is complying with all the Policy Guidelines laid down by the Govt. of India pertaining to reservation of posts for SC/ST employees, OBC & Minority employees including Persons with Disability.

(viii) Staff Relation

The pro-active and humanistic approach undertaken by the Bank has yielded positive results and the Bank is showing progressive growth consistently with the collective efforts of the management and employees of the Bank. The climate is positive and the same is echoed in the form of continuous growth of the Bank during the financial year ending March 2018. The industrial relations in the Bank have been cordial and harmonious. There was no agitation or unrest during the

year by the employees relating to issues pertaining to our Bank. The consultative committee meetings were held with the representatives of the recognized unions at regular intervals to sort out the grievances of the employees and settle the disputes, if any, amicably and the said meetings are attended by the top executives of the Bank.

(ix) Sports Activities

(a) Basket Ball Team

The Basketball team has done well during the year. They were Runners up in the Association Cup and 3rd place in 4th Mulki Sunder Ram Shetty All India Basketball Tournament and A Division State League. Shri Rajesh Uppar who represented India is also a recipient of the prestigious Eklavya Award. Shri Anil Kumar, recipient of the KOA (Karnataka Olympic Association) Award and Shri Arvind represented India in various tournaments in India and abroad. Shri Anil Kumar, Shri Karthikeyan and Shri Arvind represented the Karnataka state team at the 68th Nationals at Chennai. Shri Srinivas Gowda, Shri Stalin and Shri Sanjay have been called by the State association as selectors and coaches.

(b) Cricket Team

The Cricket team has done very well winning the Alleppey Cup T20. They were Runners in the prestigious G2 – 1st Division Tournament 2017 and T10 BASH Tournament Bangalore.

Shri R. Vinay Kumar, Shri C.M.Gautam and Shri K. Gowtham represented Karnataka and are under regular training as probables for the Indian Team. Shri K.C.Cariappa Shri Zeeshan Ali and Shri Rohan Kadam have played in the Ranji Tournaments representing Karnataka and Niyas N representing Trivandrum.

Shri K Gowtham will be representing the Rajasthan Royals at the IPL 2018.



Shri Rajashekar Shanbal, Shri Raghavendra C, Shri Mahesh, Shri Santosh Kumar and Shri Aiyappa K M have been called by the State association as selectors and coaches.

(c) Kabaddi Team

The Kabaddi team has been in exemplary form and has displayed consistency. They were Winners in the All India 'Mayors Cup' Tournament at Mysore, State level Kabaddi Tournament at Chennarayapatna and State Level Kabaddi Tournament at Belthangadi. Runners in All India Karwar Tournament and All India Kabaddi Tournament at Jamakhandi, Bagalkot Dist.

Shri Prashanth Rai, Shri Sukesh Hegde a recipient of the prestigious Eklavya award and Shri Sachin.V, were selected for the Federation Cup (Runners).

Shri Divesh, Shri Md. Issac, Shri Rohit Marla and Shri Sunil represented Karnataka at the 10th Beach Kabaddi Championship. Shri Prashanth Rai, Shri Sukesh Hegde have been the star performers of the team are now selected for the Indian training camp for the 18th Asian Games. They also represented Gujarat Fortune Giants (Captain) and Haryana Steelers in PRO Kabaddi 2017 respectively.

(x) Staff Welfare Measures

As per the directions of Ministry of Finance, Department of Economic Affairs Government of India, 3% of net profit with the maximum ceiling of ₹ 15 crores is to be earmarked for the welfare of its employees.

The Bank is having various staff welfare schemes such as:

1. Canteen Subsidy
2. Newspaper reimbursement
3. Annual Health Checkup
4. Health Clinic at HO , Bangalore.

5. Annual Medical Aid to the employees retired on superannuation & VRS optees who have completed 60 years of age.
6. Grant of Silver Jubilee awards
7. Grant of Milestone Award
8. Novel scheme for providing laptops to wards of sub-staff members
9. Cash incentive to meritorious wards of staff
10. Awarding scholarship for the girl children under V-Shakti, V-Subodhini, V- Pragati.
11. Reimbursement of diagnostic tests exclusively for women employees.
12. Reimbursement of crèche allowance for women employees with children up to 3 years.
13. Reimbursement of expenses for purchase of Saree/Salwar Kameez to female substaff of the Bank.

In addition to the above welfare measures undertaken from the earmarked corpus of 3% of the net profit, the Bank is also bearing the premium of IBA's medical insurance scheme for all retired FTS/PTS.

(xi) The Vijaya Bank Staff Welfare Fund Trust

Vijaya Bank Staff Welfare Fund Trust has been formed since 21.09.2002:

Various welfare schemes implemented under the Trust are:

1. Awarding scholarships to the wards of the employees
2. Reimbursement of residual claim of hospitalization expenses
3. Reimbursement of cost of spectacles
4. Funeral expenses to the family members on death of the employees



5. Cash incentives to retirees on superannuation
6. Scheme for providing assistance / scholarships to the parent employees of mentally challenged /spastic children
7. Scheme for providing artificial limbs /hearing aid /crutches to physically challenged staff members/their children
8. Holiday Homes at Shimla, Tirupathi, Jaipur, Goa, Puri, Delhi, Shirdi & Bangalore is being extended to staff members.
9. Scheme for providing scholarship for the wards of PWD employees
10. Scheme for providing annual financial aid to the non-school going disabled children of PWD employees
11. Scheme for providing financial assistance to PWD employees at the time of marriage

The Bank is also administering Family Welfare Scheme under which amounts collected from the members of the scheme are distributed among the family members (nominees) of deceased employees.

In addition to the above, some of the welfare measures undertaken by the Bank for PWD employees include:

1. Aids like Smart walking canes, talking software, Braille attachments, etc. to visually impaired employees.
2. Conveyance facility (pickup & drop) has been provided to visually impaired and orthopedically challenged employees.
3. Braille watches provided to Visually Impaired (VI) employees.
4. Hearing Aid facility to Hearing Impaired (HI) employees.

(xii) Internal Complaints Committee

The sexual Harassment of Women at Work Place (Prevention, prohibition and Redressal) Act, 2013 (hereinafter called the Act) has come into force with effect from 09.12.2013.

This Act is to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto.

In compliance with Section 4 of the Act, Bank has constituted the Internal Complaints Committee (ICC) at the Head Office and at all the Regional Offices of the Bank to deal with the complaints received from staff members pertaining to gender discrimination and sexual harassment at workplace.

The ICC constituted at Head Office consists of the following members:-

1. Smt Manimekhalai A, GM- Chairperson
2. Smt. Mini TM- DGM - Member
3. Shri Senthil Nathan- AGM-Member
4. Smt. Mini CG SM- Member
5. Smt. Roshni CR, SM – Convener
6. Smt. Geeta Menon – NGO – Member.

Section 22 of the said Act stipulates the employer to include in its annual report the number of cases filed, if any and the disposal of cases under the Act. The Central Govt. in exercise of its powers conferred under the Act has also formulated “Sexual Harassment of women at workplace (Prevention, Prohibition & Redressal) Rules, 2013” Rule 14 of which provide the employer to include the information on the complaints received by the committee during the year in the Annual Report. Accordingly, the details of the complaints received by the Committee for the year April 2017 to March 2018 is furnished below.



SI No.	No. of Complaints of sexual harassment received in the year	No. of complaints disposed of during the year	No. of cases pending for more than 90 days	No. of workshops or awareness programme against sexual harassment carried out	Nature of action taken by the employer or District Officer												
1	7	5	1 (Disciplinary proceedings is in progress)	2	<p>The nature of action taken in respect of 7 cases is as under:</p> <table border="1"> <thead> <tr> <th>No of Cases</th> <th>Nature of action taken</th> </tr> </thead> <tbody> <tr> <td>3 cases</td> <td>Outside the purview of sexual harassment and accordingly disposed</td> </tr> <tr> <td>1</td> <td>The respondent has been transferred.</td> </tr> <tr> <td>1</td> <td>Matter was settled through reconciliation.</td> </tr> <tr> <td>1</td> <td>The disciplinary proceedings is in progress</td> </tr> <tr> <td>1</td> <td>The complaint was lodged in Feb '18 and review by the ICC is in progress.</td> </tr> </tbody> </table>	No of Cases	Nature of action taken	3 cases	Outside the purview of sexual harassment and accordingly disposed	1	The respondent has been transferred.	1	Matter was settled through reconciliation.	1	The disciplinary proceedings is in progress	1	The complaint was lodged in Feb '18 and review by the ICC is in progress.
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15. SECURITY ARRANGEMENTS

Bank is constantly reviewing the security arrangements at all branches, offices, currency chests and ATMs to provide effective, efficient, unobtrusive and progressively modern security solutions based on threat perceptions, emerging challenges and guidelines of regulatory, government and law enforcement authorities. The Bank is continuously striving to develop and improve the safety and security management in terms of stipulated policies and requirements. The following pro-active and preventive measures to strengthen security measures were initiated during the year:

- Digital CCTV systems with high resolution IP cameras are being provided to new branches/ currency chests.
- Hybrid Alarm System with wired and wireless detectors are being provided at all branches.
- Strong rooms conforming to RBI specification and BB Class Safes are being provided to all branches.
- Branches categorized as vulnerable from security point of view are provided with armed security guards during working hours.
- E-Surveillance on OPEX basis has been implemented at all ATM sites of the Bank.
- E-surveillance to link CCTV systems at branches to bank's Wide Area Network, to alert security authorities of any suspicious or anomalous behavior on real time is under implementation.
- Security Committees have been formed at HO and Regional Offices to assess vulnerabilities, take proactive measures to further strengthen security arrangements and conduct periodical reviews.



- Bank maintains close liaison with the law enforcement agencies and is fully geared to meet the prevailing security needs.

16. CUSTOMER SERVICES

(i) Customer Service and Redressal of Complaints

Providing excellent customer service is the only effective way of making the Bank distinctly more competitive. This necessitates designing of innovative and cost-effective mechanisms of delivering banking services efficiently, developing profitable business models and leveraging technology optimally. Bank aims at minimum instances of customer complaints and grievances through proper service delivery and review mechanism. To ensure prompt redressal of customer complaints and grievances, Standardized Public Grievances Redressal System (SPGRS) has been put in place. The customers can lodge their grievances in the SPGRS portal through Bank's website and the grievances are redressed in a timebound manner. The complaints received through other channels viz, letters, mails, phone etc are also lodged in this common platform. The system directs the complaints to the concerned branches/functional departments/offices for redressal and resolution of the complaint.

Branch Level Customer Service Committee is constituted to encourage a formal channel of communication between the customers and the bank at the branch level. The Branch Level Customer Service Committee consisting of customers from various cross sections of the society including senior citizens and pensioners meets once a month. The views / suggestions are collated and presented before the Standing Committee on Customer Service chaired by the Executive Director which comprises of non officials as its members for having independent feedback. The committee meets at quarterly intervals and submits its report to the Customer Service Committee of the Board.

The Customer Service Committee of the Board headed by the Managing Director and CEO includes Executive Directors and Other Directors of the Board and experts and representatives of customers as invitees to enable the Bank to formulate policies and assess the compliance thereof internally with a view to strengthening the corporate governance structure in the Bank and also to bring about ongoing improvements in the quality of customer service provided by the Bank. A quarterly review note comprising the nature and category of complaints along with root cause analysis of the complaints is placed before the Board to review the practice and procedures prevalent in the Bank and take necessary corrective action.

The Bank has complied with the directions of the Ministry of Finance, Department of Financial Services, New Delhi, which had conveyed the observations of the Hon'ble Prime Minister during the PRAGATI interaction on the review of the status of disposal of grievances and as per the directions, a system of conducting weekly review of grievances by MD&CEO is introduced to assess the timelines as well as the quality of the replies and details of action taken are furnished periodically to the Dept of Administrative Reforms and Public Grievances, New Delhi.

Bank has appointed Principal Nodal Officer of the rank of General Manager, who will be responsible for the implementation of customer service and complaint handling for the entire bank. The bank has designated the Regional Managers as Nodal Officers to handle complaint/grievances in respect of branches following under their control. The name and contact details of nodal officer (s) are displayed on branch notice boards.

In terms of RBI guidelines, the Bank has appointed Internal Ombudsman to examine the grievances which are not resolved to the satisfaction of the customers or partially resolved in the internal grievance redressal mechanism of the Bank.



A session on customer service has been made mandatory in all the trainings imparted in the Staff Training College to sensitize the staff members on the following aspects:-

- To provide the customers with a comfortable environment when they access banking services
- To retain the customers by offering a quality service to their satisfaction.
- To shift the emphasis on customer service from the lips to the heart with a motto that “Customer Service is a business need of the Bank and not a Social Service”
- To impress upon the frontline staff on the importance of showing empathy in their dealings with customers.

During the year an Independent Agency was shortlisted for conducting a survey on Customer Satisfaction for the Bank. The agency has analyzed the performance of each of the identified 849 branches, both in terms of Customer Satisfaction and through Staff surveys to understand better the overall performance, identify areas of improvement, and potentially establish benchmarks for the Bank towards achieving superior customer service.

(ii) Call Centre

Being the first point of contact for the customers, Call centre plays a vital role in developing the image of a Bank. It acts as a one stop solution for all the products and services offered by the Bank. Also it facilitates an uninterrupted service and caters to the complaints and queries of the customers. The Bank has integrated 3 different call centers viz. general banking, net banking and card division functioning at three different places, to one outsourced call center functioning round the clock. Besides handling the calls from customers/branches, the call centre executives also take care of the emails related to V-Net banking and Card Hotlisting. The bank also has an outbound call centre for calling the Housing Loan and Vehicle Loan borrowers to keep an eye on increasing level of special mention accounts. This helps the Bank to

have better control, improved tracking of Retail Loans and prevent slippage of these accounts to NPA category. Since inception, the Bank has been continuously increasing the number of call center executives to keep pace with Bank’s expanding customer base. The Bank has also been regularly training the call center staff on the new campaigns and products launched by the Bank to help them handle customer queries more efficiently.

(iii) Banking Codes and Standards Board of India (BCSBI)

The Bank, being a member of BCSBI, has adopted the voluntary Codes formulated by BCSBI i.e. (i) ‘Code of Bank’s Commitment to Customers 2018’ (ii) ‘Code of Bank’s Commitment to Micro and Small Enterprises 2015’ (Codes). Bank has formulated and complied with several policies and measures as per the guidelines of BCSBI. All the Branches have been provided with a Comprehensive Notice Board that covers all the mandatory information that needs to be displayed in Branch premises, thereby complying with the BCSBI’s Code of Information dissemination. A session on Customer Service incorporating the provisions of the Codes has been included in the staff general banking training programmes in order to comply with the Codes in true letter and spirit. BCSBI has revised ‘Code of Bank’s Commitment to Customers’ in January 2018 and the bank has taken several steps to abide with the revised guidelines. The Codes are made available on official website of the bank for the easy reference of the customers. The customer can also access the same at any of Bank’s Branches.

(iv) Branch Ambience

Improving customer happiness is a key priority of the Bank. For this, the Bank has improved its quality of customer service, ambience at the branches and ATMs to offer cordial atmosphere to the customers visiting our premises. The branches are now



neat and clean with updated notice board and product details. This offers a pleasant banking experience to the customers and helps to increase the goodwill of the Bank in terms of quality service and neatness of our premises. All our branches and offices are air conditioned offering a professional banking atmosphere with all basic facilities offered to the customer. The ramps are made available at metro branches for the comfort of differently abled customers. Senior Citizens / differently abled / women customer are being treated on a priority basis at the branches. The Bank is offering all the priorities and facilities with specific provisions for meeting the needs of Senior Citizens and differently abled persons as per RBI guidelines.

17. SOCIAL MEDIA

Social Media is the current buzzword across industries and the banking industry has its share of presence and is anticipated to transfigure future banking and would take the industry into a new era. Social Media is a convenient, accessible and easy platform to reach key people in any industry, almost all personalities of various walks of life. Instantly, users can connect to people whom they cannot approach in the normal course through other communications and establish relationships which could initiate instant connections and benefit all the parties involved; at times, the same could be abused by online users. Hence, necessary checks are to be put in place. Social Media could make a big difference in the industry in the days to come which could make a huge impact in the minds of the customers and other stake holders. Investment in Social Media presence could reap huge benefits in the next decade and would provide leverage to the first movers in the race.

The Bank had launched its presence on Facebook, Twitter, LinkedIn, Instagram and Youtube on 29.06.2016. The Bank has made a considerable presence in the last 20 months and has moved gradually creating a fan following on the Social Media pages of the Bank. The bank has garnered more than 4.2 lakhs page likes on

Face book as on March 31st, 2018. Know your banking rights contest conducted by the Bank on the Social Media has been ranked 2nd among top 5 Social Campaigns by BFSI during the year 2017.

The Bank has launched Banking services through Social Media and customers of the Bank can now access features such as Customer registration, account balance, mini statement, Fund transfers and Bill payment through Twitter and Facebook; Twitter banking being more popular.

The Bank has made a great impact in the Social Media presence and awareness on all its social media channels and has seen remarkable growth ever since its entry in the space of Social Media.

18. GOVERNMENT BUSINESS, DEPOSITORY SERVICES & INSURANCE

Government Business

Vijaya Bank has been a pioneer in implementing various schemes launched by the Government of India from time to time. Through efficient and effective use of technology, we are implementing the Government Schemes across our branches, with a view to provide hassle-free experience to our esteemed customers. Some of the schemes implemented by our Bank are as follows:

(i) **Direct Tax and Indirect Tax Collection:** The Central Board of Direct Taxes, New Delhi has permitted our Bank to collect the Direct Taxes either by Offline Mode (remittance through designated branches) or Online Mode - by 'e-Payment' facility available to our customers through Internet Banking. We have 276 authorized branches to collect Direct Taxes through Offline Mode. During FY 2017-18, our Bank has processed a total of 4.93 Lakh Direct Tax transactions.

Our customers can also pay Indirect Taxes like Central Excise Tax through our V- Net banking facility. Since 01.07.2017, we are collecting Goods and Services Tax (GST) payments through OTC mode (Over the Counter), Electronic Mode (Vijaya bank customer can remit through V- Net banking) and RTGS/NEFT mode. All our branches across the country are authorized to collect GST Challans from customers. We have successfully processed 2,40,212 GST Challans amounting to ₹ 3419,77,92,266/-,



since 01.07.2017.

- (ii) **Centralized Payment of Pension:** A dedicated Centralized Pension Processing Center(CPPC) has been operational at HO for centralized payment of pensions of Central Government pensioners. All types of pension like Central Civil, Telecom, Postal, Defence, Railway, Judges and Freedom Fighters pension are being paid centrally by the CPPC cell at HO. All branches are authorized to disburse Central Civil, Defence, Telecom, Postal, pensions and State pensions in the states of Karnataka, Andhra Pradesh, Kerala, Tamil Nadu and four Metro Cities.
- (iii) **Atal Pension Yojana (APY):** Our Bank has been a true champion in implementing Atal Pension Yojana, a scheme launched by the Government of India with a noble vision of providing a well-defined Pension, especially for the poor and the under-privileged. We have 1603 designated branches for opening of APY accounts. Our Bank has opened 1,15,510 APY accounts during the FY 2017-18 and is amongst the top banks in all APY campaigns launched by PFRDA.
- (iv) **Public Provident Fund (PPF):** This scheme was launched in our Bank in 2006. 887 branches of the Bank are designated to open Public Provident Fund accounts. The Bank has opened 88,639 accounts in FY 2017-18.
- (v) **Sukanya Samriddhi Yojana:** 887 branches of the Bank are authorized for handling Sukanya Samriddhi Yojana. The Bank has opened 3508 accounts in FY 2017-18.
- (vi) **Senior Citizens Savings Scheme (SCSS):** This scheme is offered through our select branches. The Bank has opened 1684 accounts in the FY 2017-18.
- (vii) **Sovereign Gold Bonds (SGB):** All the branches of the Bank are designated to accept applications under this scheme. For the FY 2017-18 a total 1,16,361 grams of Sovereign Gold bonds have been sold across our branches.

Depository Services & ASBA

- (i) **Depository Participant Account and Online Trading:** Vijaya Bank is a Depository

Participant (DP) with National Securities Depository Limited.

Our Bank offers the following Depository Services to customers:

- Account Opening
- Dematerialization of securities (Shares, Debentures, Mutual funds etc)
- Electronic settlement of trades in stock exchanges connected to NSDL and CDSL
- Pledge/hypothecation of demat security holdings against bank loan
- Electronic credit of securities allotted in public issues
- Freezing of accounts whenever required so that debits from the account are not permitted
- Nomination facility for demat accounts
- Services related to change of address, bank account details etc.,
- Effecting transmission of securities
- NSDL IDeAS facility

The Bank has a tie up with IDBI Capital for providing Online Trading facility.

- (ii) **Application Supported by Blocked Amount (ASBA):** The Bank is included in the list of SCSBs effective from 01.02.2009. DP Cell is the controlling branch for Application Supported by Blocked Amount (ASBA) facility and all Branches are designated for accepting ASBA application.

Insurance

Life Insurance Business: The Bank has entered into the Corporate Agency agreement with M/s. LIC of India, to cater to the life insurance needs of our customers.

General Insurance Business: The Bank has entered into the Corporate Agency agreement with M/s. United India Insurance Co. Ltd., to cater to the non-life insurance needs of our customers.



Government Social Security Insurance Schemes: The Bank has tie-ups with M/s. SBI Life Insurance Co. Ltd. to provide insurance cover under Prime Minister Jeevan Jyoti Bima Yojana (PMJJBY) and with M/s. United India Insurance Co. Ltd. to provide insurance cover under Prime Minister Suraksha Bima Yojana (PMSBY), to all eligible account holders,

As on 31.03.2018, the Bank has made the following enrollments under PMJJBY and PMSBY:

Scheme	No. of Enrolments
PMJJBY	4,35,502
PMSBY	15,89,033

19. MARKETING & PUBLICITY

(i) Marketing

Marketing Cell is functioning at the Bank's Head Office with active involvement of all Marketing Officers posted across the country in various Regional Offices/RACPCs & MSMEs. Cell is actively engaged in popularizing and marketing of Bank's various products.

(ii) Publicity and Public Relations

During the FY 2017-18, the Bank has carried out several major advertisement campaigns in Print & Electronic media in English, Hindi and in Regional Languages throughout the country to elevate the visibility of the Bank and its products. During 2017-18, major Publicity Campaigns were carried out thorough outdoor advertisement media such as translites at airports, train branding on Kacheguda Express, etc. Outdoor Advertisement hoardings were taken in metro cities, glow sign/sign board advertisements at Railway Stations/Bus Stands, etc.

20. IMPLEMENTATION OF OFFICIAL LANGUAGE

Bank is implementing the Government's Official Language Policy in letter and spirit since nationalization. With the efforts of staff members, Bank could achieve Hindi Correspondence of 94.05% in Region 'A' against the target of 100%;

93.56% in Region 'B' against the target of 90% and 71.20% in Region 'C' against the target of 55% as on 31.03.2018.

The Bank was awarded I Prize under Kirti Puraskar of Government of India in Region 'C' for excellent performance under Rajbhasha Implementation. The Shield and Certificate was awarded to the Bank's Managing Director and CEO by Hon'ble President of India at Rashtrapathi Bhavan, New Delhi on 14.09.2017.

Our Bank's Head Office being Convenor of TOLIC (Banks), Bangalore was awarded I Prize for implementation of Rajbhasha under TOLICs Category of South and South-Western Region by Ministry of Home Affairs, Department of Official Language. Similarly, Bank's Regional Office, Bangalore (South) was awarded with II Prize under Regional Office Category. The Prizes and the Shield were awarded by the Secretary (O.L.), Ministry of Home Affairs, Department of Official Language in the Regional Rajbhasha Sammelan of South and South-Western Region at Vishakhapatnam.

Various Regional Offices and Branches of the Bank also bagged 16 prizes from various TOLICs for Best Performance under Rajbhasha Implementation in which Regional Office – Bangalore (South), Hassan, Ludhiana, Mangalore, Meerut, Pune have bagged first prize.

The Drafts and Evidence Sub-Committee of Parliamentary Committee on Official Language had discussion programme with our Noida Branch and Regional Office-Hyderabad.

The Bank started sending SMS in Hindi and in other Regional Languages during the year.

The Bank has conducted All India Inter Bank Hindi Seminar at Jaipur which was attended by dignitaries from Department of Official Language, Ministry of Home Affairs, Government of India and various banks/financial institutions.

The Bank, during the year published a book, 'Digital Banking' containing articles received during All India Inter Bank Hindi Seminar, during Hindi Day 2017.

Under the banner of 'V-GenUth' all 32 Regional Offices and Head Office have conducted



Competitions in Hindi viz. Essay Writing, Elocution, Drawing, story telling, creative writing, etc. The Regional Offices/Branches have organised camps for encouraging Digital Banking and Atal Pension Yojana. During the year 129 Hindi workshops were conducted for Executives/Officers/Clerical Staff employees in which 2580 staff members were trained. Importance of use of Unicode was stressed in these workshops.

All 32 Regional Offices conducted Seminars/ various competitions in Hindi under the aegis of their respective Town Official Language Implementation Committee. Head Office organized Seminar in Hindi on “GST – A Historic Change and Effect of Bank Merger on the Economy” on 31.05.2017 under the aegis of Town Official Language Implementation Committee (Banks), Bangalore. O.L. Officers / Generalists from various Banks situated in Bangalore participated in the Seminar.

Under the Bank’s Internal Rajbhasha Shield Scheme for the year 2016-17, Personnel Department was awarded 1st Prize, Planning & Development Department was awarded 2nd Prize and Credit Department (Review and Recovery) was awarded 3rd Prize under HO Department Category for effective implementation of Official Language. Under Best Region Category Delhi were awarded 1st Prize, Nagpur Region 2nd Prize and Chandigarh 3rd Prize.

21. CORPORATE SOCIAL RESPONSIBILITY

(i) Vijaya Bank - A Responsible Corporate Citizen

Bank has a robust CSR policy which aims at equitable development, infrastructure creation, employment generation, environment protection and sustainable socio-economic development of the weaker sections of the society. A Board approved CSR Roadmap for the year 2017-18 had been prepared with special focus on areas which have lasting social impact. Our primary focus continues to be girl child education, rural healthcare, sanitation facility in schools, safe drinking water facilitation, infrastructure support and supplying essentials to schools, hospitals, old age home, orphanages, special schools

etc. for the benefit of the old, sick, differently-abled, destitute, orphaned and the helpless.

Bank has put in place its own CSR schemes which have long term transformational impact on the standard of life of the poor and needy. The major focus areas of our CSR activities are:

(ii) Girl Child Adoption

A flagship Scheme of the Bank to promote girl child education amongst the underprivileged sections of the society. The adopted girl child is financially supported by the Bank till completion of her Post Graduation level studies. This is undertaken with an aim to promote education of the girl child and give her an equal opportunity to realize her true potential and not be deprived of her right to education due to financial constraints. Bank provides annual expenses to the girl child for her education related expenses like books, shoes, uniform etc. During 2017-18, Bank has adopted 148 girl children taking the overall tally of Girl Child adoptions to 1311.

(iii) Rural Health Centres

To bring basic healthcare within the reach of rural poor in remote, backward areas, Bank has set up Vijaya Rural Health Centres (RHC). The Bank provides preventive health care by engaging a doctor and providing free medicines to the patients at these RHCs. Bank has added 13 RHCs during 2017-18 to the existing 45 taking the total number of Vijaya Rural Health Centres to 58 as on 31.03.2018.

(iv) Construction of toilet blocks and their maintenance

Bank has constructed separate toilet blocks for girls and boys in Govt. schools in backward areas to provide sanitation facility to ensure conducive learning atmosphere and reduce early school drop-out especially amongst girl children. Bank has provided towards construction of toilet blocks to 66 schools/ organisations till date. Bank also pays for their monthly maintenance to ensure upkeep and cleanliness.



(v) Donation of vehicles

Bank has donated vehicles - vans, ambulances and buses etc. to non-profit, charitable organizations, trusts, orphanages and schools etc. which are engaged in serving the orphaned, aged, disabled, sick, destitute, abandoned and helpless persons. Donation of bus has been made for the convenience in transportation facility to the visiting pilgrims of a renowned pilgrimage. Also ambulances and vehicles have been donated by the bank to orphanages and charitable trusts to aid in case of medical emergencies and to rescue destitutes.

(vi) Donation towards creation of medical aid and infrastructure

Bank has made donations towards creation of permanent infrastructure like construction of a ward/ patient room for Alzheimer and Dementia patients to a Trust, donations have been made to a renowned Blood Bank towards medical equipments and vehicle for the welfare of the sick and needy people. Also donations have been made for the aid of cancer patients, towards procurement of hospital beds etc. to hospitals.

(vii) Facilitating safe drinking water

Donation of few water purifying units had been made to a Health Institute cum Hospital for the welfare of the patients and the general visitors. To facilitate safe drinking water several donations of water purifiers, water filters, water storage tanks, RO water units, etc. had been undertaken by the Bank in schools, colleges, orphanages, hospitals, charitable organizations, public spaces etc., all over the country for the benefit of children, students, old, poor and the needy people.

(viii) Infrastructure to schools/ colleges

Apart from donation of infrastructural items like furniture, computers, LCD projectors, water filters etc. to schools/ special schools for the disabled etc., Bank has sanctioned donation to a charitable trust towards establishment of a School for the welfare of the underprivileged.

(ix) Supply of Essentials to old age homes, orphanages, special schools, charitable organisations etc.

Bank has donated essentials and basic amenities like furniture, computers, braille equipped computers, refrigerators, solar water heaters, electrical appliances etc. to old age homes, orphanages, special schools for the disabled, charitable organisations etc. all over the country. Bank has made donations for provisions like food items i.e., rice etc., provided towards expenditure of food expenses for a trust, dress material for uniforms of orphan inmates etc., to charitable organisations, to help the poor and the needy. Also donation of Agarbatti making Automatic Machines were undertaken towards empowering and providing livelihood generation to the underprivileged women.

(x) Go-green initiatives for environment protection

Recognising the imperative need to conserve environment, green initiatives are one of the focus areas in the CSR Roadmap. Under the green initiatives by the Bank, tree plantation activities, installation of tree guards and providing of financial assistance for maintenance of public parks, and other environmental initiatives have been undertaken. Apart from this, major donation involving hopper tipper vehicle for garbage collection and contribution towards Swachh Bharat Mission for road maintenance have also been made by the Bank towards conservation and protection of the environment.

22. PARLIMENTARY COMMITTEE MEETINGS

Details of Parliamentary Committee visited during FY 2017-18

- Study Tour of the Standing Committee on Social Justice and Empowerment on "Priority Sector Lending To SCs, STs, OBCs, Minorities And Differently Abled Persons" to Goa on 31st May, 2017.
- Study Visit of Parliamentary Standing Committee on Urban Development on "Pradhan Mantri Awas Yojana (PMAY -



Urban) Housing For All” by 2022 and Deendayal Antyodaya Yojana (Day) – National Urban Livelihood Mission (NULM), to Bengaluru on 06th June, 2017.

- Parliamentary Committee on Welfare of SCs/ STs held at New Delhi on 08th September, 2017.
- Study Visit of the Committee on Subordinate Legislation, Rajya Sabha on “RBI Master Direction – Priority Sector Lending” to Bengaluru, Vishakhapatnam and Mumbai from 04th to 09th November, 2017.

23. AWARDS & ACCOLADES

In recognition of Bank’s excellent performance in financial and other initiatives, the Bank was conferred with many awards and accolades during the financial year 2017-18

- Rajbhasha Kirthipuraskar Award received from the President of India.
- Pension Fund Regulatory and Development Authority (PFRDA) Award for Makers of Excellence conferred on our MD & CEO Shri R A Sankara Narayanan under Atal Pension Yojana.
- Pension Fund Regulatory and Development Authority (PFRDA) Award for “Transformative Leader” - conferred on our Executive Director, Shri Nageswara Rao Y.
- First Prize Winner of ASSOCHAM Social Banking Excellence Award 2017 for Agriculture Banking presented by the Hon’ble Minister of State for Finance, Shri Pratap Shukla.
- First Prize Winner of ASSOCHAM Social Banking Excellence Award 2017 for Priority Sector Lending presented by the Hon’ble Minister of State for Finance, Shri Pratap Shukla.
- IBA has awarded “Technology Bank of the year 2017” amongst mid-size banks.
- IDBRT has awarded Best Bank in "Use of Technology for Financial Inclusion among mid-size banks and “Digital Banking among

mid-size banks” for the FY’17.

- IPE’s (Institute of Public Enterprise) Award for ‘Women Excellence-2017’ received by Smt. Nirmala Sridhar, General Manager, Vijaya Bank.
- Bank has received Second Prize under Raja Basha Shield in the Southern Region.
- Bank’s VIBSETIS received Highest grading (AA) Award by Ministry of Rural Development Government of India distributed on 07.06.2017 at Vigyan Bhawan New Delhi.
- Award by HUDCO for its outstanding contribution under the PMAY scheme.
- ET NOW CSR Leadership Award by World HRD Congress for Best Corporate Social Responsibility Practices.

Skoch Financial Technology Awards 2017

- Best Bank in Public Sector
- Banker of the Year, Dr.Kishore Sansi, Ex.MD & CEO Vijaya Bank.
- Banker of the Year (for NPA Management) – Shri B S Rama Rao, Ex. Executive Director of the Bank
- Best Bank in NPA Management
- Gold award for the performance under Pradhan Mantri Jan Dhan Yojana (PMJDY).
- Best Bank in Retail Lending
- Award for Inclusive Wallet – VPAYQWIK
- Award for Digital Inclusion
- Award for IT Security
- Award for e – Surveillance of ATMs & Branches
- Award for 100 Digital Villages – Financial Inclusion

24. BOARD MEETING AND MEETING OF OTHER SUB COMMITTEES OF THE BOARD

During the year 2017-2018, the Board of Directors met 17 times. The details of Committee Meetings are as under:-



Name of the Committee of the Board	No. of Meetings
Management Committee	14
Audit Committee	7
Stakeholder Relationship Committee	4
Share Transfer Committee	4
Risk Management Committee	6
Committee to Review High Value Frauds	2
Head Office Level Credit Approval Committee	22
Directors' Promotion Committee	1
Review Committee on Disciplinary Matters & Probity	4
Customer Service Committee	4
Remuneration Committee	1
Nomination Committee	2
IT Strategy Committee	5
Committee For Monitoring of Recovery	7
Corporate Social Responsibility Committee	4
Review of Wilful Defaulters Committee	3
HR Committee	4
Committee of Digital Transaction	1

Changes in the Board of Directors

During the year 2017 -18, the following New Directors have joined the Board.

1. Shri R A Sankara Narayanan, has been appointed as Managing Director & CEO w.e.f. 01.09.2017
2. Shri Murali Ramaswami has been appointed as Executive Director w.e.f 19.02.2018
3. Shri Srinivasa Rao has been appointed as Government Nominee Director w.e.f 28.09.2017
4. Shri Rajan Dogra has been appointed as Shareholder Director w.e.f 08.08.2017
5. Shri Raghvender Gupta has been appointed as Shareholder Director w.e.f 08.08.2017
6. Shri Vivek Soni has been appointed as Non Official Director under CA Category w.e.f 27.12.2017

During the year 2017 -18, the following Directors have ceased to be Director on the Board of the Bank.

1. Shri Kishore Sansi, has demitted the office as Managing Director & CEO on 31.08.2017
2. Smt Bharati Rao has demitted the office as Shareholder Director on 07.08.2017
3. Shri P Vaidyanathan has demitted the office as Shareholder Director on 07.08.2017
4. Shri Sanjay Kumar has demitted the office as Government Nominee Director on 27.09.2017
5. Shri B S Rama Rao has demitted the office as Executive Director on 31.01.2018

The Bank's Board as on date consists of the following Directors:-

Sl. No	Name of Director	Designation
1.	Shri G Narayanan	Non Executive Chairman & Non Official Director
2.	Shri R A Sankara Narayanan	Managing Director & CEO
3.	Shri Nageswara Rao Y	Executive Director
4.	Shri Murali Ramaswami	Executive Director
5.	Shri N Srinivasa Rao	Government Nominee Director
6.	Shri G P Borah	RBI Nominee Director
7.	Shri Vivek Soni	Non Official Director (CA Category)
8.	Shri M Bhagavantha Rao	Non Official Director
9.	Shri V V R Sastry	Non Official Director
10.	Shri S Raghunath	Non Official Director
11.	Shri Rajan Dogra	Nominee-Shareholders Director
12.	Shri Raghvender Gupta	Nominee-Shareholders Director

Acknowledgement

The Board wishes to place on record its sincere appreciation to the customers for their patronage, to the shareholders for their support, to the Government authorities and Reserve Bank of India for their valuable guidance and support, to the Directors who completed their tenure during the financial year and to all staff members for their full support in the pursuit of organizational growth and excellence.

For and on behalf of the Board of Directors

Head Office, Bengaluru

Date: 08.05.2018

R. A. Sankara Narayanan

Managing Director & CEO