



CSB... Support all the way



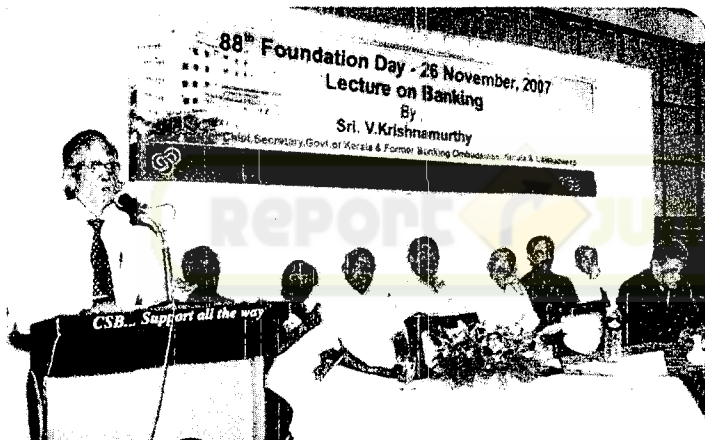
Catholic Syrian Bank



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Board of Directors adopting the Annual Accounts for 2007-08



Foundation Day Lecture on Banking delivered by Sri.V.Krishnamurthy, Former Chief Secretary, Govt of Kerala & Former Banking Ombudsman, Kerala and Lakshwadeep

Launch of CSB's Mobile ATM at Ernakulam by renowned film star Sri.Dileep



The Catholic Syrian Bank Limited

Registered Office : P.B. No.502, CSB Bhavan
St.Mary's College Road, Thrissur - 680 020.
Telephone : 0487 - 2333020
www.csb.co.in

BOARD OF DIRECTORS



Sri.R. VENKATARAMAN
Chairman & CEO



Sri.C.F.JOHN



Sri. JOS C.CHAKKO



Sri.TONY JOE PULIKKEN



Dr. K.A.MENON



Sri.GEORGE SEBASTIAN. K



Sri.AJAY LAL



Sri. S. SWAMINATHAN



Sri. PRAKASH G. TOLE



Sri. G.SREEKUMAR
Addl. Director,
RBI Nominee



Sri. RAKESH MATHUR
Addl. Director,
RBI Nominee

EXECUTIVES

CHIEF GENERAL MANAGER

Sri.Iswardas V.P.

GENERAL MANAGERS

Sri.Surendran C.

Dr.Giridharan U.R.

DEPUTY GENERAL MANAGERS/ ZONAL MANAGERS

Sri.Francis C.T.

Sri.Jacob J. Arakkal

Sri.Jacob C.J.

Sri.Joseph Bernard Mathew

Sri.Joseph T.B.R.

Sri.Paul Perincherry

Sri.Cherien George

Sri.Joseph C.Varghese

ASSISTANT GENERAL MANAGERS/ ZONAL MANAGERS

Sri.Anto M.A.

Sri.Bhaskaran V.P.

Sri.Narayanan M.

Smt.Tessy Sebastian

Sri.Poulose A.K.

Sri.Vivekanandan K.K.

Sri.Abdul Rahiman A.

Sri.Ajith Prabhakar

Sri.Antony P.V.

Sri.Mohan Menon T.

Sri.Poulose K.C.

Sri.Radhakrishnan A.

Sri.Rajagopalan K.R.

Sri.Vincy Louis Pallissery

Sri.Achuthan M.

Sri.Baby P.V.

Sri.Cherien T.J.

Sri.Joseph A.J.(Angadiyil)

Sri.Paul George P.

Sri.Sebastian A.F.

COMPANY SECRETARY

Sri.Mohana Kumar K.P.



Catholic Syrian Bank



Chairman's Message

I am pleased to report that another meaningful year of robust business performance and strong profit growth has been chronicled to CSB's history. Net Profit grew by 91.71 % in the year and coupled with the strategic investment by foreign investors, capital and reserves grew by 33.03%. We added close to Rs 900 crore to our business during the year. Net NPA % is at an all time low of 1.61%.

Acknowledging your bank's good performance on the operations front, demonstrated by the good volume & profit growth, the Board of Directors has recommended a record high dividend of 30%.

In line with our commitment to build on our national reach, we opened 17 branches during the year. We have also commissioned 7 mobile ATMs by now. Today we cater to customers across the country and a good number of NRI customers. 125 ATMs are operational by now and customers of nearly 85% of our branches have ATM access.

During the year, the bank launched Flexi Support SB & Flexi Support CD that offer free fund transfer and cheque collection facility. For providing round the clock information on account transactions, CSB...Anytime SMS was introduced. To offer unparalleled product range and value to the customers we launched a feature packed "CSB Credit Card" co branded with SBI Cards. The bank is in the final stages of introducing CSB...Upahaar, a VISA enabled gift card. Observance of 2007-08 as "Relationship Year" re-affirmed customer confidence and also added to our clientele.

Anticipating sizeable growth in business in the years to come, we reorganized our organizational structure by creating two Circle Offices at Ernakulam & Chennai to catapult the business levels within and outside Kerala respectively to the high growth trajectory. This year we have unveiled the CBS jointly developed with a reputed software company.

Effective 31.03.08, the bank migrated to the Basel II framework for Capital Adequacy, one year ahead of the mandatory last date i.e. 31.03.2009. The bank's capital adequacy ratio as per the Basel II norms is higher than that as per the Basel I norms by 0.34 % providing scope for better leveraging on the capital for business growth.

Powered by the loyalty of our customers and success of our business model, we look forward to high growth in the years to come. I extend my gratitude to my colleagues in the Board, shareholders, bondholders, customers, employees and well wishers for their patronage and support. I also take this opportunity to thank the Reserve Bank of India for their continued guidance and support, in every aspect.

R. Venkataraman
Chairman & CEO



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The Catholic Syrian Bank Limited

Registered Office: Thrissur

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Eighty Seventh Annual Report of your Bank with the audited Balance Sheet and Profit & Loss account for the year ended March 31, 2008.

INDIAN ECONOMIC ENVIRONMENT

The Indian economy, continuing to be one of the fastest growing economies in the world, recorded an estimated real GDP growth rate of 8.7 per cent in 2007-08 as compared with 9.6 per cent in the previous year. The trend of average growth rate every year since 2003-04 has been 8 per cent. The major contributory sector to the growth was the service sector which recorded a double digit growth of 10.6 percent while the contribution of agriculture and industrial sectors were much lower than that in the preceeding year. The headline inflation based on wholesale price index rose to 7.4 percent during 2007-08 and it continues to be on the upswing as against 6.3 per cent in the previous year. Indian financial market remained largely orderly, barring equity market. The Indian equity market witnessed large swings during the year with intra-year peak of 20873 and trough of 12445. The corporates mobilized large resources through public issues. Money supply (M3) increased by 20.7 per cent in 2007-08 as compared with 21.5 percent in 2006-07. The foreign exchange reserves of the country recorded large increases during the year and stood at Rs.12395 billion or US \$ 309.16 billion as at the end of March 2008.

INDIAN BANKING DEVELOPMENTS

The Indian banking industry continued its rapid growth reflecting strong financial services penetration in the economy. However, during the year, keeping with the trend in real sector economic activity, there was moderation in the banking sector development. Non-food credit extended by Scheduled Commercial Banks rose by 22.3 per cent as against 28.5 percent in 2006-07. Credit to services sector recorded the highest growth of 28.4 percent followed by industry (26.00 percent) and agriculture sector (16.4 percent). Growth in personal loans also decelerated. The growth in the aggregate deposits of SCBs decelerated to 22 per cent from 23.8 per cent in the previous year mainly on account of moderation in time deposits growth.

WORKING RESULTS AND APPROPRIATION

The year under report was one of significant achievements. The Bank presented good financial performance during the year with improvement across all major parameters. Total income during the year amounted to Rs.542 crore as against Rs.452 crore in previous financial year. Total expenditure including provisions and contingencies amounted to Rs.505 crore as against Rs.432 crore in the previous financial year. Bank's total income from Treasury operations and from other banking operations for the year amounted to Rs.132 crore and Rs.410 crore respectively as against Rs.115 crore and Rs.336 crore respectively in the previous financial year. Operating profit of the Bank for the year amounted to Rs.73.48 crore as against Rs. 62.65 crore in the previous financial year, recording a growth of 17.29% over the previous financial year. The Bank's Net profit for the year after absorbing an amount of Rs.15.75 crore being incremental liability in respect employee benefits as per AS 15 (Revised) and after making the requisite and necessary provisions under Prudential Accounting norms and other usual provisions, amounted to Rs. 36.56 crore as against Rs.19.07 crore in the previous financial year, recording a growth of 91.71% over the year. With the balance profit amounting to Rs.0.01 crore brought forward from previous year, the total amount available for appropriation is Rs.36.57 crore, from which the following appropriations have been made:-

Capital Reserve	: Rs.0.20	crore
Statutory Reserve	: Rs.9.14	"
General Reserve	: Rs.18.49	"
Special Reserve (Swap)	: Rs.0.23	"
Special Reserve (Sec. 36 (1) (viii) of IT Act)	: Rs.3.99	"
Investment Reserve	: Rs.0.28	"
Charity Fund	: Rs.0.03	"
Proposed Dividend (Including Dividend Tax)	: Rs.4.20	"
leaving a balance of Rs.0.01 crore to be carried forward to Balance Sheet.		



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CAPITAL ADEQUACY

The capital to Risk Weighted Assets Ratio (CRAR) as assessed by the Bank as on 31st March 2008 is 10.87% as against the minimum CRAR of 9% stipulated by the Reserve Bank of India.

FURTHER ISSUE OF SHARE CAPITAL

During the year under report, the Bank made issue of equity shares numbering in the aggregate 1752467 shares of Rs.10/- each to three international private equity funds viz., AIF Capital Development Ltd., Mauritius-625881 shares, GPE III Mauritius Direct Investment Ltd., Mauritius - 563293 shares and Siguler Guff BRIC Mauritius-563293 shares as per the Unlisted Public Companies (Preferential Allotment) Rules, 2003 with the approval of the Reserve Bank of India. The shares were issued at a price of Rs.190/- per share including premium of Rs.180/- per share, thereby increasing the issued and subscribed capital to Rs.12,63,21,220/- made up of 12632122 equity shares of Rs.10/- each.

RIGHTS ISSUE OF SHARES

With the objective of augmenting the Bank's net worth to the level of Rs.300 crores as stipulated by the Reserve Bank of India, your Bank in July 2007 came out with a Rights Issue of an aggregate number of 10226307 equity shares of Rs.10/- each at a premium of Rs.110/- per share (issue price Rs.120 per share), in the ratio of one new share for every existing share held, aggregating an amount of Rs.1,22,71,56,840/-. However, the Bank has not been able to proceed with the Rights Issue as a result of a litigation before the Hon'ble Munsiff Court, Thrissur. The Bank's writ petition in the matter is pending before the Hon'ble High Court, Kerala.

KEY FINANCIAL RATIOS

The important financial ratios of the Bank are given below:-

Particulars	2007-08	2006-07
Return On Assets (ROA)	0.64%	0.37%
Average Interest Bearing Liabilities (Rs. in crore)	4817.13	4385.62
Average Cost of Deposits	6.19%	5.34%
Average Interest Earning Assets (Rs. in crore)	5120.57	4760.29
Average Yield on Advances	11.21%	9.67%
Average Yield on Investments	6.25%	6.32%
Net Interest Margin	2.86%	3.02%
Cost-Income Ratio	67.28%	68.68%
EPS (in Rs.)	30.29	17.53

DIVIDEND

As per general permission granted by the Reserve Bank of India, the Board of Directors has recommended payment of a dividend of 30 (thirty) percent on equity shares for the year ended 31st March, 2008. The dividend is tax free in the hands of the recipients. Total outgo in the form of dividend, including taxes, will be Rs.4.20 crore.

REVALUATION OF FIXED ASSETS

In order to represent the true value of immovable assets owned by the Bank, the Bank undertook revaluation of Land and Buildings by professional valuer, as on 31st March, 2008. The total value of land and buildings revalued as per the valuation is Rs.45.49 crore as against their book value of Rs.34.78 crore. The appreciation on revaluation amounting to Rs.10.71 crore stands credited to Revaluation Reserve Account.

RESOURCE MOBILISATION

The total deposits of the Bank grew by Rs.569.02 crore to Rs.5317.62 crore as on March 31, 2008, from Rs.4748.60 crore in March 2007 recording an increase of 11.98%. Out of this, the total NRI Deposits stood at Rs. 1000.40 crore (18.81% of total deposits). Low cost deposits continued to constitute 28% of total deposits. The Bank took many initiatives to improve the deposit position particularly to increase the client base and low cost Current and Savings Deposits.

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COMPOSITION OF FUNDS (Rs. in Crore)

Particulars	End March 08	End March 07
Deposits	5317.62	4748.60
Borrowings	6.31	4.21

CREDIT OPERATIONS

Your Bank posted a credit growth of 9.99% in the financial year 2007-08. A number of initiatives on the credit front facilitated this growth. The credit operations function was also strengthened during the year through implementation of speedier processing and appraisal of credit proposals.

DEPLOYMENT OF FUNDS (Rs in Crore)

Particulars	End March 08	End March 07	Growth (%) Year under Report	Growth (%) Previous Year
Advances	3314	3013	9.99	11.80
Investments	1819	1553	17.13	8.45

PRIORITY SECTOR LENDING

Priority Sector advances extended by your Bank have increased from Rs. 1125 crore in FY07 to Rs.1602.38 crore in FY 08 and constituted 47.65% of Adjusted Net Bank Credit against the mandated target of 40%.

Total Agricultural Advances (including RIDF) recorded a growth of 17.29% over the previous year and stood at Rs.581.44 crore by end- March 2008. Advances to SSI Sector stood at Rs.276.10 crore as on 31st March 2008.

ASSET QUALITY MANAGEMENT

The Bank made further progress in regard to NPA management during the year. Through well co-ordinated and sustained efforts, the net NPA level to Net Advances was brought down from 1.98% in FY 2007 to 1.61% in FY 2008, a level reduction of 0.37%.

Asset Quality: Advance Type (provisions)	(Rs. in Crore) (Gross including)	End March 08		End March 07	
		Amount	% of Total	Amount	% of Total
Loss		6.19	0.19	5.53	0.18
Doubtful		95.48	2.81	105.22	3.42
Sub-Standard		29.72	0.88	18.31	0.59
Gross NPA (net of Interest Suspense)		131.39	3.88	129.06	4.19
Standard		3255.91	96.12	2947.70	95.81
Total Loan Assets		3387.30	100.00	3076.76	100.00

The sustained efforts of your Bank in improving the Asset Quality and containing the NPAs are reflected in the rise in the share of Standard assets from 95.81 % in the previous year to 96.12% during FY08. The Bank's NPA provision coverage ratio is at a healthy level of 56.12% as on 31st March 2008.

Cash Recovery of NPAs amounted to Rs.32.07 crore and upgradation of NPA accounts aggregated to Rs.7.94 crore during the year. The Bank could also recover a sum of Rs. 16.68 crore from the written off accounts.

RISK MANAGEMENT - TOWARDS BASEL-II COMPLIANCE

Your Bank has voluntarily implemented the BASEL-II norms effective from the financial year under report. The Bank is adopting and implementing an integrated approach to risk management and has evolved suitable risk management architecture. The Board of Directors remain at the helm of all risk management policies and strategies and it is supported by the Sub-Committee of the Board for Risk Management, which, in turn is supported by Executive Level Committees. In order to manage the Credit Risk, Bank's Credit Risk Management Department undertakes Industry/ Product / Loanee Profile studies and makes them available to the credit



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operations officers. Credit proposals of Rs.2 crore and above are subjected to CRMD Risk Evaluation. Bank has also laid down exposure caps in various industries / sectors to monitor the concentration of Credit Risk on an ongoing basis.

As regards management of market risk, your Bank has put in place Asset Liability Management System in line with the RBI guidelines. The ALCO (Asset Liability Management Committee) meets periodically to discuss the product pricing for deposits and advances, maturity profiles of assets and liabilities, articulating interest rate view of the Bank, funding policy, transfer pricing policy and balance sheet management of the Bank. The structural liquidity and interest rate sensitivity gap reports are prepared in line with the RBI guidelines to monitor the liquidity and interest rate risk and are also reported to RBI on a regular basis.

To deal with risks arising out of failed internal processes, people, and systems and on account of external events, the Bank has in place a robust operational Risk Management Policy based on the RBI's latest guidelines. An assessment of your Bank's Operational Risk areas indicates stability and soundness in your Bank's operations. In tune with the the Basel II Guidelines, your Bank has migrated to the Standardized Approach for Credit Risk and Basic Indicators Approach for Operational Risk.

FOREX BUSINESS AND TREASURY OPERATIONS

Forex business turnover of the bank increased to Rs.12776 crore for 2007-08 from Rs. 11,571 crore for 2006-07. The total export bills turnover increased to Rs. 956 crore from Rs. 925 crore last year. Total income from Forex business for the year increased to Rs.23.48 crore from Rs. 22.37 crore in the previous year. To facilitate remittance by NRIs, the Bank has drawing arrangement with 18 institutions (1 Bank and 17 Exchange houses)

During the year, Bank's Integrated Treasury has continued to be a niche player in the Inter-Bank Foreign Exchange market. The rate of interest on US dollar denominated Foreign Currency Loans remained lower than those on rupee borrowings, even on a fully hedged basis. Hence, the demand for such loans remained high and your Bank could deploy its foreign currency resources profitably. The Equity Desk at the Treasury made reasonable gains during the year and recorded profits through prudent and agile market operations. As part of managing the risk associated with Treasury Operations, your Bank has taken a number of proactive measures in strengthening the risk management process.

NEW BUSINESS ACTIVITIES

As part of the strategy for augmenting fee based income, your Bank is acting as Corporate Agent of Birla Sun Life Insurance Company Limited, The New India Assurance Company Limited and Export Credit Guarantee Corporation of India Limited for selling Life Insurance, General Insurance and Export Credit Insurance products respectively. The Bank has tie up arrangement with TATA Asset Management Limited, UTI Asset Management Company Private Limited and DBS Chola Asset Management Company Limited for distribution of their Mutual Fund Products. With these tie-ups, the bank is now distributing products of ten Asset Management Companies. The Bank has also launched a unique floater mediclaim policy viz. 'CSB Health Care Support' in association with New India Assurance Company Ltd. Bank's Debit cum- Shopping Card 'CSB... Global Support' is accepted at more than a million ATM locations and more than 24 million Merchant Establishments where the VISA Logo is exhibited. The Bank has also launched a co-branded Credit card in association with the State Bank of India. The Bank has draft drawing arrangements with Centurion Bank of Punjab and HDFC Bank. The Bank is also having Payable at Par (PAP) Cheque arrangements with IDBI Bank and HDFC Bank.

BRANCH NETWORK

The Bank opened 17 new branches during the year under report. The Bank's branch network as on 31st March, 2008 was as under:

Area	Branches	% to total
Metro	49	13.57
Urban	90	24.93
Semi urban	181	50.13
Rural	41	11.38
Total	361	100.00

The Bank has 9 Zonal Offices and 1 Extension Counter. During the year, the Bank has opened Circle Offices at Chennai and Ernakulam.



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TECHNOLOGY ADOPTION

The Bank has embarked on a major transformation programme to align its business and processes with customer needs and expectations. The Bank has been implementing the planned change in a measured pace towards realizing its vision without losing sight of its cherished values and ethos. The business transformation programme, encompassing technology, is being implemented by the Bank with a view to providing the customer convenience banking through deployment of Core Banking Solution, which will seamlessly integrate all delivery channels such as branches, ATMs, Internet, Phones, Mobiles etc.

IT INITIATIVES IN FY 2008

With a view to providing greater convenience and alternative delivery channels to the customers, your Bank launched a slew of IT initiatives during the year which include:-

- Total Number of ATMs across the country increased to 125 from 86 as on date of the last Report. The Bank is also planning to Commission 40 more new ATMs across the country during the current financial year
- Launched mobile ATM at Ernakulam and it is proposed to launch 6 more Mobile ATMs shortly.
- Enlarging the Debit Card base to reach around 1.52 lakh.
- Core Banking Solution (CBS) developed by the Bank jointly with a technology partner and launched at the first batch of branches, is running satisfactorily.
- All the branches have been brought under VAN.
- All branches brought under RTGS.
- All branches brought under NEFT operation.
- Set up a new Data Centre in Chennai for CBS implementation.

CUSTOMER SERVICE

Your Bank always believes in reaching out to the customers. As part of this, your Bank offered various schemes and launched a number of products to cater to the specific needs of its customer clientele. In order to provide more convenience to its customers, your bank has launched a mobile ATM at Ernakulam and is also planning to launch more mobile ATMs during the current financial Year. During the period under review, your Bank has also installed 20 on site ATMs and 23 off site ATMs.

Further, your Bank also has in place a Customer Grievances Redressal Mechanism, where customers can approach our various levels for redressal of their grievances. The Bank also ensures that customer complaints received through various sources are resolved within the shortest possible period.

The "Customer Service Committee", a sub-committee of the Board constituted pursuant to the RBI directives, has been inter alia, suggesting, implementing and reviewing the measures for enhancing the quality of customer services and improving the level of satisfaction for all the categories of clientele, at all times. The functioning of the Sub-Committee is being periodically reviewed by the Board of Directors. Besides, the Bank is also having an Executive Level Committee on Customer Service, which has representation from customer groups

HUMAN RESOURCES

Your Bank considers Human Resource as very valuable asset. The Bank's HR policies and practices aim at attracting, motivating and retaining qualified and competent employees and consistently upgrading their knowledge and skills. The policy also seeks to provide right environment and nurturing for the growth of its work force. The Bank makes extensive use of training resources of its Training College with a view to provide specialized training in newer areas of skills and also to provide wider exposure to executives and officers.

During the year, 22 training programmes were conducted at the Bank's Staff Training College, exposing 1129 of our staff members at different levels to various trainings and 159 staff had been sent for external training programmes in different functional, managerial and behavioural areas. The Bank continues to focus on imparting training to its employees to upgrade the knowledge base and skill.

As at the end of fiscal, the total staff strength of the Bank stood at 2744 comprising of 1171 officers, 1182 clerks, 367 sub-staff and 24 permanent part-time employees.

INSPECTION AND VIGILANCE

The Bank has in place a sound and well structured system of inspection of branches and other offices. In line with the Risk based Supervision approach of Reserve Bank of India, the Inspection Department carried out Risk

Based Audit of 269 branches in FY08.

The Concurrent Audit in the Bank covered 108 Branches covering 52.81% of Deposit portfolio, 68.89% of Advance portfolio and 100% of Investment portfolio.

Active implementation of various preventive vigilance measures has helped your Bank in keeping a check on the incidence of frauds. It has been your Bank's endeavour to encourage and enable the operating level staff as also those at controlling offices to exercise due care and caution to take preventive and detective measures. This has helped in increasing the efficiency and creating an environment of security for the honest work force. A Sub-Committee of the Board functions exclusively to initiate preventive steps and reviews cases of Large Value Frauds, if any.

CORPORATE GOVERNANCE

Your Bank believes that good Corporate Governance brings about sustained growth and long term benefits for all stakeholders. Your Bank is committed to maintain high standards of corporate governance in the overall interest of all stakeholders. The practices adopted by the Bank in this regard incorporate accountability, transparency, integrity, equity and fairness as also aim at strengthening internal control systems and building strong relationship with the stakeholders, including shareholders, creditors, investors, customers, employees, etc

The Board of Directors of the bank comprises eleven Directors including the Chairman & CEO. Except the Chairman & CEO, the rest of the Directors are non-executive Directors. None of the Directors except the Chairman & CEO, was paid any remuneration other than the sitting fees for the meetings of the Board and the Committees attended by them. Further, the composition of the Board is in compliance with Sec. 10A (2) the Banking Regulation Act, 1949. Based on the Ganguly Committee Report on Corporate Governance in Banks and as per advice of the Reserve Bank of India, the Bank has in place a Nomination Committee of the Board for conduct of due diligence on appointment / continuation of appointment of Directors on the Board. The prescribed due diligence exercise has been carried out by the Bank in respect of all Directors holding office as on 31st March, 2008 and they satisfy the 'Fit and Proper' norms.

During the year under report, there were 23 Board Meetings. The Sub-committees of the Board in place and the number of meetings held are: (i) Audit committee-13 Meetings, (ii) Credit Committee - 13 Meetings (iii) Management Committee - 25 Meetings, (iv) Shareholders' / Investors' Grievance Committee- 4 Meetings, (v) Information Technology committee - 12 Meetings, (vi) Risk Management Committee - 8 Meetings, (vii) Executives Performance Review Committee -1 Meeting, (viii) Committee for monitoring Large Value Frauds-4 Meetings, (ix) Nomination Committee - 5 Meetings, (x) Customer Service Committee - 4 Meetings, (xi) Remuneration & Appointment Committee-2 Meetings, and (xii) Committee for Exercise of Chairman's Powers -17 Meetings.

The compliance by the Bank of Statutory and Regulatory requirements has been prompt and upto date. The major means of communication with the shareholders are individual correspondence and newspaper releases. The Bank has adequate internal control systems and procedures in place. The Bank's shares are not listed on Stock Exchange. Bonds issued by the Bank [CSBL Bonds-2004 (Series-II) and CSBL Bonds 2005] are listed on National Stock Exchange. The Bank has in-house system for transfer of shares/bonds. For Bonds in the demat form, the Bank has appointed S.K.D.C. Consultants Ltd., Coimbatore as Depository Registrar. The shares of the Bank are widely held. Compliance of 'Fit and Proper' norms are ensured for major shareholders. The instructions of the RBI with regard to Corporate Governance Standards are complied with to the extent applicable.

The Bank has adopted most of the Corporate Governance practices specified in clause 2.18 of the listing agreement for Bonds with NSE, though not mandatory.

AUDIT COMMITTEE OF THE BOARD

The Audit Committee of the Board (ACB) in the Bank discharges the functions laid down in the Companies Act, 1956 and those prescribed by the Reserve Bank of India apart from discharging those functions delegated by the Board of Directors from time to time. The ACB which had 13 meetings during the year, has been closely overseeing and monitoring the internal control systems and procedures, inspection and audit functions including follow-up and compliance of inspection / audit reports and interaction with the Auditors. The ACB acts as an effective tier to the Board in the matter of inspection, audit and internal control systems, and offers useful suggestions in the conduct and management of the business of the Bank.

DIRECTORS' RESPONSIBILITY STATEMENT



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