Financial Statements

Independent Auditors' Report

To the Members of The Federal Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of The Federal Bank Limited ('the Bank'), which comprise the standalone Balance Sheet as at March 31, 2022, the standalone Profit and Loss Account, the standalone Cash Flow statement for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information in which are included the Returns for the year ended on that date audited by the branch auditors of the Bank's branches located across India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act') in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2022, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note No. 3.14 of Schedule 18 to the Standalone financial statements regarding the impact of COVID-19 pandemic. As stated therein, in view of continuing uncertainties, the extent of impact of the pandemic on the Bank's operations and financial position would depend on several factors including actions taken to mitigate its impact and other regulatory measures.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Description of Key Audit Matters

	Key Audit Matters	How our audit addressed the Key Audit Matters
(i)	**Classification of Advances, Identification of Non-Performing Advances, Income Recognition and Provision on Advances (Schedule 9 read with Note 5.2 of Schedule 17 and Note 1.4 and Note 1.14.5 of Schedule 18 to the standalone financial statements)**	
	Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank/Government Guarantees and Unsecured advances.	Our audit approach / procedures towards Classification of Advances, Identification of Non-performing Advances, Income Recognition and Provision on Advances included the following: - Understanding and considering the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI (IRACP Norms), including the additional provisions and asset classification benefit extended on restructured advances under RBI's COVID-19 Regulatory Package.

Independent Auditors' Report (Contd...)

Key Audit Matters	How our audit addressed the Key Audit Matters
The Reserve Bank of India ('RBI') has prescribed the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' in respect of advances for banks ('IRACP Norms'), including circulars in relation to COVID-19 Regulatory Package – Asset Classification and Provisioning. The identification of performing and non-performing advances (including advances restructured under applicable IRACP Norms) involves establishment of proper mechanism and the Bank is required to apply significant degree of judgement to identify and determine the amount of provision required against each advance applying both quantitative as well as qualitative factors prescribed by the regulations. Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on: - Completeness and timing of recognition of non-performing assets in accordance with criteria as per IRACP norms; - Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security; - Appropriate reversal of unrealized income on the NPAs. Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions on restructured advances under applicable IRACP Norms) and income recognition on advances: - Requires proper control mechanism and significant level of estimation by the Bank; - Required to be aligned with changes in IRACP Norms during the year arising out of the COVID 19 pandemic - Has significant impact on the overall financial statements of the Bank; we have ascertained this area as a Key Audit Matter.	- Understanding, evaluation and testing the design and operating effectiveness of key controls (including system based automated controls) for identification and provisioning of impaired accounts based on the extant guidelines on IRACP laid down by the RBI. - Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included: (a) Considering testing of the exception reports generated from the application systems where the advances have been recorded. (b) Considering the accounts reported by the Bank and other banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress. (c) Reviewing account statements, drawing power calculation, security and other related information of the borrowers selected based on quantitative and qualitative risk factors (d) Reading of minutes of management committee and credit committee meetings and performing inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product (e) Considering audit reports and memorandum of changes issued by statutory branch auditors. (f) Considering Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank. (g) Considering the RBI Annual Financial Inspection report on the Bank, the Bank's response to the observations and other communication with RBI during the year. (h) Reviewing the report submitted by external expert appointed by the Bank to verify compliance with the RBI circular on Automation of IRACP processes through the Bank's core banking system. (i) Examination of advances including stressed/ restructured advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines. (j) Visits to branches/offices and examination of documentation and other records relating to advances. For Non- performing advances identified, we, based on factors including stressed sectors and account materiality, tested on a sample basis the asset classification dates, reversal of unrealized interest, value of available security and provisioning as per IRACP norms. We recomputed the provision for NPA on such samples after considering the key input factors and compared our measurement outcome to that prepared by management.

Independent Auditors' Report (Contd...)

	Key Audit Matters	How our audit addressed the Key Audit Matters
(ii)	**Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 read with Note 5.1 of Schedule 17 and Note 1.2 and Note 1.14.5 of Schedule 18 to the standalone financial statements)**	
	Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. RBI Circulars and directives, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, non-recognition of income and provisioning against non-performing investments. The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc. We identified valuation of investments and identification of NPI as a Key Audit Matter because of the management judgement involved in determining the value of certain investments (Bonds and Debentures, Pass-through certificates) based on applicable Regulatory guidelines and the Bank's policies, impairment assessment for HTM book based on management judgement, the degree of regulatory focus and the overall significance to the financial results of the Bank.	Our audit approach/procedures towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs) and provisioning/ depreciation related to Investments. In particular - - We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, reversal of income on NPIs and provisioning/ depreciation related to investments; - We assessed and evaluated the process adopted for collection of information from various sources for determining market value of these investments; - For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security; - We carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained and if accrual of income is in accordance with the RBI Circular for those selected sample of NPIs; - We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.
(iii)	**Information Technology ('IT') Systems and Controls for financial reporting**	
	The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Bank uses several systems for its overall financial reporting and there is a large volume of transactions being recorded at multiple locations daily. In addition, there are increasing challenges to protect the integrity of the Bank's systems and data since cyber security has become a more significant risk in recent periods.	As a part of our audit procedures for review of the Bank's IT systems and related controls for financial reporting: - We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. - We tested sample IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were reviewed and authorised. We inspected requests of changes to systems for approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

Independent Auditors' Report (Contd...)

Key Audit Matters	How our audit addressed the Key Audit Matters
Due to the pervasive nature and complexity of the IT environment as well as its importance in relation to accurate and timely financial reporting, we have identified this area as a Key Audit Matter.	- We reviewed the Bank's controls over opening and unauthorized operations in internal/ office accounts. - In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal financial controls over financial reporting. Where deficiencies were identified, we sought explanations regarding compensating controls or performed alternate audit procedures. In addition, we understood where relevant, changes made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.
(iv) Assessment of Provisions and Contingent Liabilities (Schedule 5 and 12 read with Notes 5.13 & 5.21 of Schedule 17 to the standalone financial statements)	
Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt (Schedule 12 to the standalone financial statements) and various employee benefits schemes (Schedule 5 to the standalone financial statements) was identified as a significant audit area. There is high level of judgement involved in estimating the level of provisioning required as well as in the disclosure of both Provisions and Contingent Liabilities in respect of tax matters and other legal claims. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from independent legal / tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and state of affairs presented in the Balance Sheet. The valuations of the employee benefit liabilities are calculated with reference to multiple actuarial assumptions and inputs including discount rate, rate of inflation and mortality rates. The valuation of funded assets in respect of the same is also sensitive to changes in the assumptions. We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of the matters which requires application of judgment in interpretation of law, circumstances of each case and estimates involved.	Our audit approach / procedures involved: - Obtaining an understanding of internal controls relevant to the identification of litigations and legal cases to be reported; - Understanding the current status of the litigations/tax assessments; - Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon; - Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of the Bank's tax consultants; - Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues; - Testing the design and operating effectiveness of key controls over the completeness and accuracy of the data, the measurement of the fair value of the schemes' assets, understanding the judgements made in determining the assumptions used by management to value the employee liabilities with specific schemes and market practice; - Our audit procedures included an assessment of the assumptions used by the actuary by comparing life expectancy assumptions with relevant mortality tables, benchmarking inflation and discount rates against external market data. We verified the value of plan assets to the statements provided by asset management companies managing the plan assets; - Verification of disclosures related to significant litigations, taxation matters and Employee benefits liabilities in the standalone financial statements.

Independent Auditors' Report (Contd...)

Information other than the standalone Financial Statements and Auditors' Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Bank's Annual Report, but does not include the standalone financial statements and our Auditors' Report thereon. The Bank's Annual Report is expected to be made available to us after the date of this Auditors' Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Bank's annual report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder, provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the audit of the standalone Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system with reference to standalone financial statements in place and the operating effectiveness of such controls.

Independent Auditors' Report (Contd...)

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

Materiality is the magnitude of the misstatements in the standalone financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of 331 branches included in the standalone financial statements of the Bank whose financial statements reflect total assets of ₹52539 crores as at March 31, 2022 and total revenue of ₹2091crores for the year ended on that date, as considered in the standalone financial statements. These branches cover 15.80 % of advances, 26.11% of deposits and 23.33% of Non-performing assets as at 31st March 2022 and 13.27 % of revenue for the year ended 31st March 2022. The financial statements of these branches have been audited by branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the reports of such branch auditors.

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

Report on Other Legal and Regulatory Requirements

The standalone Balance Sheet and the standalone Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

(b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

(c) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit;

(d) the profit and loss account shows a true balance of profit for the year then ended.

Independent Auditors' Report (Contd...)

Further, as required by section 143(3) of the Act, we report that:

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

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

c) The reports on the accounts of the branch offices of the bank audited under section 143(8) of the Act by branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report;

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

e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

f) On the basis of written representations received from the directors as on March 31, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;

g) With respect to the adequacy of the internal financial controls over financial reporting of the Bank with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;

h) In our opinion, the entity being a banking company, the remuneration to its directors during the year ended March 31, 2022 has been paid/provided by the Bank in accordance with the provisions of section 35B (1) of the Banking Regulation Act, 1949, and;

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

i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Schedule 12 and Note No 3.6 under Schedule 18 to the standalone financial statements;

ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 3.8 under Schedule 18 to the standalone financial statements; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank. Refer Note 3.10 under Schedule 18 to the standalone financial statements.

iv. a) The Management has represented that, to best of its knowledge and belief, as disclosed in the Note No.3.12 under Schedule 18 to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The Management has represented, that, to best of its knowledge and belief, as disclosed in the Note No. 3.12 under Schedule 18 to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Bank from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified

Independent Auditors' Report (Contd...)

in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement; and

d) The dividend declared and paid by the Bank is in accordance with sec.123 of the Act, to the extent it applies to declaration of dividend.

For Varma & Varma Chartered Accountants FRN: 004532S	**For Borkar & Muzumdar** Chartered Accountants FRN: 101569W
Vijay Narayan Govind Partner M. No.203094 UDIN: 22203094AIMXOI3853	**Kaushal Muzumdar** Partner M. No. 100938 UDIN: 22100938AIMXNC4215
Kochi 06th May 2022	Kochi 06th May 2022

Independent Auditors' Report (Contd...)

Annexure A to the Independent Auditors' Report of even date on the standalone financial statements of The Federal Bank Limited

Report on the Internal Financial Controls Over Financial Reporting with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting with reference to standalone financial statements of The Federal Bank Limited ('the Bank') as at March 31, 2022 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Independent Auditors' Report (Contd...)

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting with reference to its standalone financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid report in so far as it relates to the operating effectiveness of internal financial controls over financial reporting of 331 branches is based on the corresponding reports of the respective branch auditors of those branches.

Our opinion is not modified in respect of this matter.

For Varma & Varma
Chartered Accountants
FRN: 004532S

Vijay Narayan Govind
Partner
M. No.203094
UDIN: 22203094AIMXOI3853

Kochi
06th May 2022

For Borkar & Muzumdar
Chartered Accountants
FRN: 101569W

Kaushal Muzumdar
Partner
M. No. 100938
UDIN: 22100938AIMXNC4215

Kochi
06th May 2022

Balance Sheet

as at March 31, 2022

(₹ in Thousand)

	Schedule	As at March 31, 2022	As at March 31, 2021
CAPITAL AND LIABILITIES			
Capital	1	4,205,089	3,992,301
Reserves and surplus	2	183,733,307	157,252,349
Deposits	3	1,817,005,861	1,726,444,801
Borrowings	4	153,931,151	90,685,033
Other Liabilities and provisions	5	50,587,680	35,299,394
TOTAL		**2,209,463,088**	**2,013,673,878**
ASSETS			
Cash and balances with Reserve Bank of India	6	99,992,707	76,470,407
Balances with banks and money at call and short notice	7	110,110,748	119,443,464
Investments	8	391,794,616	371,862,100
Advances	9	1,449,283,246	1,318,786,014
Fixed assets	10	6,339,444	4,911,286
Other assets	11	151,942,327	122,200,607
TOTAL		**2,209,463,088**	**2,013,673,878**
Contingent liabilities	12	389,147,678	364,173,432
Bills for collection		50,132,757	39,772,224
Significant accounting policies	17		
Notes to accounts	18		
Schedules referred to above form an integral part of the Balance Sheet			

For and on behalf of the Board of Directors

Manikandan Muthiah
Head - Financial Reporting

Samir P Rajdev
Company Secretary

Ashutosh Khajuria
Executive Director
(DIN: 05154975)

Shalini Warrier
Executive Director
(DIN: 08257526)

Venkatraman Venkateswaran
Chief Financial Officer

C Balagopal
Chairman
(DIN: 00430938)

Shyam Srinivasan
Managing Director & CEO
(DIN: 02274773)

As per our report of even date

For Varma & Varma
Chartered Accountants
Firm's Registration No:
004532S

Vijay Narayan Govind
Partner
Membership No: 203094
Place: Kochi

For Borkar & Muzumdar
Chartered Accountants
Firm's Registration No:
101569W

Kaushal Muzumdar
Partner
Membership No: 100938
Place: Kochi

Directors:

A P Hota (DIN: 02593219)
Siddhartha Sengupta (DIN: 08467648)
Manoj Fadnis (DIN: 01087055)
Sudarshan Sen (DIN: 03570051)
Varsha Vasant Purandare (DIN: 05288076)
Sankarshan Basu (DIN: 06466594)
Ramanand Mundkur (DIN: 03498212)

Place: Kochi
Date : May 06, 2022

Profit and Loss Account

for the year ended March 31, 2022

(₹ in Thousand)

		Schedule	Year ended March 31, 2022	Year ended March 31, 2021
I.	**INCOME**			
	Interest earned	13	136,607,529	137,579,023
	Other income	14	20,890,935	19,587,064
	TOTAL		**157,498,464**	**157,166,087**
II.	**EXPENDITURE**			
	Interest expended	15	76,988,020	82,241,953
	Operating expenses	16	42,931,938	36,917,229
	Provisions and contingencies (Refer Note 1.14.5 of Schedule 18)		18,680,291	22,103,932
	TOTAL		**138,600,249**	**141,263,114**
III.	**PROFIT/LOSS**			
	Net profit for the year		18,898,215	15,902,973
	Profit brought forward from Previous Year		33,053,829	26,166,675
	TOTAL		**51,952,044**	**42,069,648**
IV.	**APPROPRIATIONS**			
	Transfer to Revenue Reserve		2,667,208	2,295,718
	Transfer to Statutory Reserve		4,724,554	3,975,743
	Transfer to Capital Reserve		874,033	1,534,458
	Transfer to Special Reserve		1,233,400	1,209,900
	Dividend pertaining to previous year paid during the year (Note 3.2 E of Schedule 18)		1,397,396	-
	Balance carried over to Balance Sheet		41,055,453	33,053,829
	TOTAL		**51,952,044**	**42,069,648**
	Earnings per share (Face value of ₹ 2/- each) (₹) (Note 3.1 of Schedule 18)			
	Basic		9.13	7.97
	Diluted		9.06	7.94
	Significant accounting policies	17		
	Notes to accounts	18		
	Schedules referred to above form an integral part of the Profit and Loss account			

For and on behalf of the Board of Directors

Manikandan Muthiah
Head - Financial Reporting

Samir P Rajdev
Company Secretary

Ashutosh Khajuria
Executive Director
(DIN: 05154975)

Shalini Warrier
Executive Director
(DIN: 08257526)

Venkatraman Venkateswaran
Chief Financial Officer

C Balagopal
Chairman
(DIN: 00430938)

Shyam Srinivasan
Managing Director & CEO
(DIN: 02274773)

As per our report of even date

For Varma & Varma
Chartered Accountants
Firm's Registration No:
004532S

Vijay Narayan Govind
Partner
Membership No: 203094
Place: Kochi

For Borkar & Muzumdar
Chartered Accountants
Firm's Registration No:
101569W

Kaushal Muzumdar
Partner
Membership No: 100938
Place: Kochi

Directors:

A P Hota (DIN: 02593219)
Siddhartha Sengupta (DIN: 08467648)
Manoj Fadnis (DIN: 01087055)
Sudarshan Sen (DIN: 03570051)
Varsha Vasant Purandare (DIN: 05288076)
Sankarshan Basu (DIN: 06466594)
Ramanand Mundkur (DIN: 03498212)

Place: Kochi
Date : May 06, 2022

Cash Flow Statement

for the year ended March 31, 2022

(₹ in Thousand)

	Year ended March 31, 2022	Year ended March 31, 2021
Cash Flow from Operating Activities		
Net Profit before taxes	25,360,778	21,372,673
Adjustments for:		
Depreciation on Bank's Property	1,229,606	1,045,036
Provision / Depreciation on Investments	797,923	151,101
Amortisation of Premium on Held to Maturity Investments	1,692,231	1,421,890
Provision / Charge for Non Performing Advances	6,111,105	15,157,272
Provision for Standard Assets and Contingencies	6,122,201	1,187,922
(Profit)/Loss on sale of fixed assets (net)	(53,163)	(17,804)
Dividend From Subsidiaries / Joint ventures / Associates	(276,658)	-
Employees Stock Option Expense	5,142	104
	40,989,165	**40,318,194**
Adjustments for working capital changes:-		
(Increase)/ Decrease in Investments [excluding Held to Maturity Investments]	(32,877,753)	23,374,834
(Increase)/ Decrease in Advances	(136,608,336)	(111,264,139)
(Increase)/ Decrease in Other Assets	(27,943,619)	(27,405,049)
Increase/ (Decrease) in Deposits	90,561,060	203,543,952
Increase/ (Decrease) in Other liabilities and provisions	9,334,059	(515,863)
	(97,534,589)	**87,733,735**
Direct taxes paid (net)	(8,428,637)	(5,979,875)
Net Cash Flow from / (used in) Operating Activities	**(64,974,061)**	**122,072,054**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,677,042)	(1,177,923)
Proceeds from Sale of Fixed Assets	72,441	39,259
Dividend From Subsidiaries / Joint ventures / Associates	276,658	-
Investment in Subsidiary	(1,479,940)	586,080
Investment in Associate	(24,116)	7,997
(Increase)/ Decrease in Held to Maturity Investments	11,959,138	(38,477,212)
Net Cash flow from / (used in) Investing Activities	**8,127,139**	**(39,021,799)**

Cash Flow Statement (Contd...)

for the year ended March 31, 2022

(₹ in Thousand)

	Year ended March 31, 2022	Year ended March 31, 2021
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	212,787	6,976
Proceeds from Share Premium (Net of share issue expenses)	9,038,453	130,972
Proceeds from Issue of Subordinate Debt	7,000,000	-
Increase/(Decrease) in Borrowings (Excluding Subordinate Debt)	56,246,118	(13,039,229)
Dividend Paid	(1,397,396)	-
Net Cash flow from / (used in) Financing Activities	**71,099,962**	**(12,901,281)**
Effect of exchange fluctuation on translation reserve	**(63,456)**	**19,084**
Net Increase in Cash and Cash Equivalents	**14,189,584**	**70,168,058**
Cash and Cash Equivalents at the beginning of the year	**195,913,871**	**125,745,813**
Cash and Cash Equivalents at the end of the year	**210,103,455**	**195,913,871**

Notes:

1. *Cash and Cash Equivalents comprises of Cash in hand (including foreign currency notes), Balances with Reserve Bank of India, Balances with banks and money at call and short notice (Refer Schedules 6 and 7 of the Balance Sheet)*
2. *Corporate Social Responsibility related expenses spent in cash during the year is ₹400,601 Thousands (Previous Year: ₹352,242 Thousands)*

For and on behalf of the Board of Directors

Manikandan Muthiah
Head - Financial Reporting

Samir P Rajdev
Company Secretary

Ashutosh Khajuria
Executive Director
(DIN: 05154975)

Shalini Warrier
Executive Director
(DIN: 08257526)

Venkatraman Venkateswaran
Chief Financial Officer

C Balagopal
Chairman
(DIN: 00430938)

Shyam Srinivasan
Managing Director & CEO
(DIN: 02274773)

As per our report of even date

For Varma & Varma
Chartered Accountants
Firm's Registration No: 004532S

For Borkar & Muzumdar
Chartered Accountants
Firm's Registration No: 101569W

Vijay Narayan Govind
Partner
Membership No: 203094
Place: Kochi

Kaushal Muzumdar
Partner
Membership No: 100938
Place: Kochi

Place: Kochi
Date : May 06, 2022

Directors:

A P Hota	(DIN: 02593219)
Siddhartha Sengupta	(DIN: 08467648)
Manoj Fadnis	(DIN: 01087055)
Sudarshan Sen	(DIN: 03570051)
Varsha Vasant Purandare	(DIN: 05288076)
Sankarshan Basu	(DIN: 06466594)
Ramanand Mundkur	(DIN: 03498212)

Schedules Forming Part of the Balance Sheet

SCHEDULE 1 - CAPITAL

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
Authorised Capital	8,000,000	8,000,000
4,000,000,000 (Previous year 4,000,000,000) Equity Shares of ₹ 2/- each		
Issued Capital	4,207,778	3,994,991
2,103,889,168 (Previous year 1,997,495,543) Equity Shares of ₹ 2/-each		
Subscribed, Called-up and Paid-up Capital	4,205,093	3,992,305
2,102,546,373 (Previous year 1,996,152,748) Equity Shares of ₹2/-each		
Less: Calls in arrears	4	4
Total	**4,205,089**	**3,992,301**

Refer Note 3.2 of Schedule 18

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
I. Statutory Reserve		
Opening balance	33,809,726	29,833,982
Additions during the year	4,724,554	3,975,744
	38,534,280	**33,809,726**
II. Capital Reserves		
a) Revaluation Reserve		
Opening balance	50,091	50,091
	50,091	**50,091**
b) Others		
Opening balance	6,580,463	5,046,005
Additions during the year*	874,033	1,534,458
	7,454,496	**6,580,463**
Subtotal	**7,504,587**	**6,630,554**
III. Share premium (Refer Note 3.2 of Schedule 18)		
Opening balance	51,752,894	51,621,922
Additions during the year	9,038,453	130,972
	60,791,347	**51,752,894**
IV. Revenue and Other Reserves		
a) Revenue Reserve		
Opening Balance	22,466,209	20,170,491
Additions during the year	2,667,208	2,295,718
	25,133,417	**22,466,209**
b) Investment Fluctuation Reserve (Refer Note 1.2.1 B of Schedule 18)		
Opening Balance	1,897,200	1,897,200
	1,897,200	**1,897,200**
c) Special Reserve (As per section 36(1)(viii) of Income Tax Act, 1961)		
Opening balance	7,249,800	6,039,900
Additions during the year	1,233,400	1,209,900
	8,483,200	**7,249,800**

Schedules Forming Part of the Balance Sheet (Contd...)

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
V. Foreign Currency Translation Reserve		
Opening Balance	82,572	63,488
Additions / (Deductions) during the year [Refer Schedule 17 (5.6)]	(63,456)	19,084
	19,116	**82,572**
VI. ESOP Reserve		
Opening Balance	8,562	8,458
Additions during the year	5,142	104
	13,704	**8,562**
VII. Contingency Reserve		
Opening balance	301,003	301,003
	301,003	**301,003**
VIII. Balance in Profit and Loss Account	**41,055,453**	**33,053,829**
Total	**183,733,307**	**157,252,349**

** - Includes Profit appropriated to Capital Reserve (net of applicable taxes and transfer to statutory reserve) on :*

a) Gain on sale of Held to Maturity Investments ₹ 842,569 Thousands (Previous year ₹ 1,523,907 Thousands)

b) Profit on sale of Premises ₹ 31,464 Thousands (Previous year ₹ 10,551 Thousands)

SCHEDULE 3 - DEPOSITS

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
A. I. Demand Deposits		
i. From Banks	6,176,235	4,583,310
ii. From Others	137,707,100	114,019,518
	143,883,335	**118,602,828**
II. Savings Bank Deposits	**530,826,744**	**468,522,891**
III. Term Deposits		
i. From Banks	9,534,129	26,909,515
ii. From Others	1,132,761,653	1,112,409,567
	1,142,295,782	**1,139,319,082**
Total	**1,817,005,861**	**1,726,444,801**
B. I. Deposits of branches in India	1,817,002,880	1,726,402,894
II. Deposits of branches outside India	2,981	41,907
Total	**1,817,005,861**	**1,726,444,801**

Schedules Forming Part of the Balance Sheet (Contd...)

SCHEDULE 4 - BORROWINGS

(₹ in Thousand)

		As at March 31, 2022	As at March 31, 2021
I.	Borrowings in India		
	i. Reserve Bank of India	-	-
	ii. Other Banks	743,000	6,773,000
	iii. Other institutions and agencies	133,754,081	62,220,105
Total		**134,497,081**	**68,993,105**
II.	Borrowings outside India	19,434,070	21,691,928
Total		**153,931,151**	**90,685,033**
a)	Secured borrowings included in I and II above	124,497,082	60,243,105
b)	Tier II bond included in I(ii) & I(iii) above	10,000,000	3,000,000

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in Thousand)

		As at March 31, 2022	As at March 31, 2021
I.	Bills Payable	6,175,507	4,980,825
II.	Inter - office adjustments (Net)	-	-
III.	Interest accrued	2,563,996	2,128,428
IV.	Others (including provisions)*	41,848,177	28,190,141
Total		**50,587,680**	**35,299,394**
*Includes			
(a)	General provision for standard assets (Refer Note 1.4.11 of Schedule 18)	13,155,103	7,367,303
(b)	Deferred Tax Liability (Net) (Refer Note 2.4 of Schedule 18)	-	167,975

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in Thousand)

		As at March 31, 2022	As at March 31, 2021
I.	Cash in hand (including foreign currency notes)	17,128,797	16,671,921
II.	Balance with Reserve Bank of India		
	i. in Current Accounts	82,863,910	59,798,486
	ii. in Other Accounts	-	-
Total		**99,992,707**	**76,470,407**

Schedules Forming Part of the Balance Sheet (Contd...)

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
I. In India		
i. Balances with banks		
a. in Current Accounts	3,808,853	6,272,125
b. in Other Deposit Accounts	3,632,500	1,820,373
ii. Money at call and short notice		
a. With Banks	-	-
b. With other institutions	62,000,000	38,500,000
Total	**69,441,353**	**46,592,498**
II. Outside India		
i. in Current Accounts	9,063,922	12,060,693
ii. in Other Deposit Accounts	29,938,038	60,351,613
iii. Money at call and short notice	1,667,435	438,660
Total	**40,669,395**	**72,850,966**
Grand Total (I and II)	**110,110,748**	**119,443,464**

SCHEDULE 8 - INVESTMENTS

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
I. Investments in India in :		
i. Government Securities #	348,660,619	327,826,425
ii. Other approved Securities	-	-
iii. Shares	4,542,942	4,457,628
iv. Debentures and Bonds	15,815,372	21,919,580
v. Subsidiaries/ Joint Ventures	6,688,020	5,208,080
vi. Others @	15,487,304	11,605,414
Total	**391,194,257**	**371,017,127**
II. Investments outside India		
i. Government Securities (including Local authorities)	439,301	840,738
ii. Subsidiaries / Joint Ventures abroad	-	-
iii. Other investments		
a. Debentures and Bonds	151,737	-
b. Shares	9,321	4,235
Total	**600,359**	**844,973**
Grand Total (I and II)	**391,794,616**	**371,862,100**
Gross Investments		
In India	396,157,926	375,350,838
Outside India	600,359	844,973
Total	**396,758,285**	**376,195,811**
Depreciation/ Provision for Investments		
In India	4,963,669	4,333,711
Outside India	-	-
Total	**4,963,669**	**4,333,711**
Net Investments		
In India	391,194,257	371,017,127
Outside India	600,359	844,973
Total	**391,794,616**	**371,862,100**

- *Securities costing ₹ 77,383,897 Thousands (Previous Year ₹ 91,902,027 Thousands) pledged for availment of fund transfer facility, clearing facility and margin requirements.*

Schedules Forming Part of the Balance Sheet (Contd...)

@ *Comprises of:*

(₹ in Thousand)

Particulars	As at March 31, 2022	As at March 31, 2021
Pass through certificates (PTCs)	5,596,808	3,319,135
Certificate of Deposits	5,323,433	4,998,672
Commercial Paper	2,481,328	484,080
Venture Capital Funds (VCFs)	1,141,681	1,102,906
Security Receipts	694,067	1,600,621
Mutual Fund	249,987	100,000
Total	**15,487,304**	**11,605,414**

SCHEDULE 9 - ADVANCES

(₹ in Thousand)

				As at March 31, 2022	As at March 31, 2021
A.	i.	Bills purchased and discounted		35,191,053	48,623,002
	ii.	Cash credits, overdrafts and loans repayable on demand		644,695,456	551,041,833
	iii.	Term loans		769,396,737	719,121,179
Total				**1,449,283,246**	**1,318,786,014**
B.	i.	Secured by tangible assets*		1,192,712,986	1,068,419,442
	ii.	Covered by Bank/Government guarantees #		17,611,147	17,765,602
	iii.	Unsecured		238,959,113	232,600,970
Total				**1,449,283,246**	**1,318,786,014**
C.	I.	Advances in India			
		i.	Priority sectors	442,727,087	356,182,092
		ii.	Public sector	1,234,065	805,144
		iii.	Banks	1,951	9,155,519
		iv.	Others	989,348,658	934,677,545
Total				**1,433,311,761**	**1,300,820,300**
C.	II.	Advances outside India (Refer note 1.4.3 of Schedule 18)			
		i.	Due from Banks	528,747	1,526,508
		ii.	Due from Others		
			a) Bills purchased and discounted	-	-
			b) Syndicated Loans	3,717,803	5,657,157
			c) Others	11,724,935	10,782,049
Total				**15,971,485**	**17,965,714**
Grand Total (C I and C II)				**1,449,283,246**	**1,318,786,014**

* - *Includes Advances against book debts ₹ 58,020,981 Thousands (Previous year ₹ 66,633,104 Thousands)*

\# - *Includes Advances against Letter of Credit issued by banks*

(Advances are net of provisions)

Schedules Forming Part of the Balance Sheet (Contd...)

SCHEDULE 10 - FIXED ASSETS

(₹ in Thousand)

		As at March 31, 2022	As at March 31, 2021
A.	**Premises #**		
	Gross Block		
	At the beginning of the year	2,436,549	2,402,232
	Additions during the year	533,626	39,600
	Deductions during the year	1,533	5,283
	At the end of the year	**2,968,642**	**2,436,549**
	Depreciation		
	As at the beginning of the year	1,023,451	982,845
	Charge for the Year	42,268	43,492
	Deductions during the year	-	2,886
	Depreciation to date	**1,065,719**	**1,023,451**
	Net Block	**1,902,923**	**1,413,098**
B.	**Other fixed assets**		
	(including furniture and fixtures)		
	Gross Block		
	At the beginning of the year	12,789,402	11,762,163
	Additions during the year	1,982,775	1,262,960
	Deductions during the year	251,975	235,721
	At the end of the year	**14,520,202**	**12,789,402**
	Depreciation		
	As at the beginning of the year	9,412,390	8,627,509
	Charge for the year	1,187,339	1,001,544
	Deductions during the year	234,231	216,663
	Depreciation to date	**10,365,498**	**9,412,390**
	Net Block	**4,154,704**	**3,377,012**
C.	**Capital Work in progress (Including Capital Advances)**	**281,817**	**121,176**
Grand Total (A+B+C)		**6,339,444**	**4,911,286**

- *Includes buildings constructed on leasehold land at different places having original cost of ₹ 659,861 Thousands (Previous Year ₹ 659,861 Thousands) and Written down value of ₹ 443,380 Thousands (Previous Year ₹ 453,476 Thousands) with remaining lease period varying from 55 - 67 years.*

Schedules Forming Part of the Balance Sheet (Contd...)

SCHEDULE 11 - OTHER ASSETS

(₹ in Thousand)

		As at March 31, 2022	As at March 31, 2021
I.	Inter - office adjustments (net)	-	-
II.	Interest accrued	11,473,117	11,758,881
III.	Tax paid in advance/Tax Deducted at source (Net of provision)	11,735,513	11,196,839
IV.	Stationery and Stamps	11,895	8,600
V.	Non-banking assets acquired in satisfaction of claims*	3,936	16,259
VI.	Others #	128,717,866	99,220,028
Total		**151,942,327**	**122,200,607**
* -	*Includes certain Non-Banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.*		
# -	*Includes*		
(a)	Priority sector shortfall deposits	109,941,405	85,220,770
(b)	Security deposits	2,169,125	1,425,206
(c)	Deferred Tax Asset (Net) (Refer Note 2.4 of Schedule 18)	1,259,425	-

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in Thousand)

		As at March 31, 2022	As at March 31, 2021
I.	Claims against the Bank not acknowledged as debts	16,876,238	17,439,418
II.	Liability on account of outstanding forward exchange contracts**	266,022,356	260,669,140
III.	Guarantees given on behalf of constituents - in India	78,761,957	67,442,288
IV.	Acceptances, endorsements and other obligations	22,885,851	14,349,424
V.	Other items for which the Bank is contingently liable@	4,601,276	4,273,162
Total		**389,147,678**	**364,173,432**
(Refer Note 3.6 of Schedule 18)			
** -	*Includes*		
(a)	Contingent liability on Forward Exchange Contracts	189,738,623	198,560,661
(b)	Contingent liability for Derivatives	76,283,733	62,108,479
@ -	*includes ₹ 2,486,487 Thousands (Previous Year : ₹ 2,120,340 Thousands) being amount transferred to DEA Fund Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell. BC.114/30.01.002/2013-14 (Refer Note 1.10 of Schedule 18).*		

Schedules Forming Part of the Profit and Loss Account

SCHEDULE 13 - INTEREST EARNED

(₹ in Thousand)

		Year ended March 31, 2022	Year ended March 31, 2021
I.	Interest/discount on advances/bills	108,297,529	107,951,229
II.	Income on investments	23,386,652	23,489,390
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	2,202,669	3,681,644
IV.	Others*	2,720,679	2,456,760
Total		**136,607,529**	**137,579,023**

* - *Includes interest on Income tax refunds amounting to ₹ 288,748 thousands (Previous year ₹ 87,514 thousands) accounted based on Assessment orders received.*

SCHEDULE 14 - OTHER INCOME

(₹ in Thousand)

		Year ended March 31, 2022	Year ended March 31, 2021
I.	Commission, exchange and brokerage	12,830,973	10,374,354
II.	Profit on sale of investments (Net)	3,842,303	6,088,401
III.	Profit / (Loss) on revaluation of investments (Net)	(813,501)	137,937
IV.	Profit / (Loss) on sale of land, buildings and other assets (Net)	53,163	17,804
V.	Profit on foreign exchange/derivative transactions (Net)	2,420,161	1,939,989
VI.	Income earned by way of dividends etc. from subsidiaries / associates and / or joint ventures.	276,658	-
VII.	Miscellaneous income**	2,281,178	1,028,579
Total		**20,890,935**	**19,587,064**

** - *Includes Recoveries in assets written off ₹ 1,791,353 Thousands (Previous year ₹ 810,108 Thousands)*

SCHEDULE 15 - INTEREST EXPENDED

(₹ in Thousand)

		Year ended March 31, 2022	Year ended March 31, 2021
I.	Interest on deposits	73,328,832	78,046,698
II.	Interest on Reserve Bank of India/Inter bank borrowings	358,479	419,646
III.	Others	3,300,709	3,775,609
Total		**76,988,020**	**82,241,953**

SCHEDULE 16 - OPERATING EXPENSES

(₹ in Thousand)

		Year ended March 31, 2022	Year ended March 31, 2021
I.	Payments to and provisions for employees	23,205,537	20,341,849
II.	Rent, taxes and lighting	3,191,096	2,934,869
III.	Printing and stationery	272,291	241,178
IV.	Advertisement and publicity	113,662	91,913
V.	Depreciation on Bank's property	1,229,606	1,045,036
VI.	Directors' fees, allowances and expenses	28,899	22,161
VII.	Auditors' fees and expenses (including branch auditors' fees and expenses)	70,579	81,779
VIII.	Law charges	123,811	112,838
IX.	Postage, Telegrams, Telephones etc	826,566	769,701
X.	Repairs and maintenance	747,454	662,773
XI.	Insurance	2,132,461	1,914,870
XII.	Other expenditure#	10,989,976	8,698,262
Total		**42,931,938**	**36,917,229**

\# - *Includes expenditure on Corporate Social Responsibility - ₹ 400,601 Thousands (Previous Year: ₹ 352,242 Thousands)*

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

1. BACKGROUND

The Federal Bank Limited ('the Bank') was incorporated on April 23, 1931 as Travancore Federal Bank Limited to cater to the banking needs of Travancore Province. It embarked on a phase of sustained growth under the leadership of Late K.P. Hormis. The Bank has a network of 1282 branches in India and provides retail and corporate banking, para banking activities such as debit and credit card, third party product distribution etc., treasury and foreign exchange business. The Bank is governed by the Banking Regulation Act, 1949, the Companies Act, 2013 and other applicable Acts / Regulations. The Bank's shares are listed on BSE Limited and National Stock Exchange of India Limited. The Global Depositary Receipts issued by the Bank in 2006 have been listed on London Stock Exchange. The Bank also has its Representative Office at Abu Dhabi & Dubai and had set up an International Financial Service Centre (IFSC) Banking unit (IBU) in Gujarat International Finance Tec-City (GIFT City). IBU at Gift city is equivalent to an Offshore Banking unit, for all regulatory purposes.

2. BASIS OF PREPARATION

The Standalone Financial Statements ('Financial Statements') have been prepared in accordance with the statutory requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India ("Indian GAAP"), the circulars, notifications, guidelines and directives issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Accounting Standards) Rules, 2021, and other relevant provisions of the Act, as applicable and current practices prevailing within the banking industry in India. The Bank follows the historical cost convention and accrual method of accounting in the preparation of the financial statements, except as otherwise stated. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year except as otherwise stated.

3. USE OF ESTIMATES

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosure of contingent liabilities as at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.

4. CHANGES IN ACCOUNTING POLICIES

The Bank has carried out the following change in its accounting policies during the year ended March 31, 2022:

The Bank was following the 'Intrinsic Value method' of accounting for Employee Stock Option Schemes as per the guidelines issued by the Securities and Exchange Board of India (SEBI) and Guidance Note on 'Accounting for Share-based Payments' issued by the Institute of Chartered Accountants of India (ICAI).

On August 30, 2021, the Reserve Bank of India, vide its clarification on Guidelines on Compensation of Whole Time Directors / Chief Executive Officer / Material Risk Takers and Control Function Staff, advised all private sector Banks and foreign banks operating in India that the fair value of share-linked instruments on the date of grant should be recognized as an expense beginning with the accounting period for which approval has been granted, for all share-linked instruments granted after the accounting period ending March 31, 2021.

Accordingly, the Bank has changed its accounting policy from the Intrinsic Value method to the Fair Value method for all Stock options granted to the Material Risk Takers after March 31, 2021. The fair value of the stock-based compensation is estimated on the date of grant using Black-Scholes model and is recognized as employee compensation expense over the vesting period.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Investments

Classification

In accordance with the RBI guidelines, investments are categorized at the time of purchase as:

- Held for Trading (HFT)
- Available for Sale (AFS) and
- Held to Maturity (HTM)

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Investments which are primarily held for sale within 90 days from the date of purchase are classified as "Held for Trading". As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date. Investments which the bank intends to hold till maturity are classified as "Held to Maturity".

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

Under each of these categories, investments are further classified under six groups (hereinafter called groups) - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries/ Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

Transfer of securities between Categories

Transfer of securities between categories of investments is accounted as per RBI Guidelines.

Acquisition Cost

In determining the acquisition cost of the Investment:

- Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account.
- Broken period interest is charged to the Profit and Loss Account.
- Cost of investments is computed based on the weighted average cost method.

Valuation

The valuation of investments is made in accordance with the RBI Guidelines as follows:

a. Held for Trading /Available for Sale – Investments classified under the AFS and HFT categories are marked-to-market. The 'market value' for quoted securities included under AFS and HFT categories shall be the prices declared by the Financial Benchmark India Pvt. Ltd. (FBIL). For securities whose prices are not published by FBIL, market price of quoted security shall be as available from the trades/ quotes on the stock exchanges/ reporting platforms/trading platforms authorized by RBI/SEBI and prices declared by the Fixed Income Money Market and Derivatives Association of India (FIMMDA). Net depreciation, if any, within each category of each investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of each Investment is ignored. The depreciation on securities acquired on conversion of outstanding loan is provided in accordance with RBI guidelines. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

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

c. Treasury Bills, Commercial paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

d. Units of Mutual Funds are valued at the latest repurchase price / net asset value declared by Mutual Fund.

e. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FBIL / FIMMDA and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA/ FBIL are adopted for this purpose.
- In case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.

- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1/- per company based on the stipulated norms as per RBI circular.

- Units of Venture Capital Funds (VCF) held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1/- per VCF. Investment in unquoted VCF are categorized under HTM category for the initial period of three years and valued at cost as per RBI guidelines.

- Investments in Security Receipts are valued as per the latest NAV obtained from issuing Asset Reconstruction Companies, subject to floor provision requirements as per RBI guidelines.

f. Investments in subsidiaries/associates as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any.

g. The Bank follows settlement date method of accounting for purchase and sale of investments.

h. Non-Performing Investments are identified and valued based on RBI Guidelines.

Disposal of Investments

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

b. Held to Maturity – Profit on sale / redemption of investments is included in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve in accordance with the RBI Guidelines. Loss on sale / redemption is charged to the Profit and Loss account.

Repurchase and Reverse Repurchase Transactions

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities including those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI are accounted as collateralised borrowing and lending respectively. Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C, specifically created for this purpose. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked –to-market and resultant gains/losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

5.2 Advances

Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of bills rediscounted, inter-bank participation certificates issued with risk sharing, specific provisions made towards NPAs, floating provisions and unrealized interest on NPAs. Interest on Non-Performing advances is transferred to an unrealized interest account and not recognized in profit and loss account until received. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. The Bank has made provision for Non-Performing Assets as stipulated under Reserve Bank of India (RBI) norms.

Amounts recovered against debts written off are recognised in the Profit and Loss Account and included under "Other Income".

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period.

Provision for Unhedged Foreign Currency Exposure (UFCE) of borrower entities is made in accordance with the guidelines issued by RBI, which requires the Bank to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position of those entities. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains general provision for standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank makes additional provisions as per RBI's guidelines on 'Prudential Framework on Resolution of Stressed Assets' dated June 7, 2019 on accounts in default and with aggregate exposure above the threshold limits as laid down in the said framework where the resolution plan is not implemented within the specified timeline.

Additional provision for restructured accounts as per the relevant restructuring scheme announced by RBI for Micro, Small and Medium (MSME) sector, accounts affected by natural calamities and as per COVID 19 resolution framework are made as per extant RBI guidelines.

In respect of borrowers classified as non-cooperative and wilful defaulters, the Bank makes accelerated provisions as per extant RBI guidelines.

Loans reported as fraud are classified as loss assets, and fully provided immediately without considering the value of security.

5.3 Securitisation and transfer of assets

The Bank enters into purchase of corporate and retail loans through direct assignments route and the same is accounted as per extant RBI guidelines.

The bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

5.4 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorised into seven risk categories namely insignificant, low, moderately low, moderate, moderately high, high, very high as per Export Credit Guarantee Corporation of India Limited (ECGC) guidelines and provision is made in respect of the country where the net funded exposure is 1% or more of the bank's total funded assets.

5.5 Priority Sector Lending Certificates (PSLC)

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016 trades in priority sector portfolio by selling or buying PSLC. In the case of a sale transaction, the Bank sells the fulfillment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfillment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

5.6 Transactions involving foreign exchange

In respect of domestic operations:

- Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.

- Foreign currency monetary items are translated at the closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) as at the Balance sheet date.

- The resulting net valuation profit or loss is recognized in the profit and loss account.

In respect of Non-Integral Foreign Branches:

- Income and expenditure items are translated at quarterly average closing rates.

- Both Monetary and Non- Monetary foreign currency Assets and liabilities are translated at closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) at the Balance Sheet date.

- The resulting profit/loss arising from exchange differences are accumulated in Foreign Currency Translation Reserve until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS-11. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

Valuation of Foreign Exchange Spot and Forward Contracts

- Foreign exchange spot and forward Contracts (Other than the forwards / swaps marked under Funding category) outstanding as at the Balance Sheet date are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated / extrapolated rates for contracts of interim maturities.

- For valuation of contracts having longer maturities i.e. greater than one year, the forward points (for rates/ tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals.

- As per directions of FEDAI, the profit or loss is considered on present value basis by discounting the forward profit or loss till the valuation date using discounting yields. The resulting profit or loss on valuation is recognized in the Profit and Loss Account.

Foreign exchange swaps taken for funding purposes is amortized and recognized as interest income / interest expense in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

5.7 Derivative transactions

The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives are recognized in the Profit and Loss Account.

5.8 Revenue Recognition

- Interest income is recognised on an accrual basis in accordance with AS – 9, 'Revenue Recognition' as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021 and the RBI guidelines, except interest income on non-performing assets, which is recognised upon receipt basis as specified in RBI guidelines.

- Interest on income tax refund is recognised in the year of receipt of Assessment Orders.

- The recoveries made from NPA accounts are appropriated based on "first in first out" policy; i.e. the earliest entry shall be realized first. If different entries are made in the account on the same day, the realization shall be in the order of charges, interest, and principal.

- Processing fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception/ renewal of the loan.

- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis.

- Guarantee commission, commission on letter of credit and annual locker rent fees are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the Bank is uncertain of ultimate collection.

- Dividend on Equity Shares, Preference Shares and on Mutual Funds is recognised as Income when the right to receive the dividend is established.

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

- Loan Syndication fee is accounted for on completion of the agreed service and when right to receive is established.
- In compromise settlement cases, sacrifice on settlement is accounted upfront.
- Unpaid funded interest on term loans are accounted on realisation as per the guidelines of RBI.
- The difference between the sale price and purchase cost of gold coins, received on consignment basis is included in other income. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/ received is accounted on an accrual basis.
- Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.
- In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.
- In respect of non-performing assets acquired from other Banks / FIs and NBFCs, collections in excess of the consideration paid at each asset level or portfolio level is treated as income in accordance with RBI guidelines and clarifications.

5.9 Fixed assets and depreciation / amortization

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes cost of purchase and all expenditure like freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset before it is ready to use. Taxes like GST paid on Fixed assets wherever eligible are availed as ITC as per GST rules. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future economic benefit / functioning capability from / of such assets.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and includes advances paid to acquire fixed assets.

Depreciation on fixed assets, including amortisation of software, is charged over the estimated useful life of fixed assets on straight-line basis from the date of addition, except as mentioned below.

- Premises are depreciated under the written down value method, using the same useful life as in Schedule II of the Companies Act, 2013. Improvements to leased Premises are depreciated over lower of lease term or 5 years based on technical evaluation.
- Depreciation on premises revalued has been charged on their written-down value including the addition made on revaluation.
- Assets individually costing ₹ 2,000/- or less are fully depreciated in the year of purchase.

The management believes that the useful life of assets assessed by the Bank, pursuant to Part C of Schedule II to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets. The estimated useful lives of key fixed assets are given below:

Asset	Estimated useful life as assessed by the Bank
Leasehold Land	Over the lease period
Owned premises	60 Years
Motor Vehicles	8 Years
Computer hardware	3 Years
Modem, scanner, routers, switches etc.	3 Years
ATM / CDM / Recyclers etc.	5 Years
Electric equipment and installations	10 Years
Furniture and fixtures	10 Years
Software	3 / 5 Years
Servers, Firewall & Network Equipment	6 Years
Currency Sorting Machines	5 Years
Office equipments	5 Years

Depreciation on assets sold during the year is recognized on a pro-rata basis till the date of sale. Gain or losses arising from the retirement or disposal of Fixed Assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognized as income or expense in the Profit and Loss Account. Further, Profit on sale of premises is appropriated to Capital Reserve account (Net of applicable taxes and transfer to statutory reserves) in accordance with RBI instructions.

Whenever there is a revision of the estimated useful life of an asset, the unamortized depreciable amount is charged over the revised remaining useful life of the said asset.

5.10 Impairment of Assets

The Bank assesses at each Balance Sheet date whether there is any indication based on internal / external factors that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

5.11 Non-Banking Assets acquired in Satisfaction of Claims

Non-Banking assets acquired in settlement of debts / dues are accounted at the lower of their cost of acquisition or net realizable value.

5.12 Lease transactions

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account as per the lease terms. Initial direct costs in respect of operating leases such as legal costs, brokerage costs, etc. are recognized as expense immediately in the Profit and Loss Account.

5.13 Retirement and other employee benefits

a) Provident Fund

Employees covered under provident fund scheme are entitled for retirement benefit in the form of provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation, or termination of employment. Both the employee and the Bank contribute at specific rates of the salary to the provident fund account maintained with the Federal Bank (Employees') Provident Fund Trust. The contribution paid/payable by the Bank to The Federal Bank (Employees') Provident Fund Trust, administered by the trustees, is charged to the Profit and Loss account.

b) Pension Fund

Employees covered under pension scheme are entitled to get pension benefits, which is a defined benefit plan. The Bank contributes at specific rates of the salary to the Federal Bank (Employees') Pension Fund Trust set up by the Bank and administered by the Trustees. Additional amount being the liability shortfall as ascertained by an independent actuary, contributed towards The Federal Bank Employees' Pension Fund, is determined on actuarial basis on projected unit credit method as on the Balance Sheet dates. The contribution paid/payable by the Bank to Federal Bank Employees' Pension Fund is charged to the Profit and Loss account.

c) Gratuity

All employees of the Bank are entitled for gratuity benefits, which is a defined benefit plan. The Bank makes contributions to The Federal Bank Employees' Gratuity Trust Fund, which is administered and managed by the Trustees. Liabilities with regard to the gratuity plan are determined by Actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund. The contribution paid/payable by the Bank to the Federal Bank Employees' Gratuity Trust Fund is charged to the Profit and Loss account.

d) Compensation for absence on Privilege / Sick / Casual Leave and Leave Travel Concession (LTC)

The employees of the Bank are entitled to compensated absence on account of privilege / sick / casual leave as per the leave rules. The Bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognized in the Profit and Loss account.

The employees are also eligible for LTC as per the rules. The estimated cost of unused entitlement as on the Balance Sheet date based on actuarial valuation is provided for.

e) New Pension Scheme ('NPS')

In respect of employees who are covered under NPS, the Bank contributes certain percentage of the sum

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

of basic salary and dearness allowance of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies and regulated by Pension Fund Regulatory and Development Authority (PFRDA). NPS contributions are recognised in the Profit and Loss Account in the period in which they accrue. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

f) Other employee Benefits

The undiscounted amount of Short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employees render the service. These benefits include performance incentives.

5.14 Employee Stock Option Scheme

The Bank has formulated Employee Stock Option Scheme (ESOS) 2010 & Employee Stock Option Scheme (ESOS) 2017 in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999, and the same is in consonance as per the provisions and requirements under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The Schemes provided for grant of options to Employees of the Bank to acquire Equity Shares of the Bank that vest in a graded manner and that are to be exercised within a specified period.

In accordance with the SEBI Guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI, the Bank follows 'Intrinsic value method' for accounting of ESOS based on which, the excess, if any, of the closing market price of the share on the date preceding the date of grant of the option under ESOS over the exercise price of the option is amortized on a straight line basis over the vesting period.

The market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

However, the stock options granted to Material risk takers, after March 31, 2021 are accounted as per 'Fair value method' using Black-Scholes model, which is recognized as compensation expense over the vesting period in line with extant RBI guidelines.

5.15 Debit and Credit card reward points

The Bank runs a loyalty program which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method on a quarterly basis by employing independent actuary, which includes assumptions such as mortality, redemption and spends. Provision for said reward points is then made based on the actuarial valuation report as furnished by the said independent Actuary and such costs are recognized in the Profit and Loss account and liabilities on the outstanding reward points as at the Balance Sheet date is included in 'Others' under Schedule 5 - Other liabilities and provisions.

5.16 Taxation

Income tax expense is the aggregate amount of current tax and deferred tax incurred by the Bank. The current tax expense and deferred tax expense is determined in accordance with the provisions of the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards and as per Accounting Standard 22 – "Accounting for Taxes on Income" respectively.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses and items relating

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

to capital losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off. Deferred tax assets are recognized and reviewed at each balance sheet date for their realisability.

Current and deferred taxes relating to items directly recognized in reserves are adjusted in reserves and not in Profit and Loss Account.

5.17 Input Credit under GST

Goods & Service tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

5.18 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

5.19 Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 is recognized in the Profit and Loss Account.

5.20 Earnings per Share

The Bank reports basic and diluted earnings per share in accordance with Accounting Standard 20 "Earnings per Share", as prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021. Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders outstanding by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year-end except where the results are anti-dilutive. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, and share split.

5.21 Provisions, contingent liabilities, and contingent assets

In accordance with Accounting Standard - 29 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized when the Bank has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on management best estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets, if any, are not recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

5.22 Segment information

The disclosure relating to segment information is in accordance with Accounting Standard 17 on "Segment Reporting" and as per as per RBI Master Direction on Financial Statements-Presentation and Disclosures dated August 30, 2021, (updated as on November 15, 2021). As per the Master Direction, the reportable segments are identified as 'Treasury', 'Corporate / Wholesale Banking', 'Retail Banking' and 'Other banking operations'.

- Treasury includes the entire investment portfolio of the Bank.
- Retail Banking include exposures which fulfill the four criteria of orientation, product, granularity, and low value of individual exposures for retail exposures laid down in Master Directions on Basel III: Capital Regulations. Individual housing loans also form part of Retail Banking segment.
- Corporate / Wholesale Banking include all advances to trusts, partnership firms, companies, and statutory bodies, which are not included under 'Retail Banking'.
- Other Banking Business includes all other banking operations not covered under 'Treasury, 'Wholesale Banking' and 'Retail Banking' segments. It also includes all other residual operations such as para banking transactions / activities.

5.23 Accounting for Dividend

In terms of Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance sheet date" as prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021, the Bank does not account for proposed dividend or Dividend declared after balance sheet date as a liability through appropriation from profit and loss account in current year balance sheet. This is disclosed in the notes to accounts. The same is recognized in the year of actual payout post approval of shareholders. However, the Bank reckons proposed dividend in determining capital funds in computing the capital adequacy ratio.

5.24 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India and Balances with Other Banks / institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

1. DISCLOSURE REQUIREMENTS AS PER RBI'S MASTER DIRECTION ON FINANCIAL STATEMENTS - PRESENTATION AND DISCLOSURES

Amounts in notes forming part of the financial statements for the year ended March 31, 2022 are denominated in Rupees Crore to conform to extant RBI guidelines except where stated otherwise.

1.1 Regulatory Capital

1.1. A. Capital To Risk-Weighted Assets Ratio (Capital Adequacy Ratio)

The Bank computes Capital Adequacy Ratio as per Basel III Capital Regulations issued by RBI, which became applicable to the Bank with effect from April 01, 2013.

Under Basel III Capital Regulations, on an on-going basis, the Bank has to maintain a Minimum Total Capital (MTC) of 11.50 % (previous year 10.875 %) including Capital Conservation Buffer (CCB) at 2.50 % (previous year 1.875%), of the total risk weighted assets (RWA). Out of the MTC, at least 8.00% (previous year 7.375%), shall be from Common Equity Tier 1 (CET1) capital and at least 9.50 % (previous Year 8.875%) from Tier 1 capital, including 2.50 % (previous year 1.875%) towards CCB.

The Composition of Regulatory Capital of the Bank is set out below:

(Amount in ₹ Crore)

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
i)	Common Equity Tier 1 Capital (CET 1)*	17,638.52	15,454.61
ii)	Additional Tier 1 capital	-	-
iii)	Tier 1 Capital (i + ii)	17,638.52	15,454.61
iv)	Tier 2 Capital	1,637.28	868.13
v)	Total Capital (Tier 1+Tier 2)	19,275.80	16,322.74
vi)	Total Risk Weighted Assets (RWAs)	122,199.70	111,620.65
	Capital Ratios		
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	14.43%	13.85%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	14.43%	13.85%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.34%	0.78%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	15.77%	14.62%
xi)	Leverage Ratio	7.15%	6.96%
xii)	Percentage of the shareholding of the Government of India	NA	NA
xiii)	Amount of Paid Up Equity Capital raised during the year#	21.28	0.70
xiv)	Amount of Non - Equity Tier 1 Capital raised during the year, of which:		
	a) Basel III compliant Perpetual Non- Cumulative Preference Shares (PNCPS)	-	-
	b) Basel III compliant Perpetual Debt Instruments (PDI)	-	-
xv)	Amount of Tier 2 Capital raised during the year, of which:		
	a) Basel III compliant Debt Capital instruments**	700.00	-
	b) Basel III compliant Preference Share Capital Instruments: *[Perpetual Cumulative Preference Shares (PCPS) / Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]*		

* *Adjusted for proposed dividend of ₹ 1.80 per share (previous year: ₹ 0.70 per share). (Refer Note 3.2.E)*

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Capital Infusion: During the year, the Bank has issued 104,846,394 (previous year Nil) equity shares of ₹ 2 each for cash pursuant to a preferential allotment at ₹ 87.39 per share aggregating to ₹ 916.25 Crore (including share premium). This resulted in an increase of ₹ 20.97 Crore in Share Capital and ₹ 894.77 Crore (net of share issue expenses ₹ 0.51 Crore) in Reserves (share premium) of the bank. The funds mobilised from raising equity were utilised for general business purposes.

Further the Bank has allotted during the year 1,547,231 (previous year 3,488,176) equity shares consequent to exercise of ESOS vested. Accordingly, the share capital increased by ₹ 0.31 Crore (previous year ₹0.70 Crore) and Reserves (share premium) increased by ₹ 9.08 Crore (previous year ₹13.10 Crore).

The details of the movement in the paid-up equity share capital of the Bank are given below:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Opening Balance	399.23	398.53
Addition pursuant to a preferential allotment	20.97	-
Addition pursuant to employee stock options exercised	0.31	0.70
Closing Balance	420.51	399.23

** During the year ended March 31, 2022 the bank had raised ₹ 700 Crore Tier 2 capital by way of issuance of Basel III compliant Tier 2 Bonds the details of which are given below:

Instrument	Capital	Date of Maturity	Period	Coupon	Amount in ₹ Crore
Subordinated Debt	Tier 2	January 20, 2032	10 Years	8.20%	700.00

During the year ended March 31, 2021 the Bank has not raised debt instruments eligible for Tier-1/Tier-2 capital.

During the year ended March 31, 2022 and March 31, 2021 the Bank has not redeemed debt instruments eligible for Tier-1/ Tier-2 capital.

In accordance with RBI Guidelines banks are required to make Pillar 3 disclosures under Basel III capital regulations. The Bank has made these disclosures which are available on its website at the following link: https://www.federalbank.co.in/regulatory-disclosures. The Pillar 3 disclosures have not been subjected to audit.

1.1. B. Draw down from Reserves

The Bank has not drawn down any amount from any reserves during the years ended March 31, 2022 and March 31, 2021.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.2 Investments

1.2.1. A. Composition of Investment Portfolio

The details of Investments held under the three categories viz., Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) as at March 31, 2022 are as under:

(Amount in ₹ Crore)

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures & Bonds	Subsidiaries & / or Joint Ventures	Others	Total Investments in India	Government Securities (including Local Authorities)	Subsidiaries & / or Joint Ventures	Others	Total Investments Outside India	Total Investments
Held to Maturity												
Gross Value	30,024.28	-	-	-	668.80	104.20	30,797.28	-	-	-	-	30,797.28
Less: Provision for Non-Performing Investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net Value	30,024.28	-	-	-	668.80	104.20	30,797.28	-	-	-	-	30,797.28
Available for Sale												
Gross Value	4,857.27	-	496.75	1,631.87	-	1,830.88	8,816.77	43.93	-	16.11	60.04	8,876.81
Less: Provision for Non-Performing Investments	-	-	43.98	45.02	-	-	89.00	-	-	-	-	89.00
Less: Provision for Depreciation	15.49	-	0.22	5.31	-	386.35	407.37	-	-	-	-	407.37
Net Value	4,841.78	-	452.55	1,581.54	-	1,444.53	8,320.40	43.93	-	16.11	60.04	8,380.44
Held for Trading												
Gross Value	-	-	1.74	-	-	-	1.74	-	-	-	-	1.74
Less: Provision for Non- Performing Investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net Value	-	-	1.74	-	-	-	1.74	-	-	-	-	1.74
Total Investments												
Gross Value	34,881.55	-	498.49	1,631.87	668.80	1,935.08	39,615.79	43.93	-	16.11	60.04	39,675.83
Less: Provision for Non-Performing Investments	-	-	43.98	45.02	-	-	89.00	-	-	-	-	89.00
Less: Provision for Depreciation	15.49	-	0.22	5.31	-	386.35	407.37	-	-	-	-	407.37
Net Value	34,866.06	-	454.29	1,581.54	668.80	1,548.73	39,119.42	43.93	-	16.11	60.04	39,179.46

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

The details of Investments held under the three categories viz., Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity (HTM) as at March 31, 2021 are as under:

(Amount in ₹ Crore)

	Investments in India							Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures & Bonds	Subsidiaries & / or Joint Ventures	Others	Total Investments in India	Government Securities (including Local Authorities)	Subsidiaries & / or Joint Ventures	Others	Total Investments Outside India	Total Investments
Held to Maturity												
Gross Value	31,255.62	-	-	135.05	520.81	102.95	32,014.43	-	-	-	-	32,014.43
Less: Provision for Non-Performing Investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net Value	31,255.62	-	-	135.05	520.81	102.95	32,014.43	-	-	-	-	32,014.43
Available for Sale												
Gross Value	1,527.02	-	516.15	2,086.61	-	1,390.87	5,520.65	84.08	-	0.42	84.50	5,605.15
Less: Provision for Non-Performing Investments	-	-	70.39	29.70	-	-	100.09	-	-	-	-	100.09
Less: Provision for Depreciation	-	-	-	-	-	333.28	333.28	-	-	-	-	333.28
Net Value	1,527.02	-	445.76	2,056.91	-	1,057.59	5,087.28	84.08	-	0.42	84.50	5,171.78
Held for Trading												
Gross Value	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for Non- Performing Investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net Value	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments												
Gross Value	32,782.64	-	516.15	2,221.66	520.81	1,493.82	37,535.08	84.08	-	0.42	84.50	37,619.58
Less: Provision for Non-Performing Investments	-	-	70.39	29.70	-	-	100.09	-	-	-	-	100.09
Less: Provision for Depreciation	-	-	-	-	-	333.28	333.28	-	-	-	-	333.28
Net Value	32,782.64	-	445.76	2,191.96	520.81	1,160.54	37,101.71	84.08	-	0.42	84.50	37,186.21

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.2.1. B. Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(Amount in ₹ Crore)

Particulars		March 31, 2022	March 31, 2021
(1)	Movement of provisions held towards depreciation on Investments		
	a) Opening Balance	333.28	347.07
	b) Add: Provisions made during the year	88.88	28.50
	c) Less: Write off / (Write back) of excess provisions during the year	14.79	42.29
	d) Closing Balance	407.37	333.28
(2)	Movement of provisions for Non-performing investments (NPIs)		
	a) Opening Balance	100.09	96.19
	b) Add: Provisions made during the year	17.03	29.44
	c) Less: Write off / (Write back) of excess provision during the year	18.69	0.54
	d) Less : Transfer to / (from) Overdue Investments	9.43	25.00
	e) Closing Balance	89.00	100.09
(3)	Movement of Investment Fluctuation Reserve		
	a) Opening balance	189.72	189.72
	b) Add: Amount Transferred during the year	-	-
	c) Less: Drawdown	-	-
	d) Closing Balance	189.72	189.72
(4)	Closing balance in IFR as a percentage of closing balance of Investments* in AFS and HFT/Current category	2.26%	3.67%

Movement in provisions held towards depreciation on investments have been reckoned on a yearly basis

** The carrying value less net depreciation (ignoring net appreciation) ie, the net amount reflected in Balance Sheet.*

1.2.1. C. Additional Details on Investments:

a) Investments under HTM (excluding specified investments as per RBI norms) account for 16.78% (previous year 19.38%) of demand and time liabilities as at the end of March 31, 2022 as against permitted ceiling of 22.00% (previous year 22.00%) stipulated by RBI.

b) In respect of securities held under HTM category premium of ₹ 169.22 Crore (previous year: ₹ 142.19 Crore) has been amortised during the year and debited under interest received on Government securities.

c) Profit on sale of securities from HTM category amounting to ₹ 150.95 Crore (previous year: ₹ 273.07 Crore) has been taken to Profit and Loss Account. This includes Profit on redemption on maturity of investments amounting to ₹ 0.49 Crore (previous year : ₹0.97 Crore). During the year the Bank had appropriated ₹ 84.26 Crore (previous year ₹ 152.39 Crore) [net of taxes and transfer to statutory reserve] to the Capital Reserve being the gain on sale of HTM Investments in accordance with RBI guidelines. (Also Refer Note 1.2.4)

d) As per RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 Investment fluctuation reserve (IFR) is to be created with an amount not less than lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations until the amount of IFR is at least 2 percent of the HFT and AFS portfolio on a continuing basis.

As on March 31, 2022 the bank is maintaining an IFR of ₹ 189.72 Crore (previous year: ₹ 189.72 Crore) as against the minimum requirement of ₹ 177.57 Crore (previous year: ₹ 112.10 Crore) and considered it as part of Tier II capital for capital adequacy purposes.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.2.2. Repo Transactions

Details of securities sold/purchased (in face value terms) during the year ended March 31, 2022 under repos/reverse repos:

(Amount in ₹ Crore)

Particulars	Outstanding during the year			Outstanding as on March 31, 2022
	Minimum	Maximum	Daily Average	
A.1 Securities sold under RBI Repo				
a) Government Securities	-	750.00	6.27	-
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
A.2 Securities purchased under RBI Reverse Repo				
a) Government Securities	440.00	12,258.00	5,497.75	6,050.00
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
B.1 Securities sold under Market Repo				
a) Government Securities	25.82	3,900.32	1,969.50	3,829.76
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
B.2 Securities purchased under Reverse Market Repo				
a) Government Securities	-	809.72	86.45	-
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
C.1 Securities sold under TREPS				
a) Government Securities	-	4,005.59	2,579.91	2,582.66
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-
C.2 Securities purchased under TREPS				
a) Government Securities	-	2,999.65	26.38	-
b) Corporate Debt Securities	-	-	-	-
c) Any other securities	-	-	-	-

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Details of securities sold/purchased (in face value terms) during the year ended March 31, 2021 under repos/reverse repos:

(Amount in ₹ Crore)

Particulars		Outstanding during the year			Outstanding as on March 31, 2021
		Minimum	Maximum	Daily Average	
A.1	**Securities sold under RBI Repo**				
a)	Government Securities	-	2,788.00	924.43	-
b)	Corporate Debt Securities	-	-	-	-
c)	Any other securities	-	-	-	-
A.2	**Securities purchased under RBI Reverse Repo**				
a)	Government Securities	-	16,350.00	9,227.07	3,700.00
b)	Corporate Debt Securities	-	-	-	-
c)	Any other securities	-	-	-	-
B.1	**Securities sold under Market Repo**				
a)	Government Securities	-	3,479.39	1,351.61	1,226.48
b)	Corporate Debt Securities	-	-	-	-
c)	Any other securities	-	-	-	-
B.2	**Securities purchased under Reverse Market Repo**				
a)	Government Securities	-	1,618.47	75.65	-
b)	Corporate Debt Securities	-	-	-	-
c)	Any other securities	-	-	-	-
C.1	**Securities sold under TREPS**				
a)	Government Securities	-	5,476.95	2,717.40	3,081.90
b)	Corporate Debt Securities	-	-	-	-
c)	Any other securities	-	-	-	-
C.2	**Securities purchased under TREPS**				
a)	Government Securities	-	1,853.00	36.96	-
b)	Corporate Debt Securities	-	-	-	-
c)	Any other securities	-	-	-	-

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.2.3. Details of Non-SLR investment portfolio –

a) Issuer composition as at March 31, 2022 of Non-SLR investments

(Amount in ₹ Crore)

Sl. No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities**	Extent of 'unrated' securities**	Extent of 'unlisted' Securities**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	391.50	391.50	-	-	-
2	Financial Institutions	75.91	75.32	-	-	-
3	Banks	963.61	951.61	-	-	-
4	Private Corporates	1,694.61	1,159.49	-	-	100.00
5	Subsidiaries / Joint ventures	908.50	908.50	-	-	5.00
6	Others*	760.15	683.06	-	-	5.00
7	Less: Provision held towards depreciation on investment	391.88				
8	Less: Provision held towards non- performing investments	89.00				
	Total	**4,313.40**	**4,169.48**	**-**	**-**	**110.00**

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive

* *Includes Investments in Non-SLR government securities amounting to ₹ 43.93 Crore.*

** *Excludes investments in Equity Shares, Commercial Papers, Certificates of Deposit, Pass through certificates, Security Receipts, Security acquired by way of conversion of debt and Units issued by Venture Capital in line with extant RBI guidelines.*

Issuer composition as at March 31, 2021 of Non-SLR investments

(Amount in ₹ Crore)

Sl. No	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities**	Extent of 'unrated' securities**	Extent of 'unlisted' Securities**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Public Sector Undertakings	648.63	641.50	-	-	-
2	Financial Institutions	204.85	174.86	-	-	-
3	Banks	984.62	983.22	-	-	-
4	Private Corporates	1,434.02	1,419.03	9.04	-	233.55
5	Subsidiaries / Joint ventures	765.31	765.31	-	-	5.00
6	Others*	799.51	715.44	-	-	5.00
7	Less: Provision held towards depreciation on investment	333.28				
8	Less: Provision held towards non- performing investments	100.09				
	Total	**4,403.57**	**4,699.36**	**9.04**	**-**	**243.55**

Amounts reported under column (4), (5), (6) and (7) above are not mutually exclusive

* *Includes Investments in Non-SLR government securities amounting to ₹ 84.32 Crore.*

** *Excludes investments in Equity Shares, Commercial Papers, Certificates of Deposit, Pass through certificates, Security Receipts, Security acquired by way of conversion of debt and Units issued by Venture Capital in line with extant RBI guidelines.*

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

b) *Non-SLR investments category-wise (Net of Provisions):*

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Shares	454.29	445.76
Debentures and Bonds*	1,581.54	2,191.96
Subsidiaries/Joint Ventures	668.80	520.81
Others **	1,548.73	1,160.54
Investment outside India***	60.04	84.50
Total	**4,313.40**	**4,403.57**

* *Includes Investments in Non-SLR government securities amounting to ₹ Nil (previous year: ₹ 0.25 Crore).*

** *Includes investment in certificate of deposits, Commercial papers, Mutual Funds, Pass through certificate, Security Receipts and Venture Captial Fund.*

*** *Includes Investments in Non-SLR government securities amounting to ₹ 43.93 Crore (previous year: ₹ 84.08 Crore).*

c) *Non-performing Non-SLR investments is set out below:*

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Opening Balance	106.62	96.46
Additions during the year	17.43	35.16
Reductions during the year	(14.42)	-
Transfer (to) / from Overdue Investments	(9.43)	(25.00)
Closing Balance	**100.20**	**106.62**
Total Provisions held	89.00	100.09

1.2.4. Sale and transfers to/ from HTM Category

During the years ended March 31, 2022 and March 31, 2021, the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) was within 5% of the book value of investments held in HTM category at the beginning of the respective years.

1.3. Derivatives

Disclosure in respect of Outstanding Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA)

1.3.1 A) Exchange Traded Interest Rate Derivatives:

(Amount in ₹ Crore)

Sl.No	Particulars	March 31, 2022	March 31, 2021
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year		
	a) 6.10 G-Sec 2031(NSE)	240.12	-
	b) 6.10 G-Sec 2031(BSE)	20.00	-
	c) 5.85 G-Sec 2030 (NSE)	0.12	-
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding	-	-
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective"	-	-

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.3.1. B) The bank had dealt in exchange traded currency futures during the financial year ended March 31, 2022 and March 31, 2021. As at March 31, 2022 and March 31, 2021 the open contracts on the exchange was Nil.

1.3.2. A) Forward Rate Agreement (FRA)/ Interest Rate Swap (IRS)

Disclosure in respect of Outstanding Interest Rate Swaps (IRS) and Forward Rate Agreement (FRA)

(Amount in ₹ Crore)

	Particulars	March 31, 2022	March 31, 2021
(i)	The notional principal of swap agreements	2,923.00	2,373.00
(ii)	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	1.24	12.17
(iii)	Collateral required by the bank upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	33.43	39.10
(v)	The fair value of the swap book	3.30	4.95

The nature and terms of the IRS as on March 31, 2022 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	53	₹ 1,375.00 Crore	MIOIS	Fixed payable v/s floating receivable
Trading	46	₹ 1,200.00 Crore	MIOIS	Fixed receivable v/s floating payable
Trading	1	₹ 174.00 Crore	USD LIBOR 3M	Fixed receivable v/s floating payable
Trading	1	₹ 174.00 Crore	USD LIBOR 3M	Fixed receivable v/s floating payable

The nature and terms of the IRS as on March 31, 2021 are set out below:

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	39	₹ 1,100.00 Crore	MIOIS	Fixed payable v/s floating receivable
Trading	37	₹ 925.00 Crore	MIOIS	Fixed receivable v/s floating payable
Trading	1	₹ 174.00 Crore	USD LIBOR 3M	Fixed receivable v/s floating payable
Trading	1	₹ 174.00 Crore	USD LIBOR 3M	Fixed receivable v/s floating payable

1.3.2. B) Credit default swaps: The bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended March 31, 2022 and March 31, 2021.

1.3.3. Disclosure on Risk exposure in Derivatives

Qualitative disclosures:

(a) *Structure and organization for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or Mitigating risk and strategies and processes for monitoring the continuing effectiveness of Hedges/ mitigants:*

Derivatives are financial instruments whose characteristics are derived from an underlying asset like interest rates, exchange rates or indices. The Bank undertakes over the counter and exchange traded derivative transactions for Balance Sheet management and also for proprietary trading/market making. Bank offers derivative products to the customers to enable them to hedge their exposure within the prevalent regulatory guidelines. Proprietary trading includes Interest Rate Futures, Currency Futures, Non Deliverable Forwards and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR etc.) in over the counter/exchange traded derivatives. The Bank also undertakes transactions in Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks primarily credit, market, operational, legal and reputation. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

The derivative transactions are governed by the Investment forex and derivative policy and market risk management policy of the Bank as well as by the extant RBI guidelines. Various operational/risk limits are set up and actual exposures are monitored vis-à-vis the limits allocated. These limits are set up taking into account market volatility, risk appetite, business strategy and management experience. Risk limits are in place for risk parameters viz. Value at Risk (VaR), Net loss, deal size and PVBP. Actual positions are monitored against these limits on a daily basis and breaches if any are reported promptly. Risk assessment of the portfolio is undertaken periodically.

The Treasury front office enters into derivative transaction with customers and interbank counterparties. The Bank has an independent back office and mid office as per regulatory guidelines. The MTM position of the derivative portfolio is monitored on a regular basis. The impact on derivative portfolio on account of the probable market movements are assessed on regular basis. The risk profile of the outstanding portfolio is reviewed by the Board at regular intervals.

Interest rate contracts

Interest rate swaps involve the exchange of interest obligations with the counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate futures are standardised interest rate derivative contracts traded on a recognised stock exchange to buy or sell a notional security or any other interest bearing instrument or an index of such instruments or interest rates at a specified future date at a price determined at the time of the contract.

Exchange rate contracts

Cross currency swaps are agreements to exchange principal amounts denominated in different currencies. Cross currency swaps may also involve the exchange of interest payments on one specified currency for interest payments in another specified currency for a specified period.

Currency options (including Exchange Traded Currency Option) give the buyer on payment of a premium the right but not an obligation to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Currency futures contract is a standardised contract traded on an exchange to buy or sell a certain underlying currency at a certain date in the future at a specified price. The contract specifies the rate of exchange between one unit of currency with another.

Non Deliverable Derivative Contracts

Non Deliverable Forwards are foreign exchange derivative contract involving the Rupee, entered into with a person resident outside India and which is settled without involving delivery of the Rupee.

(b) *Accounting policy for recording hedge and non-hedge transactions, recognition of income, Premiums and discounts, valuation of outstanding contracts and provisioning*

Bank deals in derivatives for hedging Domestic or foreign currency assets/liabilities subject to the prevailing regulatory guidelines. Transactions for hedging and trading are recorded separately. For hedge transactions the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Transactions related to foreign exchange forward Interest rate Future/IRS/Currency futures are marked to market daily and the MTM is accounted in the books.

(c) *Collateral Security*

Bank has provided Sufficient Collateral to Central counter Parties and Exchanges wherever applicable. As per market practice no collateral is insisted on for the contracts with counter parties like Banks/Primary Dealers (PDs) etc. but if a CSA (Credit Support Annexure) is signed then collateral is insisted as per the terms of CSA agreement. For deals with Corporate Clients appropriate collateral security/margin etc. is stipulated wherever considered necessary as per the CSA Agreement.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

(d) Credit Risk Mitigation

In the Interbank Space the Bank deals with other major banks and the default risk is perceived as low in this segment. Wherever the CSA (Credit Support Annexure) is signed the collateral is insisted as per the terms of the CSA agreement. This risk is managed under the limit framework laid down by the policy on Sovereign and Counterparty Bank Limits. Exposure against clients is mitigated by collecting proper collateral securities / margin as envisaged by the credit sanctioning team as per the CSA.

Quantitative Disclosures

(Amount in ₹ Crore)

Sl. No	Particulars	Currency Derivatives*		Interest rate Derivatives	
		Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	-	-	-	-
	b) For trading	4,565.28	3,776.05	2,923.00	2,373.00
(ii)	Marked to Market positions				
	a) Asset (+)	97.41	45.05	38.68	56.85
	b) Liabilities (-)	81.07	30.03	35.38	51.90
(iii)	Credit Exposure	384.79	417.13	33.43	39.10
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	0.46	0.46	0.80	0.42
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	-	-	-	-
	b) on trading	Max = 0.48 Min = 0.46	Max = 0.48 Min = 0.46	Max = 5.92 Min = 0.25	Max = 8.23 Min = 0.42

* *excludes forward exchange contract.*

- The notional principal amount of forward exchange contracts classified as Hedging and Trading outstanding as on March 31, 2022 amounted to ₹ 3,564.10 Crore (previous year ₹ 5,205.84 Crore) and ₹ 5,860.17 Crore (previous year ₹ 5,163.85 Crore) respectively. For the hedging contracts, as at March 31, 2022 the marked to market position was asset ₹ 10.64 Crore and liability of ₹ 120.61 Crore (previous year asset ₹ 38.38 Crore and liability of ₹ 116.43 Crore). For the trading contract, as at March 31, 2022 the marked to market position was asset ₹ 431.75 Crore and liability of ₹ 52.60 Crore (previous year asset ₹ 260.86 Crore and liability of ₹ 39.00 Crore). Credit exposure on forward exchange contracts classified as Hedging and Trading at March 31, 2022 amounted to ₹ 79.21 Crore (previous year ₹ 140.36 Crore) and ₹ 675.97 Crore (previous year ₹ 542.63 Crore) respectively. The notional principal amounts of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk.
- Interest rate derivative represents interest rate swaps.
- The Bank has computed the maximum and minimum of PV01 for the year based on the daily balances for Interest rate Derivatives and Currency Derivatives. During the previous year, maximum and minimum of PV01 was computed based on daily balances for Interest rate Derivatives and month end balances for Currency Derivatives.
- In respect of derivative contracts, the bank evaluates the credit exposure arising therefrom, in line with RBI guidelines. Credit exposure has been computed using the current exposure method which is the sum of :

  a) The current replacement cost (Marked to Market value including accruals of the contract) or zero whichever is higher.

  b) The Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and a factor that is based on the grid of credit conversion factor prescribed in RBI Guidelines, which is applied on the basis of the residual maturity and the type of contract.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.4. Asset Quality

1.4.1. A1. Classification of advances and provisions held as on March 31, 2022

(Amount in ₹ Crore)

	Standard	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
Gross Standard Advances and NPAs						
Opening Balance	130,274.32	1,766.30	2,447.41	388.68	4,602.39	134,876.71
Add: Additions during the year					1,880.81	
Less: Reductions during the year*					2,346.46	
Closing balance	143,502.71	1,148.60	2,500.14	488.00	4,136.74	147,639.45
*Reductions in Gross NPAs due to:						
(i) Upgradation					591.34	
(ii) Recoveries (excluding recoveries from upgraded accounts)					665.88	
(iii) Technical / Prudential write offs					789.06	
(iv) Write-offs other than those under (iii) above					22.65	
(v) Reduction by Sale of Assets to ARCs					275.47	
(vi) Reduction by conversion into debt / equity					2.06	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	723.98	644.15	1,896.10	388.68	2,928.93	3,652.91
Add: Fresh provisions made during the year					1,188.67	
Less: Excess provision reversed / Write-off loans					1,475.66	
Closing balance of provisions held	1,302.76	368.11	1,785.83	488.00	2,641.94	3,944.70
Net NPAs						
Opening Balance		1,122.15	447.13	-	1,569.28	
Add: Fresh additions during the year					689.25	
Less: Reductions during the year					865.91	
Closing Balance		780.48	612.14	-	1,392.62	
Floating Provisions						
Opening Balance						81.93
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						81.93
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						2,419.99
Add: Technical/ Prudential write-offs during the year						789.06
Add: Change in balance of existing technically written off account due to exchange rate						3.62
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						157.74
Less: Reinstatement of technically written off accounts into advances						8.97
Less: Sacrifice made from previously technical/prudential written-off accounts during the year						0.38
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written off accounts during the year						5.62
Closing balance						**3,039.96**

Note: Movement is the aggregate of quarterly movement during the year.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Classification of advances and provisions held as on March 31, 2021

(Amount in ₹ Crore)

	Standard	Non-Performing				
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	Total
Gross Standard Advances and NPAs						
Opening Balance	120,622.35	1,182.03	2,063.41	285.39	3,530.83	124,153.18
Add: Additions during the year					1,921.90	
Less: Reductions during the year*					850.34	
Closing balance	130,274.32	1,766.30	2,447.41	388.68	4,602.39	134,876.71
*Reductions in Gross NPAs due to:						
(i) Upgradation					86.23	
(ii) Recoveries (excluding recoveries from upgraded accounts)					366.60	
(iii) Technical / Prudential write offs					357.87	
(iv) Write-offs other than those under (iii) above					39.64	
(v) Reduction by Sale of Assets to ARCs					-	
(vi) Reduction by conversion into debt / equity					-	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	613.36	445.49	1,085.21	285.39	1,816.09	2,429.45
Add: Fresh provisions made during the year					1,711.94	
Less: Excess provision reversed / Write-off loans					599.10	
Closing balance of provisions held	723.98	644.15	1,896.10	388.68	2,928.93	3,652.91
Net NPAs						
Opening Balance		736.55	870.62	-	1,607.17	
Add: Fresh additions during the year					213.35	
Less: Reductions during the year					251.24	
Closing Balance		1,122.15	447.13	-	1,569.28	
Floating Provisions						
Opening Balance						81.93
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						81.93
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						2,308.68
Add: Technical/ Prudential write-offs during the year						357.87
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						12.57
Less: Reinstatement of technically written off accounts into advances						-
Less: Sacrifice made from previously technical/prudential written-off accounts during the year						2.08
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written off accounts during the year						231.91
Closing balance						**2,419.99**

Note: Movement is the aggregate of quarterly movement during the year.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.4.1. A2. Details of Accounts subjected to Restructuring[1,2]

(Amount in ₹ Crore except number of borrowers)

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		As on March 31, 2022	As on March 31, 2021	As on March 31, 2022	As on March 31, 2021	As on March 31, 2022	As on March 31, 2021	As on March 31, 2022	As on March 31, 2021	As on March 31, 2022	As on March 31, 2021
Standard	Number of borrowers	89	154	3	9	43	83	340	529	475	775
	Gross amount	6.39	12.63	18.66	71.72	82.02	107.83	11.73	32.20	118.80	224.38
	Provision held	0.32	0.63	0.95	3.59	3.55	5.39	2.51	1.61	7.33	11.22
Sub-standard	Number of borrowers	27	51	1	3	6	23	27	196	61	273
	Gross amount	3.56	20.83	10.15	19.56	19.11	24.59	0.34	13.71	33.16	78.69
	Provision held	3.25	17.99	10.15	16.74	11.28	7.51	0.06	3.05	24.74	45.29
Doubtful	Number of borrowers	76	59	9	9	25	7	231	150	341	225
	Gross amount	32.83	31.17	55.33	40.58	23.49	3.84	11.72	6.07	123.37	81.66
	Provision held	32.08	30.83	55.17	39.27	14.69	3.45	7.63	3.86	109.57	77.41
Loss	Number of borrowers	24	22	-	1	-	1	79	81	103	105
	Gross amount	0.12	0.12	-	0.21	-	*	1.29	1.29	1.41	1.62
	Provision held	0.12	0.12	-	0.21	-	*	1.29	1.29	1.41	1.62
Total	Number of borrowers	216	286	13	22	74	114	677	956	980	1,378
	Gross amount	42.90	64.75	84.14	132.07	124.62	136.26	25.08	53.27	276.74	386.35
	Provision held	35.77	49.57	66.27	59.81	29.52	16.35	11.49	9.81	143.05	135.54

* *Denotes figures less than ₹ 1 Lakh.*

Note:

1. Accounts where resolution plan is implemented under RBI Resolution Framework for Covid-19 related stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) are excluded.
2. Technically written off accounts are excluded.

1.4.1. B. Significant Ratios

(in %)

Particulars	March 31, 2022	March 31, 2021
Net non-performing assets as a percentage of net advances.	0.96	1.19
Gross non-performing assets as a percentage of gross advances	2.80	3.41
Provision Coverage Ratio (Including Technical write-offs)	80.60	77.65
Provision Coverage Ratio (Excluding Technical write-offs)	65.54	65.14

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.4.2. Sector-wise Advances and Gross NPAs

(Amount in ₹ Crore)

Sl. No.	Sector	March 31, 2022			March 31, 2021		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	**Priority Sector**						
1.	Agriculture and allied activities	18,930.98	1,045.42	5.52	16,928.73	916.43	5.41
2.	Advances to industries sector eligible as priority sector lending	11,136.54	386.75	3.47	9,163.79	212.30	2.32
	Of which:						
	Infrastructure	*2,712.91*	*73.58*	*2.71*	*2,457.62*	*40.16*	*1.63*
	Textiles	*1,934.42*	*53.77*	*2.78*	*1,453.98*	*8.27*	*0.57*
3.	Services	10,652.73	205.57	1.93	5,857.32	62.65	1.07
	Of which:						
	NBFCs	*1,776.96*	-	-	*710.62*	-	-
	Trade	*3,267.92*	*105.94*	*3.24*	*800.61*	*17.39*	*2.17*
	Other Services	*3,189.02*	*52.00*	*1.63*	*2,267.81*	*20.03*	*0.88*
4.	Personal loans	957.29	-	-	-	-	-
5.	Others	3,752.44	251.58	6.70	4,567.85	317.78	6.96
	Sub-total (A)	**45,429.98**	**1,889.32**	**4.16**	**36,517.69**	**1,509.16**	**4.13**
B	**Non-Priority Sector**						
1.	Agriculture and allied activities	-	-	-	-	-	-
2.	Industry	20,216.81	396.23	1.96	20,296.43	942.08	4.64
	Of which:						
	Chemicals and Chemical Products	*2,195.31*	*3.15*	*0.14*	*1,644.35*	*4.15*	*0.25*
	Infrastructure	*5,737.07*	*110.17*	*1.92*	*8,979.34*	*450.88*	*5.02*
3.	Services	34,751.51	783.37	2.25	36,721.44	1,222.75	3.33
	Of which:						
	Commercial Real Estate	*3,712.22*	*36.85*	*0.99*	*4,334.83*	*27.28*	*0.63*
	Non-Banking Finance Companies	*14,707.06*	*17.19*	*0.12*	*15,502.19*	*185.44*	*1.20*
	Trade	*5,988.56*	*457.71*	*7.64*	*8,036.38*	*605.84*	*7.54*
	Other services	*8,837.43*	*166.91*	*1.89*	*7,779.60*	*345.34*	*4.44*
4.	Personal loans	2,771.04	167.44	6.04	2,063.59	101.81	4.93
5.	Others	44,470.11	900.38	2.02	39,277.56	826.59	2.10
	Sub-total (B)	**102,209.47**	**2,247.42**	**2.20**	**98,359.02**	**3,093.23**	**3.14**
	Total (A+B)	**147,639.45**	**4,136.74**	**2.80**	**134,876.71**	**4,602.39**	**3.41**

Note: Disclosure of sub-sectors is made where the outstanding advances exceeds 10% of the outstanding total advances to that sector.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.4.3. Details of Overseas Assets, NPAs and Revenue

During the year ended March 31, 2016 the Bank had commenced its operation, pursuant to RBI approval, in International Financial Services Centre (IFSC) Banking Unit (IBU) in Gujarat International Finance Tec City (GIFT City) and the business transaction from the same is considered as a Foreign branch for most Regulatory purpose as per para 2.2 of Annex I of RBI Circular DBR.IBD.BC 14570/23.13.004/2014-15 dated April 01, 2015. Apart from the said IBU, the bank does not have any overseas branch as on March 31, 2022 and March 31, 2021. Details of Assets, NPAs and Revenue of IBU are given below:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Total Assets	2,001.35	2,346.86
Total NPAs	189.48	350.93
Total Revenue	32.46	50.19

1.4.4. Divergence in Asset classification and Provisioning for NPAs

The divergence observed by RBI for the financial years 2020-21 and 2019-20 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition, asset classification and provisioning is below the regulatory requirement for disclosure and hence the disclosure as required under RBI Master Direction on 'Financial Statements-Presentation and Disclosures' on 'Divergence in the asset classification and provisioning', is not required to be made.

1.4.5. In accordance with the RBI Cir. No. DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 on "Resolution Framework — 2.0: Resolution of Covid — 19 related stress of Individuals and Small Business", the number of borrower accounts where modifications were sanctioned and implemented and the aggregate exposure to such borrowers are as under:

(Amount in ₹ Crore except number of accounts)

	March 31, 2022
No. of accounts in which Resolution Period was extended	190
Aggregate Exposure	78.52

1.4.6. Implementation of Resolution Plans (RPs):

Cases eligible for RPs during the year ended March 31, 2022		RPs Successfully implemented during the year ended March 31, 2022		RPs under implementation during the year ended March 31, 2022	
Balance Outstanding (Amount in ₹ Crore)	No. of cases	Balance Outstanding (Amount in ₹ Crore)	No. of cases	Balance Outstanding (Amount in ₹ Crore)	No. of cases
391.02	9	176.88	1	214.14	8

Out of the above, 4 cases are technically written off in our books amounting to total of ₹ 170.19 Crore.

Cases eligible for RPs during the year ended March 31, 2021		RPs Successfully implemented during the year ended March 31, 2021		RPs under implementation during the year ended March 31, 2021	
Balance Outstanding (Amount in ₹ Crore)	No. of cases	Balance Outstanding (Amount in ₹ Crore)	No. of cases	Balance Outstanding (Amount in ₹ Crore)	No. of cases
394.44	9	-	-	394.44	9

Out of the above, 4 cases are technically written off in our books amounting to total of ₹ 318.07 Crore.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.4.7 a) Details of resolution plans implemented under the RBI Resolution Framework for COVID-19-related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2022 (including other facilities to the borrowers which have not been restructured) are given below:-

(Amount in ₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year ended September 30 , 2021 (A) [1]	Of (A), aggregate debt that slipped into NPA during the half- year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half- year [2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended March 31, 2022
Personal Loans	2,211.69	51.63	-	16.85	2,153.25
Corporate persons	343.26	4.84	-	(9.18)	347.60
Of which MSMEs	-	-	-	-	-
Others	1,150.96	46.95	-	89.86	1,022.60
Total	**3,705.91**	**103.42**	**-**	**97.53**	**3,523.45**

1. *Includes restructuring done in respect of requests received as of September 30, 2021, processed subsequently.*
2. *Represents net movement in balance outstanding.*

1.4.7 b) Details of resolution plans implemented under the RBI Resolution Framework for COVID-19-related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2022 (excluding other facilities to the borrowers which have not been restructured) are given below:

(Amount in ₹ Crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year ended September 30 , 2021 (A) [1][3]	Of (A), aggregate debt that slipped into NPA during the half- year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half- year [2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended March 31, 2022[3]
Personal Loans	2,146.99	43.12	-	19.29	2,093.71
Corporate persons	198.41	-	-	0.11	198.30
Of which MSMEs	-	-	-	-	-
Others	569.44	19.09	-	151.15	399.90
Total	**2,914.84**	**62.21**	**-**	**170.55**	**2,691.91**

1. *Includes restructuring done in respect of requests received as of September 30, 2021 processed subsequently.*
2. *Represents net movement in balance outstanding*
3. *Excludes other facilities to the borrowers which have not been restructured.*

1.4.8. Transfer of loan exposures

i) Details of loans not in default acquired through assignment during the year ended March 31, 2022 are given below:

	March 31, 2022
Aggregate amount of loans acquired (₹ in Crore)	108.27
Weighted average residual maturity (in years)	2.46
Weighted average holding period by originator (in years)	1.20
Retention of beneficial economic interest by the originator (₹ in Crore)	12.03
Tangible security coverage	Unsecured loan

Note: The above disclosure is as per (Transfer of Loan Exposures) Directions, 2021 issued by Reserve Bank of India on September 24, 2021 which is effective from financial year 2022.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

ii) Details of non-performing assets (NPAs) (excluding prudentially written off advances) transferred during the year ended March 31, 2022 are given below:

(Amount in ₹ Crore except number of accounts)

Particulars	To ARCs		To permitted transferees		To other transferees	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Number of accounts	44	-	-	-	-	-
Aggregate principal outstanding of loans transferred	275.47	-	-	-	-	-
Weighted average residual tenor of the loans transferred (in years)	7.44	-	-	-	-	-
Net book value of loans transferred (at the time of transfer)	69.95	-	-	-	-	-
Aggregate consideration	158.26	-	-	-	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-
Provisions reversed to the profit and loss account on account of sale of stressed loans	88.31	-	-	-	-	-

iii) During the years ended March 31, 2022 and March 31, 2021, the bank has not acquired any stressed loans and not transferred any loan not in default / Special Mention Accounts (SMA).

iv) During the year ended March 31, 2022 and March 31, 2021, the bank has not invested in Security Receipts (SR) issued by Asset Reconstruction Companies (ARC) in respect of stressed loans transferred to ARCs.

v) Recovery ratings assigned for Security Receipts are given below:

As on March 31, 2022

(Amount in ₹ Crore)

Rating Scale	Rating	Book Value Outstanding	Provision held	Net Book Value
0-25%	NR6	205.94	203.88	2.06
	RR5	14.79	13.91	0.88
25% - 50%	R4	85.61	43.48	42.13
50% - 75%	NR4	30.51	9.15	21.36
100% - 150%	R1	0.64	-	0.64
	RR1	2.28	-	2.28
Rating Withdrawn / Not rated	Not Rated	0.06	-	0.06
	Withdrawn	115.93	115.93	-
Total		**455.76**	**386.35**	**69.41**

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

As on March 31, 2021

(Amount in ₹ Crore)

Rating Scale	Rating	Book Value Outstanding	Provision held	Net Book Value
0-25%	NR6	167.91	137.89	30.02
	RR5	96.04	84.45	11.59
25% - 50%	NR5	41.14	30.84	10.30
	RR4	8.84	4.86	3.98
50% - 75%	R3	87.75	25.45	62.30
	NR4	30.51	9.15	21.36
100% - 150%	RI	0.90	-	0.90
	NR2	17.34	-	17.34
	RR1	2.28	-	2.28
Rating Withdrawn / Not rated	Withdrawn	40.63	40.63	-
Total		**493.34**	**333.27**	**160.07**

1.4.9. Details of MSME accounts restructured as per RBI circular Nos.DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020

Position as on March 31, 2022

(Amount in ₹ Crore except number of accounts)

Number of accounts restructured	Amount Restructured	Amount outstanding
1366	1,144.09	921.38

Position as on March 31, 2021

(Amount in ₹ Crore except number of accounts)

Number of accounts restructured	Amount Restructured	Amount outstanding
529	653.20	536.65

1.4.10. Fraud accounts and Provisioning

(Amount in ₹ Crore except number of frauds)

Particulars	March 31, 2022	March 31, 2021
No. of frauds reported during the year	413	344
Amount involved in fraud	347.92	723.97
Amount involved in fraud net of recoveries/write offs/unrealised interest as at the end of the year requiring provision	100.20	188.39
Provision made during yesteryears for the above accounts	64.90	5.32
Provision made during the year	35.30	183.07
Provision held as at the end of the year for the above accounts	100.20	188.39
Amount of unamortised provision debited from "other reserves" as at the end of the year.	-	-

1.4.11. Movement of Provision on Standard Assets

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
(a) Opening balance	736.73	626.11
(b) Additions during the year	619.00	589.62
(c) Deduction during the year	40.22	479.00
(d) Closing balance *	**1,315.51**	**736.73**

* *Includes Provision held towards Unhedged Foreign Currency Exposure of Customers amounting ₹ 18.19 Crore (previous Year: ₹ 15.90 Crore) and floating provision of ₹ 12.75 Crore (previous year ₹ 12.75 Crore).*

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.5. Asset Liability Management

1.5.1 Maturity pattern of certain items of assets and liabilities

Maturity pattern of certain items of assets and liabilities as at March 31, 2022 and March 31, 2021 is set out below:

Year ended March 31, 2022

(Amount in ₹ Crore)

Maturity Pattern	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	1,119.30	2,676.62	6,416.05	12.97	1,170.16	237.33
2 -7 days	2,245.53	2,196.76	408.91	6,426.42	1,699.75	41.67
8-14 days	2,495.62	1,143.16	427.72	107.69	786.63	117.00
15-30 days	3,880.01	2,546.52	610.53	5.60	506.46	55.50
31 days to 2 months	6,278.06	4,261.70	948.35	414.16	753.22	484.70
Over 2 months and up to 3 months	4,951.31	6,150.53	794.31	669.03	740.33	781.64
Over 3 months and up to 6 months	14,881.74	13,608.86	1,973.64	1,684.36	1,002.09	974.18
Over 6 months and up to 1 Year	30,194.33	14,153.00	1,668.14	1,342.43	636.60	1,531.65
Over 1 Year and up to 3Years	79,073.03	66,024.25	2,633.57	3,143.76	321.53	1,733.21
Over 3 Years and up to 5 Years	3,357.64	15,363.13	7,394.27	586.69	542.49	242.67
Over 5 Years	33,224.02	16,803.79	15,903.97	1,000.01	609.74	0.15
Total	**181,700.59**	**144,928.32**	**39,179.46**	**15,393.12**	**8,769.00**	**6,199.70**

Year ended March 31, 2021

(Amount in ₹ Crore)

Maturity Pattern	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	913.31	2,208.48	8,149.56	12.97	1,533.62	104.96
2 -7 days	2,421.64	1,302.80	294.41	4,708.38	2,037.63	30.46
8-14 days	2,137.22	785.40	386.10	202.23	575.08	34.94
15-30 days	5,062.22	2,102.11	665.66	183.17	1,416.69	245.34
31 days to 2 months	8,162.03	4,226.60	1,641.57	297.80	1,441.77	390.02
Over 2 months and up to 3 months	7,214.82	4,677.97	1,080.54	312.91	1,269.97	442.31
Over 3 months and up to 6 months	15,852.89	10,568.17	1,728.72	504.71	1,008.31	740.99
Over 6 months and up to 1 Year	27,427.44	16,325.95	1,369.85	777.94	527.89	1,502.26
Over 1 Year and up to 3Years	70,314.57	55,145.58	4,368.16	1,664.82	522.21	2,521.39
Over 3 Years and up to 5 Years	2,427.15	16,827.56	4,986.53	103.57	365.34	493.71
Over 5 Years	30,711.19	17,707.98	12,515.11	300.00	224.87	0.03
Total	**172,644.48**	**131,878.60**	**37,186.21**	**9,068.50**	**10,923.38**	**6,506.41**

Note: Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities excludes forward exchange contracts and off-balance sheet items.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.5.2 Liquidity Coverage Ratio (LCR)

a) Quantitative Disclosure

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2022:

(Amount in ₹ Crore)

		Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1.	Total High Quality Liquid Assets (HQLA)		35,898.96		36,304.61		37,608.85		35,015.72
Cash outflows									
2.	Retail deposits and deposits from small business customers, of which:	156,122.23	13,353.67	154,690.57	13,105.50	152,194.60	12,870.85	149,338.73	12,617.91
(i)	Stable deposits	45,171.14	2,258.56	47,271.06	2,363.55	46,972.18	2,348.61	46,319.21	2,315.96
(ii)	Less stable deposits	110,951.09	11,095.11	107,419.51	10,741.95	105,222.42	10,522.24	103,019.52	10,301.95
3.	Unsecured wholesale funding, of which:	10,382.00	8,016.94	10,768.00	8,241.88	11,107.21	5,413.52	14,011.42	7,990.42
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	10,382.00	8,016.94	10,768.00	8,241.88	11,107.21	5,413.52	14,011.42	7,990.42
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4.	Secured wholesale funding		-		-		-		-
5.	Additional requirements, of which	0.66	0.66	7.11	7.11	0.76	0.76	1.32	1.32
(i)	Outflows related to derivative exposures and other collateral requirements	0.66	0.66	7.11	7.11	0.76	0.76	1.32	1.32
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6.	Other contractual funding obligations	38,962.47	4,242.74	36,941.24	4,014.74	33,852.61	3,146.26	32,736.06	3,023.64
7.	Other contingent funding obligations	9,993.00	299.79	9,244.38	277.33	8,764.83	262.95	8,536.05	256.08
8.	**TOTAL CASH OUTFLOWS**		**25,913.80**		**25,646.56**		**21,694.34**		**23,889.37**
Cash Inflows									
9.	Secured lending (e.g. reverse repos)	5,497.73	-	6,058.63	-	7,231.36	-	3,627.83	-
10.	Inflows from fully performing exposures	7,852.26	5,928.02	7,270.90	5,601.39	7,274.42	5,668.49	7,967.70	6,348.55
11.	Other cash inflows	10.56	10.56	2.58	2.58	6.75	6.75	23.56	23.56
12.	**TOTAL CASH INFLOWS**	**13,360.55**	**5,938.58**	**13,332.11**	**5,603.97**	**14,512.53**	**5,675.24**	**11,619.09**	**6,372.11**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13.	**TOTAL HQLA**		**35,898.96**		**36,304.61**		**37,608.85**		**35,015.72**
14.	**TOTAL NET CASH OUTFLOWS**		**19,975.22**		**20,042.59**		**16,019.10**		**17,517.26**
15.	**LIQUIDITY COVERAGE RATIO (%)**		**179.72%**		**181.14%**		**234.78%**		**199.89%**

Note: LCR data has been computed based on simple average of daily observations.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in the year ended March 31, 2021:

(Amount in ₹ Crore)

		Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1.	Total High Quality Liquid Assets (HQLA)		35,501.98		38,810.45		38,748.71		34,844.87
Cash outflows									
2.	Retail deposits and deposits from small business customers, of which:	143,128.38	12,057.86	139,489.09	11,728.08	138,293.02	11,619.64	133,691.38	11,248.71
(i)	Stable deposits	45,099.62	2,254.98	44,416.54	2,220.83	44,193.21	2,209.66	42,408.48	2,120.42
(ii)	Less stable deposits	98,028.76	9,802.88	95,072.55	9,507.25	94,099.81	9,409.98	91,282.90	9,128.29
3.	Unsecured wholesale funding, of which:	11,850.00	5,737.42	9,961.81	4,489.23	10,498.22	4,960.50	10,942.55	5,114.57
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	11,850.00	5,737.42	9,961.81	4,489.23	10,498.22	4,960.50	10,942.55	5,114.57
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4.	Secured wholesale funding		-		-		-		-
5.	Additional requirements, of which	1.03	1.03	18.64	18.64	18.07	18.07	15.95	15.95
(i)	Outflows related to derivative exposures and other collateral requirements	1.03	1.03	18.64	18.64	18.07	18.07	15.95	15.95
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6.	Other contractual funding obligations	31,079.41	2,925.85	33,599.11	3,195.70	35,098.79	3,274.20	32,628.99	3,075.63
7.	Other contingent funding obligations	8,239.81	247.19	8,097.65	242.93	8,010.49	240.31	8,183.54	245.51
8.	**TOTAL CASH OUTFLOWS**		**20,969.35**		**19,674.58**		**20,112.72**		**19,700.37**
Cash Inflows									
9.	Secured lending (e.g. reverse repos)	6,347.35	-	12,119.68	-	12,242.76	-	6,630.99	-
10.	Inflows from fully performing exposures	7,660.01	6,267.08	6,643.56	5,276.93	5,887.14	4,918.78	4,889.64	4,489.15
11.	Other cash inflows	10.04	10.04	0.50	0.50	-	-	-	-
12.	**TOTAL CASH INFLOWS**	**14,017.40**	**6,277.12**	**18,763.74**	**5,277.43**	**18,129.90**	**4,918.78**	**11,520.63**	**4,489.15**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13.	**TOTAL HQLA**		**35,501.98**		**38,810.45**		**38,748.71**		**34,844.87**
14.	**TOTAL NET CASH OUTFLOWS**		**14,692.23**		**14,397.15**		**15,193.94**		**15,211.22**
15.	**LIQUIDITY COVERAGE RATIO (%)**		**241.64%**		**269.57%**		**255.03%**		**229.07%**

Note: LCR data has been computed based on simple average of daily observations.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

b) *Qualitative Disclosure*

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and the LCR Disclosure Standards pursuant to the Basel III Framework on Liquidity Standards that are applicable to banks in India with effect from January 01, 2015. The regulatory threshold is embedded into the Risk Appetite Statement of the Bank and hence maintenance of LCR is subject to periodic review of Risk Management Committee/Board. The Bank computes the LCR and reports the same to the Asset Liability Committee (ALCO) every month as well as to the Risk Management Committee of the Board. Liquidity Coverage Ratio (LCR) promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Assets (HQLAs) to survive an acute stress scenario lasting for 30 days. LCR is computed on a daily basis from January 01, 2017 and in accordance with regulatory prescriptions. The LCR disclosures contain data on simple average of daily observations for the days in each quarter. Bank computes LCR of the IFSC Banking Unit at GIFT City on a standalone basis as per the extant guidelines. Bank is not computing LCR separately for any foreign currency since the aggregate liabilities denominated in any foreign currency doesn't amount to 5% or more of the Bank's total liabilities. Bank has consistently maintained LCR above the prescribed regulatory minimum of 100% during the fiscal.

On an average, 96% of the HQLA maintained by the Bank comprises of Level 1 assets which is the most liquid asset category. Cash in hand, excess CRR and SLR, G-Sec within mandatory SLR requirement permitted by RBI under Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as per RBI guidelines from time to time, constitutes Level 1 HQLA. Level 2 assets maintained by the Bank comprises of (a) marketable securities representing claims on or claims guaranteed by sovereigns, Public Sector Entities (PSEs) or multilateral development banks that are assigned a 20% risk weight under the Basel III Standardized Approach for credit risk and that are not issued by a bank/financial institution/ NBFC or any of its affiliated entities and (b) Corporate bonds and commercial papers, not issued by a bank/financial institution/ NBFC or any of its affiliated entities, which have been rated AA- or above by an Eligible Credit Rating Agency. HQLA is also well diversified across various instruments and liquid asset types and shall provide the Bank with adequate and timely liquidity.

Bank has a well-diversified funding portfolio. Retail deposits, considered as stable deposits from a liquidity perspective is the major funding source of the Bank, indicating lower dependence of the Bank on wholesale funds.

The liquidity risk management in the Bank is guided by the ALM Policy. Asset Liability Committee (ALCO) is the executive level committee responsible for ALM process in the Bank. Bank's liquidity management is actively done by the Treasury department as per the directions of ALCO. Integrated Risk Management Department actively monitors the liquidity position of the Bank and apprises ALCO on a continuous basis to initiate appropriate actions to ensure that the liquidity position is well within the Risk Appetite set by the Board of Directors.

1.5.3 Net Stable Funding Ratio (NSFR)

Qualitative Disclosure

Net Stable Funding Ratio (NSFR) is introduced by Basel Committee on Banking Supervision (BCBS) in order to ensure that banks maintain a stable funding profile in relation to the composition of their assets, liabilities and off-balance sheet activities. NSFR limits overreliance on short-term wholesale funding and promotes funding their activities with longer term stable sources indicating funding stability.

NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") of the Bank is a function of the liquidity characteristics and residual maturities of the various assets as well as the off-balance sheet (OBS) exposures of the Bank.

As per the RBI Guideline, Bank is required to maintain a minimum NSFR of 100% on an ongoing basis effective from October 01, 2021.

The Available Stable funding primarily consists of Regulatory capital, Deposits from Retail Customers, Small business entities, Non-Financial and financial corporates and Borrowings. Whereas the Required Stable Funding comprises of mainly Advances and Investments.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Quantitative Disclosure

(Amount in ₹ Crore)

	Net Stable Funding Ratio (NSFR)										
	Particulars	Quarter ended March 31, 2022					Quarter ended December 31, 2021				
		Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item											
1	Capital: (2+3)	17,638.52	-	-	1,000.00	18,638.52	16,072.65	-	-	300	16,372.65
2	Regulatory capital	17,638.52	-	-	-	17,638.52	16,072.65	-	-	-	16,072.65
3	Other capital instruments	-	-	-	1,000.00	1,000.00	-	-	-	300	300.00
4	Retail deposits and deposits from small business customers: (5+6)	59,637.36	31,428.73	34,549.10	31,677.74	145,973.13	57,775.05	27,428.82	30,357.92	35,002.69	140,087.05
5	Stable deposits	9,653.36	7,235.99	7,945.01	6,512.69	30,105.33	9,660.03	5,682.63	6,232.40	6,288.69	26,785.00
6	Less stable deposits	49,984.00	24,192.74	26,604.09	25,165.05	115,867.80	48,115.02	21,746.19	24,125.52	28,714.00	113,302.05
7	Wholesale funding: (8+9)	6,067.89	19,273.28	6,820.39	6,639.21	14,058.29	5,258.52	17,079.96	6,858.69	3,520.01	10,317.37
8	Operational deposits	-	-	-	-	-	-	-	-	-	-
9	Other wholesale funding	6,067.89	19,273.28	6,820.39	6,639.21	14,058.29	5,258.52	17,079.96	6,858.69	3,520.01	10,317.37
10	Other liabilities: (11+12)	5,340.14	873.95	-	-	-	6,049.71	3,172.36	-	-	-
11	NSFR derivative liabilities		-	-	-			-	-	-	
12	All other liabilities and equity not included in the above categories	5,340.14	873.95	-	-	-	6,049.71	3,172.36	-	-	-
13	Total ASF (1+4+7+10)					178,669.94					166,777.07
RSF Item											
14	Total NSFR high-quality liquid assets (HQLA)					1,882.70					1,852.10
15	Deposits held at other financial institutions for operational purposes	1,287.28	-	-	-	643.64	1,020.48	-	-	-	510.24
16	Performing loans and securities: (17+18+19+21+23)	838.35	52,109.96	17,924.10	79,748.31	95,285.18	623.47	45,342.21	19,052.16	75,988.74	91,444.84
17	Performing loans to financial institutions secured by Level 1 HQLA	-	6,200.00	-	-	620.00	-	1,900.00	-	-	190.00
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	8,075.75	1,827.55	13,038.94	15,164.08	-	6,723.07	2,711.44	12,557.58	14,921.76
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	12.00	37,830.86	16,085.80	46,776.13	64,745.32	11.83	36,715.15	16,331.64	44,662.85	62,497.64
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.03	5,643.61	808.89	9,893.59	9,657.10	0.28	6,493.95	2,147.32	9,975.46	10,804.83
21	Performing residential mortgages, of which:	-	3.35	10.75	19,933.24	14,053.38	-	3.99	9.08	18,768.31	13,315.55
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	2.72	9.41	14,484.57	9,421.03	-	3.17	7.93	13,220.29	8,598.74
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	826.35	-	-	-	702.40	611.64	-	-	-	519.89
24	Other assets: (sum of rows 25 to 29)	5,853.54	3,087.81	2,082.54	13,279.27	23,641.99	5,638.78	3,782.43	2,258.27	12,020.92	23,197.61
25	Physical traded commodities, including gold	-				-	-				-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		791.47	-	-	672.75		712.68	-	-	605.78
27	NSFR derivative assets (Net)		-	-	-	-		8.96	-	-	8.96
28	NSFR derivative liabilities before deduction of variation margin posted		571.00	-	-	28.55		416.73	-	-	20.84
29	All other assets not included in the above categories	5,853.54	1,725.34	2,082.54	13,279.27	22,940.69	5,638.78	2,644.06	2,258.27	12,020.92	22,562.03
30	Off-balance sheet items		38,722.76	10,164.78	-	2,241.08		35,255.86	9,008.63	-	2,033.05
31	Total RSF (14+15+16+24+30)					123,694.59					119,037.84
32	**Net Stable Funding Ratio (%)**					**144.44%**					**140.10%**

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.6. Exposures

1.6.1 Exposure to Real Estate Sector

(Amount in ₹ Crore)

Category		March 31, 2022	March 31, 2021
A.	**Direct Exposure:**		
i)	Residential Mortgages: Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Exposure also includes non-fund based (NFB) limits;	26,145.51	22,811.29
	(of which individual housing loans eligible for inclusion in Priority sector advances).	(3,530.37)	(3,757.48)
ii)	Commercial Real Estate:- Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	6,264.06	5,782.18
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
	a) Residential	-	-
	b) Commercial Real Estate	-	-
B.	**Indirect Exposure:**		
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		8,058.34	7,105.55
Total Exposure to Real Estate sector		**40,467.91**	**35,699.02**

1.6.2 Exposure to Capital Market

(Amount in ₹ Crore)

Category		March 31, 2022	March 31, 2021
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	419.00	404.44
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	21.90	50.27
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	382.83	236.10
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	554.21	141.65
(vi)	Loans sanctioned to corporates against the security of shares / bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

(Amount in ₹ Crore)

Category	March 31, 2022	March 31, 2021
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) Financing to stockbrokers for margin trading;	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered)	163.16	175.91
Total Exposure to Capital Market	**1,541.10**	**1,008.37**

1.6.3 Risk Category wise Country Exposure

The net funded exposure of the Bank in respect of foreign exchange transactions with each country is within 1% of the total assets of the Bank and hence no provision is required to be made in respect of country risk as per the RBI guidelines:

(Amount in ₹ Crore)

Risk category*	Exposure (net)	Provision held	Exposure (net)	Provision held
	March 31, 2022	March 31, 2022	March 31, 2021	March 31, 2021
Insignificant	1,436.27	-	1,668.82	-
Low	608.59	-	617.08	-
Moderately low	-	-	59.83	
Moderate	10.62	-	0.88	-
Moderately high	-	-	-	
High	-	-	-	-
Very High	-	-	-	-
Total	**2,055.48**	**-**	**2,346.61**	**-**

* - *The above figures includes both funded as well as non-funded exposure.*

Note: The bank has compiled the data for the purpose of disclosure in Note No. 1.6.3 from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors.

1.6.4. During the year ended March 31, 2022 and March 31, 2021, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

1.6.5 **Unsecured Advances:** During the year ended March 31, 2022 and March 31, 2021 there are no unsecured advances for which intangible securities such as charge over the rights, licences, authority etc. have been taken as collateral by the Bank.

1.6.6 **Factoring exposure:** The factoring exposure of the Bank as on March 31, 2022 is ₹ 729.40 Crore (previous Year: ₹ 512.88 Crore)

1.6.7 **Unhedged Foreign Currency Exposure:** The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency exposures and encouraging them to hedge the unhedged portion. The policy framework also articulates the methodologies for ascertaining the amount of unhedged foreign currency exposures, estimating the extent of likely loss, estimating the riskiness of the unhedged position and making appropriate provisions and capital charge as per extant RBI guidelines. In line with the policy, assessment of unhedged foreign currency exposure is a part of credit appraisal while proposing limits or at the review stage. Further, the bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank maintains incremental provisions and additional capital for the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines. The Bank has maintained ₹ 18.19 Crore (previous year ₹ 15.90 Crore) as provision and ₹ 19.56 Crore (previous year ₹ 21.06 Crore) as additional capital for computation of capital adequacy ratio on account of the unhedged foreign currency exposures of borrowers.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.6.8 Details of Intra-Group Exposure

(Amount in ₹ Crore)

Sl. No.	Particulars	March 31, 2022	March 31, 2021
1	Total amount of intra-group exposures*	620.94	947.34
2	Total amount of top-20 intra group exposures*	620.94	947.34
3	Percentage of intra group exposures to total exposure of the bank to borrowers/ customers *	0.32%	0.52%
4	Details of breach of limits on intra-group exposures and regulatory action thereon, if any	-	-

* *Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR. No. Dir. BC.12/13.03.00/ 2015-16 dated July 01, 2015.*

1.7. Concentration of Deposits, Advances, Exposures and NPAs

1.7.1 Information on Concentration of deposits:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Total deposits of twenty largest depositors	6,078.19	8,329.79
Percentage of deposits of twenty largest depositors to total deposits of the bank	3.35%	4.82%

Note: Excludes holders of certificate of deposits which are tradable instruments.

1.7.2 Information on Concentration of advances:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Total advances to the twenty largest borrowers	17,660.91	18,058.80
Percentage of advances to the twenty largest borrowers to total advances of the bank	9.26%	10.22%

Note: As per Master Direction, Advances is computed based on credit exposure i.e. funded and non-funded limits including derivative exposures. The sanctioned limits or outstanding, whichever are higher, is reckoned. However, in the case of fully drawn term loans, where there is no scope for re-drawal of any portion of the sanctioned limit, bank reckon the outstanding as the credit exposure

1.7.3 Information on Concentration of exposures:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Total exposures to the twenty largest borrowers/customers	18,606.95	19,050.48
Percentage of exposures to the twenty largest borrowers/customers to the total exposure of the bank on borrowers/customers	9.44%	10.41%

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBOD. No. Dir. BC.12/13.03.00/ 2015-16 dated July 01, 2015.

The bank has compiled the data for the purpose of disclosure in Note No. 1.7.1 to 1.7.3 from its internal MIS system and has been furnished by the Management, which has been relied upon by the auditors.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.7.4 Information on Concentration of NPAs:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Total exposures to the top twenty NPA accounts	664.52	1,056.28
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	16.06%	22.95%

1.8 Securitisation Transactions

The Bank has not done any securitisation transactions during the year ended March 31, 2022 and March 31, 2021.

1.9. Sponsored SPVs

The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms as at March 31, 2022 and March 31, 2021.

1.10. Transfers to Depositor Education and Awareness (DEA) Fund

In accordance with the guidelines issued by the RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years to the DEA Fund. Details of amounts transferred to / reimbursed by DEA Fund are set out below:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Opening balance of amounts transferred to DEA Fund	212.03	177.37
Add: Amounts transferred to DEA Fund during the year	40.99	38.14
Less: Amounts reimbursed by DEA Fund towards claims	4.37	3.48
Closing balance of amounts transferred to DEA Fund	248.65	212.03

1.11. Disclosure of complaints

A. Summary information on complaints received by the bank from customers and from the Offices of Ombudsman

Sl.No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	3,498	1,692
2	Number of complaints received during the year	160,857	147,914
3	Number of complaints disposed during the year	158,965	146,108
	3.1. Of which, number of complaints rejected by the bank	61,018	46,394
4	Number of complaints pending at the end of the year	5,390	3,498
	Maintainable complaints received by the bank from Offices of Ombudsman		
5	Number of maintainable complaints received by the bank from Office of Ombudsman	569	757
	5.1. Of which, number of complaints resolved in favour of the Bank by Office of Ombudsman	245	243
	5.2. Of which, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	324	511
	5.3. Of which, number of complaints resolved after Passing of Awards by Office of Ombudsman against the bank	-	-
6	Number of Awards unimplemented within the stipulated time(other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD…)

B) Top Five grounds of complaints received by the Bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year		Number of complaints received during the year		% increase/(decrease) in the number of complaints received over the previous year		Number of complaints pending at the end of the year		Of 5, number of complaints pending beyond 30 days	
1	2		3		4		5		6	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
ATM/Debit Cards	2,481	1,038	117,181	117,915	(0.62)	(17.43)	2,038	2,481	218	119
Internet/Mobile/ Electronic Banking	860	87	36,367	19,543	86.09	74.76	3,288	860	795	-
Account opening/difficulty in operation of accounts	37	35	1,212	2,578	(52.99)	(17.45)	14	37	-	-
Loans and advances	44	22	1,799	1,315	36.81	69.24	31	44	-	-
Credit Cards	-	-	955	-	*	*	01	-	-	-
Others	76	510	3,343	6,563	(49.06)	(84.51)	18	76	-	-
Total	**3,498**	**1,692**	**160,857**	**147,914**	**-**	**-**	**5,390**	**3,498**	**1,013**	**119**

* - *The bank has introduced credit cards during the Financial Year 2021-22 and hence there are no comparable figures to reported for the previous year*

1.12. Details of Penalty imposed by RBI

(Amount in ₹ Lakh)

Particulars		March 31, 2022	March 31, 2021
a)	Penalty imposed on currency chests		
	Number of instances of default	14	15
	Quantum of penalty imposed	0.56	2.08
b)	Penalty imposed on deficiency in regulatory compliances		
	Number of instances of default	4	-
	Quantum of penalty imposed	0.40	-

1.13. Disclosures on Remuneration

i) Qualitative disclosures

a) Information relating to the composition and mandate of the Nomination and Remuneration Committee (or Remuneration Committee in short):

The Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank, on behalf of the Board. The Committee comprise of three or more Non-Executive Directors, out of which not less than one-half would be Independent Directors and would include at least one member from Risk Management Committee of the Board.

As on March 31, 2022, the remuneration committee of the Board comprises of the following Independent Directors:

- Mr. A P Hota (Chairman)
- Mr. C Balagopal
- Mr. Siddhartha Sengupta

Out of the above, Mr. Siddhartha Sengupta is also a member of Risk Management Committee of the Board.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

The Remuneration Committee of the Board functions with the following mandate, in respect of matters related to remuneration:

i. To oversee the framing, review and implementation of an effective Compensation Policy, as per RBI Guidelines.

ii. To review the compensation package for the MD & CEO and Executive Directors and recommend revisions for Board approval.

iii. To consider and approve issuance and allotment of shares under ESOS to MD & CEO /EDs and employees of the Bank.

iv. Work in coordination with Risk Management Committee of the Bank, in order to achieve effective alignment between risk and remuneration.

b) *Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.*

The Bank has formulated and adopted a comprehensive compensation policy covering all the employees and the policy is reviewed on an annual basis. The policy covers all aspects of the compensation structure such as fixed pay, variable compensation, perquisites, performance bonus, guaranteed bonus (joining/sign-on bonus), severance package, share-linked instruments e.g. Employee Stock Option Scheme (ESOS), pension, gratuity, etc., taking into account the Guidelines issued by Reserve Bank of India from time to time.

The objectives of the remuneration policy are four-fold:

- To align compensation with prudent risk taken
- To drive sustainable performance in the Bank
- To ensure financial stability of the Bank; and
- To attract and retain talent

The compensation paid to the **Chief Executive Officer (CEO) / Whole Time Directors (WTDs) /Material Risk Takers (MRTs)** is divided into two components:

1. **Fixed Pay and Perquisites:** The fixed compensation is determined based on the relevant factors such as industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span and adherence to statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. Perquisites that are reimbursable would also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will also be treated as part of fixed pay.

2. **Variable Compensation:** The variable compensation for Whole Time Directors, Managing Director & Chief Executive Officer and Material Risk Takers is fixed based on organizational performance (both business-unit and firm-wide) and KPAs set for the official. The organization's performance is charted based on Performance Scorecard which takes into account various financial indicators like revenue earned, cost deployed, profit earned, NPA position and other intangible factors like leadership and employee development. The Scorecard provides a mix of Financial and Non-Financial, Quantitative and Qualitative Metrics. Additionally, serious supervisory observations (if any) are also factored. The variable pay is paid in the form of share-linked instruments, or a mix of cash and share-linked instruments.

Risk, Control and Compliance Staff: Members of staff engaged in financial and risk control, including internal audit, are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the bank. The total fixed and variable compensation paid out to the employees in the Risk Control and Compliance Function is decided independent of business parameters. The mix of fixed and variable compensation for control function personnel is weighted in favour of fixed compensation, to ensure autonomy and independence from business goals.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Grander Compensation Package to Executives in Level IV and above: The Compensation package applicable to Executives in Level IV and above are governed under the provisions of Grander Compensation Package, a performance linked pay structure implemented in the Bank with effect from May 01, 2017. Annual Increment under the "Grander Compensation Package" will depend on the annual performance rating of the Executive concerned.

Compensation paid to Employees on IBA Package: The compensation paid to Award Staff and Officers coming under Scale I to III is fixed based on the periodic industry level settlements with Indian Banks' Association. The present scale of pay and other service conditions applicable to employees, whose compensation package is governed under IBA package is as per provisions of 11th Bipartite Settlement/ Joint note dated November 11, 2020.

c) *Description of the ways in which current and future risks are taken into account in the remuneration processes.*

For the purpose of effectively aligning compensation structure with risk outcomes, the functionaries in the Bank are arranged under the following three categories:

1. MD & CEO/Whole Time Directors/ Material Risk Takers (MRTs)
2. Risk Control and Compliance Staff
3. Other Categories of Staff

In order to manage current and future risk and allow a fair amount of time to measure and review both quality and quantity of the delivered outcomes, the Bank maintains proper balance between fixed pay and variable pay. A significant portion (i.e. at least 50 per cent) of total compensation payable to MD & CEO, Whole Time Directors and Material Risk Takers (MRTs) is variable.

Committees to mitigate risks caused by an individual decision

In order to further balance the impact of market or credit risks caused to the Bank by an individual decision taken by a senior level executive, MD & CEO or ED, the bank has constituted various committees to take decisions on various aspects:

- Credit limits are sanctioned by committees at different levels.
- Investment decisions of the Bank are taken and monitored by Investment committee and there is an upper limit in treasury dealings where individual decisions can be taken.
- Interest rates on asset and liability products for different buckets are decided and monitored by the Asset Liability Committee of the Board (ALCO). Banks' exposures to liquidity risk are also monitored by ALCO.

Hedging

No compensation scheme or insurance facility would be provided by the Bank to employees to hedge their compensation structure to offset the risk alignment mechanism (deferral pay and claw back arrangements) embedded in their compensation arrangement. Appropriate compliance arrangements have been established to ensure that employees do not insure or hedge their compensation structure.

Committee of Management for reviewing the linkage of Risk Based Performance with Remuneration (ED Level Committee): The ED Level Committee, comprising of ED and Heads of Risk Division and HR Department would assist the Nomination and Remuneration Committee of the Board to monitor, review and control various risks and to balance prudent risk taking with the compensation paid out to top Executives, WTDs and other employees.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

d) *Linkage of performance during a performance measurement period with levels of remuneration.*

The Bank's performance is charted based on performance scorecard which takes into account various financial indicators like revenue earned, cost deployed, and profit earned, NPA position and other intangible factors like leadership and employee development. Variable pay is paid purely based on performance and is measured through Scorecard for MD & CEO / EDs. The scorecard provides a mix of financial and non-financial, quantitative and qualitative metrics.

The compensation package applicable to Executives in Level IV to VII was earlier fixed and governed based on the periodical industry level settlements under IBA pattern. To make the Compensation Structure market driven and competitive, a new performance-based compensation package called "Grander Compensation Package" has been introduced for Executives in Level IV (Associate Vice President / Assistant Vice President) and above with effect from May 01, 2017.

The compensation paid to other officials that include Award Staff, Officers coming under Scale I to III is fixed based on the periodic industry level settlements with Indian Banks Association.

e) *Bank's policy on deferral and vesting of variable remuneration and criteria for adjusting deferred remuneration before vesting and after vesting.*

MD & CEO, Whole Time Directors and Material Risk Takers (MRTs).

Deferral of Variable Pay: For MD & CEO, Whole Time Directors and Material Risk Takers (MRTs) deferral arrangements would invariably exist for the variable pay, regardless of the quantum of pay. For such executives of the bank, a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹ 0.25 Crore, deferral requirements would not be necessary.

Period of Deferral Arrangement: The deferral period would be minimum of three years. This would be applicable to both the cash and non-cash components of the variable pay.

Vesting: Deferred remuneration would either vest fully at the end of the deferral period or be spread out over the course of the deferral period, subject to the following conditions:

- The first such vesting will be not before one year from the commencement of the deferral period.
- The vesting will be no faster than on a pro rata basis.
- Vesting will not take place more frequently than on a yearly basis.

In case of deferred compensation (cash component), the payment will be made as per the Schedule mentioned below.

Proportion of deferred Variable Pay	Timelines
50%	Year N - Upfront *
16.50%	Year N +1
16.50%	Year N +2
17.00%	Year N+3

* *Subject to approval of RBI for MD & CEO and WTD's*

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Risk Control and Compliance Staff

At least 25% of the total compensation would be variable and the total variable pay will be limited to a maximum of 100% of the fixed pay (for the relative performance measurement period). Deferral arrangements would invariably exist for the variable pay, if the Variable Pay exceeds 75% of the fixed pay. In such cases a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹ 0.25 Crore, deferral requirements would not be necessary.

Other categories of Staff

The variable pay would be in the form of cash, share-linked instruments, or a mix of both cash and share-linked instruments. The total variable pay will be limited to a maximum of 300% of the fixed pay (for the relative performance measurement period). Deferral arrangements would invariably exist for the variable pay, if the Variable Pay exceeds 200% of the fixed pay. In such cases a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹ 0.25 Crore, deferral requirements would not be necessary.

Malus / Claw back arrangement

The variable compensation is covered under Malus / Claw back arrangements in case of all categories of employees. In the event of subdued or negative contributions of the bank and/or the relevant line of business in any year, the deferred compensation will be subjected to:

- Malus arrangement wherein Bank shall withhold vesting of all or part of the amount of deferred remuneration.
- Claw back arrangement wherein the employees shall be liable to return previously paid or vested remuneration to the bank. The deferred compensation, if any, paid to such functionaries shall be subject to Claw back arrangements, which will entail the Bank to recover proportionate amount of variable compensation from such functionaries, on account of an act or decision taken by the official which has brought forth a negative contribution to the Bank at a prospective stage.

The malus and claw back provisions would cover the deferral and retention periods. If an Official covered under these provisions is responsible for any act or omission or non-compliance of regulatory guidelines resulting in a penalty being imposed by any Regulators or engages in a detrimental conduct, the Bank would be entailed to recover proportionate amount of variable compensation from such functionaries within 48 months from the date of payment/vesting of variable compensation. The Bank has put in place appropriate modalities, performance thresholds and detailed framework to cover the trigger points with or invoking malus/claw back, taking into account relevant statutory and regulatory stipulations, as applicable.

f) Description of the different forms of variable remuneration

The variable pay is in the form of share-linked instruments, or a mix of cash and share-linked instruments. The Bank uses an optimum and proper mix of cash (Performance Linked Incentive/Ex- Gratia) and share-linked instruments (Stock Options) to decide the compensation of employees in all categories.

The distribution of Stock Options and variable Performance Linked Incentives are higher in top levels and is linked with their performance measurements taken from Scorecards. This is done to align the compensation of senior staff with their performance, risk and responsibility taken in higher assignments.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

ii) Quantitative disclosures

The quantitative disclosures include only Whole Time Directors/Chief Executive Officer/Material Risk Takers

		Particulars	March 31, 2022	March 31, 2021
(a)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.		6 ₹ 0.05 Crore	7 ₹ 0.06 Crore
(b)	(i)	Number of employees having received a variable remuneration award during the financial year.	8	10
	(ii)	Number and total amount of sign-on/joining bonus made during the financial year.	-	-
	(iii)	Details of severance pay in addition to accrued benefits if any.	-	-
(c)	(i)	Total amount of outstanding deferred remuneration split into cash, shares and share-linked instruments and other forms	Cash – Nil Shares – Nil Share-linked instruments (Unvested Stock Options granted after April 01, 2021) - 619,000 Options having Fair Value of ₹ 1.94 Crore	-
	(ii)	Total amount of deferred remuneration paid out in the financial year.		
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred		Fixed - ₹ 9.02 Crore Variable - ₹ 2.70 Crore Deferred - ₹1.94 Crore Non Deferred - Nil (Fair Value of 619,000 Options granted during the year)	Fixed - ₹ 8.35 Crore Variable - ₹ 0.61 Crore
(e)	(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	₹ 1.94 Crore (Fair Value of 619,000 Options granted during the year)	-
	(ii)	Total amount of reductions during the financial year due to ex- post explicit adjustments	-	-
	(iii)	Total amount of reductions during the financial year due to ex- post implicit adjustments.	-	-
(f)	Number of MRTs identified.		9	10
(g)	(i)	Number of cases where malus has been exercised.	-	-
	(ii)	Number of cases where clawback has been exercised.	-	-
	(iii)	Number of cases where both malus and claw back have been exercised.	-	-

Note: Only the stock Options granted after April 01, 2021, i.e. after including Stock Options as a part of Variable Pay as per the revised criteria given by RBI in its guidelines dated November 04, 2019 are included.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

iii) General Quantitative Disclosure

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
(i) The mean pay for the bank as a whole (excluding sub-staff)*	0.13	0.14
(ii) The deviation of the pay of each of its WTDs from the mean pay.		
▪ Mr. Shyam Srinivasan, Managing Director & CEO	2.82	2.17
▪ Mr. Ashutosh Khajuria, Executive Director	1.04	1.03
▪ Ms. Shalini Warrier, Executive Director	0.98	0.95

* *Mean pay is computed on annualised fixed pay that includes basic salary, other allowances, and performance linked incentive / ex-gratia paid to the employees along with the value of perquisites*

iv) Remuneration (including sitting fees, profit related commission and honorarium) paid to non-executive directors during the year is ₹ 2.82 Crore (previous year ₹ 2.20 Crore)

1.14. Other Disclosures

1.14.1. The Key business ratios and other information:

Particulars	March 31, 2022	March 31, 2021
(i) Interest Income as a percentage to Working Funds* (%)	6.77	7.35
(ii) Non-interest income as a percentage to Working Funds* (%)	1.04	1.04
(iii) Cost of Deposits (%)	4.33	5.00
(iv) Net Interest Margin (%) **	3.20	3.16
(v) Operating Profit$ as a percentage to Working Funds* (%)	1.86	2.02
(vi) Return on Assets [Based on Average Working Fund] *(%)	0.94	0.85
(vii) Business (Deposits less inter-bank deposits plus advances) per employee (Amount in ₹ Crore)***	25.61	24.03
(viii) Profit per employee (Amount in ₹ Crore)***	0.15	0.13

* *Working Funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year.*
** *Net Interest Income / Average Earning Assets. (Net Interest Income = Interest Income – Interest Expense).*
*** *Productivity ratios are based on average number of employees for the year.*
$ *Operating profit represents total income as reduced by interest expended and operating expenses.*

1.14.2. Bancassurance Business

Details of income earned from Bancassurance business:

(Amount in ₹ Crore)

Sl. No.	Nature of Income	March 31, 2022	March 31, 2021
1	For selling life insurance policies	62.76	46.95
2	For selling non-life insurance policies	22.29	19.65
	Total	**85.05**	**66.60**

1.14.3. Marketing and distribution (excluding Bancassurance Business)

Details of income earned from marketing and distribution business:

(Amount in ₹ Crore)

Sl. No.	Nature of Income	March 31, 2022	March 31, 2021
1	For Wealth Management Services	12.11	6.02
2	Others - Etrade/PIS/SGB/NPS/ASBA	11.21	9.54
	Total	**23.32**	**15.56**

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

1.14.4 Priority Sector Lending Certificates (PSLC)

As per RBI Circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 07, 2016 the PSLCs purchased and sold is given below:

(Amount in ₹ Crore)

Particulars	March 31, 2022		March 31, 2021	
	Purchased (Face value)	Sold (Face value)	Purchased (Face value)	Sold (Face value)
PSLC – Agriculture	200.00	-	-	-
PSLC – Micro Enterprises	2,250.00	-	200.00	-
PSLC – General	13,750.00	-	11,795.25	-

1.14.5. Provisions and Contingencies recognised in the Profit and Loss Account include:

(Amount in ₹ Crore)

Sl. No.	Provision debited to Profit and Loss Account	Year ended March 31, 2022	Year ended March 31, 2021
i)	Provision towards Non-Performing Assets	611.11	1,515.73
ii)	Provision for Non - Performing Investments	(1.56)	28.90
iii)	Provision for Standard Assets	578.78	110.62
iv)	Provision for Taxation@	646.26	546.97
v)	Provision towards diminution in fair value of restructured assets, other contingencies, etc.	33.44	8.17
	Total	**1,868.03**	**2,210.39**

@ Amount of Provisions made for income-tax during the year

(Amount in ₹ Crore)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Provision for Income tax		
a) Current tax	797.74	555.76
b) Deferred tax	(151.48)	(8.79)
Total	**646.26**	**546.97**

1.14.6. Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The Ministry of Corporate Affairs (MCA), Government of India notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a press release dated January 18, 2016, was issued by the MCA outlining the roadmap for implementation of IFRS converged Ind AS for banks. This roadmap required banks to prepare Ind AS based standalone & consolidated financial statements for the accounting periods beginning April 01, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. RBI, through its notification dated February 11, 2016, required all scheduled commercial banks to comply with Ind AS for financial statements from the stated periods and also stated that early adoption of Ind AS is not permitted.

The implementation of Ind AS by banks requires certain legislative amendments to make the format of financial statements, prescribed in the Third Schedule to Banking Regulation Act, 1949, compatible with accounts under Ind AS. Considering the amendments needed to the Banking Regulation Act, 1949, as well as the level of preparedness of several banks, RBI, through its Statement on Developmental and Regulatory Policies dated April 05, 2018, had deferred the implementation of Ind AS by a year.

The legislative amendments recommended by the Reserve Bank are under consideration of the Government of India. Accordingly, RBI through its notification dated March 22, 2019 deferred the implementation of Ind AS till further notice.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Even though RBI has deferred the implementation, the Bank is gearing itself to bring the necessary systems and processes in place to facilitate the Proforma submission to RBI and seamless transition to Ind AS. With respect to the various instructions from the Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by the Bank are summarized as follows:

- A steering committee was formed by MD & CEO with ED as its Chairman with members from all cross-functional departments. The Committee oversees the progress of Ind AS implementation in the Bank and provides guidance on critical aspects of the implementation such as Ind AS technical requirements, systems and processes, business impact, people and project management.
- The implementation of IT solution procured to automate the computation of Expected Credit Losses (ECL), Effective Interest Rate, Fair valuation and other accounting changes required under Ind AS is completed and Bank is generating extracts from the system on a half yearly basis.
- The Bank is now in the process of implementing the other assessed changes required in existing IT architecture and other processes to enable smooth transition to Ind AS.
- The Bank is continuing to submit the quarterly progress report on the status of Ind AS implementation to the Audit Committee of the Board.
- The Bank is submitting half yearly Proforma Ind AS financial statements to the RBI within the stipulated timeline.
- Training to the employees is imparted in a phased manner.

The key impact areas during the implementation of Ind AS for the Bank include effective interest rate accounting, fair valuation inputs, methodologies and assumptions, specific valuation considerations in many instruments, expected credit losses, employee stock options and implementation of technology systems.

1.14.7. Payment of DICGC Insurance Premium

(Amount in ₹ Crore)

Sl. No.	Particulars	March 31, 2022	March 31, 2021
i)	Payment of DICGC Insurance Premium	204.89	182.52
ii)	Arrears in payment of DICGC premium	-	-

1.14.8. Amortisation of expenditure on account of enhancement in family pension of employees of banks

As part of the 11th Bipartite Settlement/ Joint Note dated November 11, 2020 between the banks and the workmen, among other aspects, it was agreed that family pension shall be payable at the uniform rate of 30% of the Pay of the deceased employee and that there shall be no ceiling on family pension, subject to the approval of Government of India.

The same was approved by Government of India vide letter dated August 25, 2021 and accordingly, family pension for the employees covered under the 11th Bipartite Settlement/ Joint Note dated November 11, 2020 was revised. Based on the request from Indian Banks Association, Reserve Bank of India vide letter dated October 04, 2021 had permitted the banks either to fully recognise the liability for enhancement of family pension as per the applicable accounting standard or amortize over a period not exceeding five years beginning with the financial year ending March 31, 2022, subject to a minimum of 1/5th of the total amount involved being expensed every year.

The bank has opted to fully recognise and provide the liability for enhancement of family pension as per the applicable accounting standards. Accordingly, during the financial year ended March 31, 2022, the bank has recognised and provided the entire estimated additional liability amounting to ₹ 177.32 crore for enhancement of family pension. There is no unamortised expenditure outstanding as on March 31, 2022 for enhancement of family pension.

2. DISCLOSURE REQUIREMENTS AS PER ACCOUNTING STANDARDS WHERE RBI HAS ISSUED GUIDELINES IN RESPECT OF DISCLOSURE ITEMS FOR 'NOTES TO ACCOUNTS'

2.1. Employee Benefits (AS 15)

a) Defined Contribution Plan

Provident Fund

Employees who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the Federal Bank (Employees') Provident Fund Trust. The Bank has no obligation other than the monthly contribution.

The Bank recognised ₹ 0.65 Crore (previous Year: ₹ 0.88 Crore) for provident fund contribution in the Profit and Loss Account.

New Pension Scheme

As per the industry level settlement dated April 27, 2010, a Defined Contributory Pension Scheme (DCPS) in line with the New Pension Scheme (introduced for employees of Central Government) was implemented and employees who are covered under New Pension Scheme are not eligible for the existing pension scheme. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank shall contribute 14%* of the Basic Pay and Dearness Allowance towards DCPS. There is no separate Provident Fund for employees covered under New Pension Scheme.

The Bank recognised ₹ 77.82 Crore (previous year: ₹ 45.79 Crore) for DCPS contribution in the Profit and Loss Account.

* As per the provisions of 11th Bipartite Settlement/ Joint Note dated November 11, 2020 it was recommended to increase the Employers Contribution to NPS from 10% to 14%, subjected to approval of Central Government. IBA wide Circular No HR&IR/MBR/XIBPS/10409 dated October 11, 2021 to the member banks which are parties of Joint Note has conveyed the NOC of Ministry of Finance, Department of Financial Services to enhance the rate of employers' contribution under the National Pension System from the existing 10% of Pay plus DA to 14%, for the employees covered under NPS effective from November 11, 2020.

b) Defined benefit plan

Gratuity

The Bank provides for Gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering the eligible employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment, of an amount based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of five years of service as per Payment of Gratuity Act, 1972 and its amendment with effect from May 24, 2010 or as per the provisions of the Federal Bank Employees' Gratuity Trust Fund Rules / Bi-partite Award provisions. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank Employees' Gratuity Trust Fund (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

Superannuation / Pension

The Bank provides for monthly pension, a defined benefit retirement plan (the "pension plan") covering eligible employees. The pension plan provides a monthly pension after retirement of the employees till death and to the family after the death of the pensioner. The monthly pension is based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of ten years of service. Liabilities with regard to the pension plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank (Employees') Pension Fund Trust (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

The following table as furnished by actuary sets out the funded status of gratuity / pension plan and the amount recognised in the Bank's Financial Statements for the years indicated:

i) Change in benefit obligations:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Projected benefit obligation at the beginning of the year	467.81	374.63	1,486.28	1,197.98
Current Service Cost	29.27	37.79	388.95	224.60
Interest cost	31.79	24.22	70.65	70.22
Actuarial (gain)/ loss	(5.84)	83.38	295.67	330.11
Benefits paid	(71.74)	(52.21)	(493.61)	(336.63)
Projected benefit obligation at the end of the year	**451.29**	**467.81**	**1,747.94**	**1,486.28**

ii) Change in plan assets:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Plan assets at the beginning of the year at fair value	469.49	369.30	1,494.71	1,129.93
Expected return on plan assets	37.56	22.20	119.58	80.68
Actuarial gain/(loss)	1.67	2.29	12.35	9.83
Employer's Contributions	56.79	127.91	670.96	610.90
Benefits paid	(71.73)	(52.21)	(493.61)	(336.63)
Plan assets at the end of the year at fair value	**493.78**	**469.49**	**1,803.99**	**1,494.71**

iii) Reconciliation of present value of the obligation and the fair value of the plan assets:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Fair value of plan assets at the end of the year	493.78	469.49	1,803.99	1,494.71
Present value of the defined benefit obligations at the end of the year	451.29	467.81	1,747.94	1,486.28
Liability/ (Asset) recognised in the Balance Sheet	**(42.49)**	**(1.68)**	**(56.05)**	**(8.43)**

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

iv) Gratuity/ pension cost:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Current Service cost	29.27	37.79	388.95	224.60
Interest cost	31.79	24.22	70.65	70.22
Expected return on plan assets	(37.56)	(22.20)	(119.58)	(80.68)
Actuarial (gain)/loss	(7.51)	81.09	283.32	320.28
Net Cost	15.99	120.90	623.34	534.42
Other direct contributions to the Fund	-	-	(37.52)	-
Net cost Debit to Profit and Loss account	15.99	120.90	585.82#	534.42
Actual return on plan assets*	39.23	24.49	131.93	90.52

Includes entire additional liability of ₹ 177.32 Crore provided by Bank during the year ended March 31, 2022 pursuant to the revision in family pension payable to employees of the Bank covered under 11th Bipartite Settlement/ Joint Note dated November 11, 2020.

* *Figures taken from Audited Financial Statements of respective trusts.*

v) Investment details of plan Assets*:

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Central and State Government bonds	-	-	-	-
Other debt securities	-	-	5.00	5.00
Balance in Saving bank account with the Bank	2.07	0.01	3.90	0.01
Net current assets	-	-	0.32	0.32
Balance with LIC/ABSL#	491.71	469.48	1,794.77	1,489.38
Total	**493.78**	**469.49**	**1,803.99**	**1,494.71**

* *Figures taken from Audited Financial statements of respective trusts.*

In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India (LIC) and Aditya Birla Sun Life Insurance Company Limited (ABSL), the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

vi) Experience adjustments:

i) Gratuity Plan

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined Benefit Obligations	451.29	467.81	374.63	329.19	311.55	260.48
Plan Assets	493.78	469.49	369.30	334.23	265.75	261.54
Surplus/(Deficit)	42.49	1.68	(5.33)	5.04	(45.80)	1.06
Experience adjustments on Plan Liabilities [Gain / (Loss)]	8.09	(89.21)	(10.09)	(6.56)	(7.08)	2.18
Experience Adjustments on Plan Assets [Gain / (Loss)]	(7.67)	7.20	3.29	0.77	1.97	(0.42)

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

ii) Pension Plan:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined Benefit Obligations	1,747.94	1,486.28	1,197.98	983.39	899.64	737.38
Plan Assets	1,803.99	1,494.71	1,129.93	978.09	893.06	746.33
Surplus/ (Deficit)	56.05	8.43	(68.05)	(5.30)	(6.58)	8.95
Experience adjustments on Plan Liabilities [Gain / (Loss)]	(342.70)	(327.78)	(95.10)	(39.39)	(33.27)	93.67
Experience Adjustments on Plan Assets [Gain / (Loss)]	(0.49)	13.79	7.54	(3.14)	9.60	6.66

vii) Assumptions:

Particulars	Gratuity Plan		Pension Plan	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	7.36%	6.95%	7.25%	6.82%
Annuity rate per Rupee (in ₹)	-	-	146.69	150.83
Salary escalation rate	5.00%	5.00%	5.00%	5.00%
Estimated rate of return on plan assets	8.00%	6.01%	8.00%	7.14%
Attrition Rate	2.00%	2.00%	1.00%	1.00%
Mortality Table	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the defined benefit plans during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.

The above information except otherwise stated is as certified by the actuary and relied upon by the auditors.

(c) Leave Encashment/ Sick Leave / Leave Travel Concession / Unavailed Casual Leave

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 240 days. The Bank records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Bank measures the expected cost of compensated absence as the additional amount that the Bank expects to pay as a result of the unutilised entitlement that has accumulated at the balance sheet date based on actuarial valuations.

A sum of ₹ 111.94 Crore (previous year ₹ 55.69 Crore) has been provided towards the above liabilities in accordance with AS 15 based on actuarial valuation.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

The actuarial liability of compensated absences of accumulated privilege, sick, casual leave and leave travel concession of the employees of the Bank is given below:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Privilege leave	313.01	219.59
Sick leave	27.42	22.12
Leave travel concession	33.48	21.26
Casual leave	2.23	1.23
Total actuarial liability	**376.14**	**264.20**
Assumptions		
Discount rate	7.36%	6.95%
Salary escalation rate	5.00%	5.00%
Attrition rate	2.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The above information is as certified by the actuary and relied upon by the auditors.

2.2. Segment Reporting (AS 17)

A. Business Segments

Business of the Bank is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and Other Banking Operations. The principal activities of these segments and income and expenses structure are as follows:

Treasury

Treasury operations include trading and investments in Government Securities and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers.

The income of this segment primarily consists of earnings in the form of interest from the investment portfolio of the Bank, gains, losses, margins and fee/charges on trading and foreign exchange operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads. Provisions allocated to the segment consist of diminution in the value of non performing portfolio of the segment.

Corporate/Wholesale Banking

The segment consists of lending of funds, acceptance of deposits and other banking services to corporates, trusts, partnership firms, statutory bodies which are not considered under retail banking segment.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the methodology approved by the board of the Bank. Provisions allocated to the segment include the loan loss provision and standard asset provision created for the portfolio under the segment.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Retail banking

Retail banking constitutes lending of funds, acceptance of deposits and other banking services to any legal person including small business customers, on the basis of the status of the borrower, nature of the product, granularity of the exposure and quantum thereof.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the methodology approved by the board of the bank. Provisions allocated to the segment includes the loan loss provision and standard asset provision created for the portfolio under the segment.

Other Banking Operations

This segment includes banking operations, not covered under any of the above segments such as para banking operations. The income from such services and associated costs are disclosed in this segment.

Unallocated

All items that are reckoned at enterprise level and cannot be allocated to reportable segments are included in unallocated portion. These mainly includes provision for tax (net of advance tax), deferred tax asset/liability, fixed assets, cash and balances in other bank current accounts, etc. Unallocated segment revenue consists of profit on sale of fixed assets, notice pay on resignation of employees etc.

The following table sets forth, for the years indicated, the business segment results:

March 31, 2022:

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	Total
Revenue	2,351.30	4,267.34	8,987.00	108.00	15,713.64
Result (net of provisions)	641.35	556.57	1,210.15	91.80	2,499.87
Unallocated Income / (expense)					36.21
Operating profit (PBT)					2,536.08
Income taxes					(646.26)
Extraordinary profit/loss	-	-	-	-	-
Net Profit					1,889.82
OTHER INFORMATION					
Segment Assets	47,684.40	78,588.57	87,986.46	-	214,259.43
Unallocated assets					6,686.88
Total assets					220,946.31
Segment liabilities	18,021.89	18,679.06	162,985.55	-	199,686.50
Unallocated liabilities					2,465.97
Total liabilities					202,152.47

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

March 31, 2021:

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	Total
Revenue	2,753.75	4,561.52	8,316.90	82.00	15,714.17
Result (net of provisions)	722.23	222.75	1,120.15	69.70	2,134.83
Unallocated Income / (expense)					2.44
Operating profit (PBT)					2,137.27
Income taxes					(546.97)
Extraordinary profit/loss	-	-	-	-	-
Net Profit					1,590.30
OTHER INFORMATION					
Segment Assets	45,251.11	71,465.90	78,136.57	-	194,853.58
Unallocated assets					6,513.81
Total assets					201,367.39
Segment liabilities	14,137.71	16,025.33	153,066.93	-	183,229.97
Unallocated liabilities					2,012.95
Total liabilities					185,242.92

B. Geographical Segment Information

The Business operations of the Bank are largely concentrated in India and for purpose of Segment reporting, the Bank is considered to operate only in domestic segment, though the bank has its operation in International Financial Services Centre (IFSC) Banking Unit in Gujarat International Finance Tec-City (GIFT City). The business conducted from the same is considered as a part of Indian operations.

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/ assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

2.3. Related Party Disclosures (AS 18)

a) Details of Related Parties:

Subsidiaries, associates/joint ventures/other related entities

Name of the entity	Nature of Relationship
Fedbank Financial Services Limited	Subsidiary
Federal Operations and Services Limited	Subsidiary
Ageas Federal Life Insurance Company Limited	Associate
Equirus Capital Private Limited	Associate
Federal Bank Hormis Memorial Foundation	Entity in which KMPs can exercise significant influence

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Key Management Personnel

Name of the Key Management personnel	Relatives of the Key Management Personnel
Mr. Shyam Srinivasan, Managing Director & CEO	▪ Mr. T S Srinivasan ▪ Ms. Kamala Srinivasan ▪ Ms. Maya Shyam ▪ Ms. Meena Lochani ▪ Ms. Rohini
Mr. Ashutosh Khajuria, Executive Director	▪ Ms. Sunita Khajuria ▪ Ms. Vasundhara Khajuria ▪ Ms. Yashodhara Khajuria
Ms. Shalini Warrier, Executive Director	▪ Ms. Parvathi Warrier ▪ Ms. Asha Warrier

b) Transactions with related parties

For the year ended March 31, 2022:

(Amount in ₹ Crore)

Items/Related Party	Subsidiaries	Associates	Key Management Personnel	Relatives of KMP	Total
Deposits#	27.97 (71.63)	46.55 (81.55)	4.50 (4.66)	2.08 (2.11)	81.10 (159.95)
Advances#	570.94 (761.72)	-	0.21 (0.24)	0.10 (0.11)	571.25 (762.07)
Investments in shares#	465.80 (465.80)	232.01 (232.01)	-	-	697.81 (697.81)
Other investments (NCD, PTC held through trust etc)	234.70 (234.70)	-	-	-	234.70 (234.70)
Interest paid	0.77	*	0.20	0.09	1.06
Interest received	76.99	0.11	0.01	*	77.11
Income from services rendered	9.41	62.76	-	-	72.17
Expenses for receiving services	68.71	-	-	-	68.71
Leasing arrangements provided	0.01	-			0.01
Leasing arrangements availed	0.27	-	-	-	0.27
Receivable#	0.92	10.20	-	-	11.12
Payable#	8.35	-	-	-	8.35
Directors sitting fee received	-	0.14	-	-	0.14
Remuneration paid	-	-	5.92	-	5.92
Dividend received	-	27.67	-	-	27.67
Dividend paid	-	-	0.08	-	0.08
Share capital received on exercise of ESOS	-	-	-	-	-
Number of options granted under ESOS	-	-	226,000	-	226,000
Number of options outstanding under ESOS.	-	-	3,536,680	-	3,536,680

* *Denotes figures less than ₹ 1 Lakh.*

\# *Represents outstanding as on March 31, 2022*

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

For the year ended March 31, 2021:

(Amount in ₹ Crore)

Items/Related Party	Subsidiaries	Associates	Key Management Personnel	Relatives of KMP	Total
Deposits#	391.83 (394.44)	17.17 (40.27)	3.60 (3.99)	1.41 (1.41)	414.01 (440.11)
Advances#	781.08 (1,053.05)	5.39 (28.78)	0.25 (0.28)	- -	786.72 (1,082.11)
Investments in shares#	317.81 (317.81)	229.60 (229.60)	- -	- -	547.41 (547.41)
Other investments (NCD, PTC held through trust etc)	257.89 (270.39)	- -	- -	- -	257.89 (270.39)
Interest paid	0.01	0.55	0.14	0.07	0.77
Interest received	91.19	0.23	0.01	-	91.43
Income from services rendered	11.02	46.95	-	-	57.97
Expenses for receiving services	50.14	-	-	-	50.14
Leasing arrangements provided	0.02	-	-	-	0.02
Leasing arrangements availed	1.08	-	-	-	1.08
Receivable#	-	8.30	-	-	8.30
Payable#	5.27	-	-	-	5.27
Directors sitting fee received	-	0.10	-	-	0.10
Remuneration paid	-	-	4.56	-	4.56
Dividend received	-	-	-	-	-
Dividend paid	-	-	-	-	-
Share capital received on exercise of ESOS	-	-	1.22	-	1.22
Number of options granted under ESOS	-	-	-	-	-
Number of options outstanding under ESOS	-	-	3,310,680	-	3,310,680

Represents outstanding as on March 31, 2021

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

The significant transactions between the Bank and the related parties during the year ended March 31, 2022 and March 31, 2021 are given below. A specified related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(Amount in ₹ Crore)

Nature of Transaction	Name of the Related party	March 31, 2022	March 31, 2021
Deposits	Ageas Federal Life Insurance Company Limited	46.46	0.02#
	Fedbank Financial Services Limited	20.09	386.65
Advances	Fedbank Financial Services Limited	570.94	781.08
Investments in shares	Ageas Federal Life Insurance Company Limited	208.00	208.00
	Fedbank Financial Services Limited	455.80	307.81
Other investments (NCD,PTC held through trust etc)	Fedbank Financial Services Limited	234.70	239.50
Interest paid	Mr. Shyam Srinivasan	0.15	0.09
	Fedbank Financial Services Limited	0.60	0.06#
	Federal Operations and Services Limited	0.18	0.01#
	Ageas Federal Life Insurance Company Limited	-	0.55
Interest received	Fedbank Financial Services Limited	76.99	91.19
Income from services rendered	Ageas Federal Life Insurance Company Limited	62.76	46.94
	Federal Operations and Services Limited	8.40	5.64#
Expenses for receiving services	Fedbank Financial Services Limited	26.03	23.76
	Federal Operations and Services Limited	42.68	26.38
Leasing arrangements availed	Federal Operations and Services Limited	0.27	-
	Fedbank Financial Services Limited	-	1.08
Leasing arrangements Provided	Federal Operations and Services Limited	0.01	0.01
	Fedbank Financial Services Limited	*	0.01
Receivable	Ageas Federal Life Insurance Company Limited	10.20	8.30
Payable	Fedbank Financial Services Limited	3.28	2.66
	Federal Operations and Services Limited	5.07	2.61
Directors sitting fee received	Ageas Federal Life Insurance Company Limited	0.14	0.10
Remuneration paid	Mr. Shyam Srinivasan	2.94	2.31
	Mr. Ashutosh Khajuria	1.52	1.17
	Ms. Shalini Warrier	1.46	1.09
Dividend received	Ageas Federal Life Insurance Company Limited	27.04	-
Dividend paid	Mr. Shyam Srinivasan	0.05	-
	Mr. Ashutosh Khajuria	0.03	-
Share capital received on exercise of ESOS	Mr. Ashutosh Khajuria	-	1.22
Number of options granted under ESOS	Mr. Ashutosh Khajuria	113,000	-
	Ms. Shalini Warrier	113,000	-
Number of options outstanding under ESOS	Mr. Ashutosh Khajuria	960,500	847,500
	Ms. Shalini Warrier	2,255,500	2,142,500

Not significant related party transaction in FY 2020-21.

* *Denotes figures less than ₹ 1 Lakh.*

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

2.4. Deferred Tax Assets / Liability (AS 22)

The major components of deferred tax assets and deferred tax liabilities are as under:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Deferred Tax Liability		
Tax effect of items constituting deferred tax liability:		
(i) Interest accrued but not due	148.15	153.75
(ii) Depreciation on Investments	3.77	13.38
(iii) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961	199.16	168.12
(iv) Others	9.16	10.90
Total - (A)	**360.24**	**346.15**
Deferred Tax Asset		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	0.38	1.44
(ii) Provision for Standard Assets	331.09	185.42
(iii) Depreciation on Fixed assets	2.65	9.06
(iv) Others	152.06	133.43
Total - (B)	**486.18**	**329.35**
Net Deferred tax liability/ (Asset) (A-B)	**(125.94)**	**16.80**

3. OTHER DISCLOSURES

3.1. Earnings per share (AS 20)

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings Per Share. Basic earnings per equity share is computed by dividing net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

The following table sets forth, for the years indicated, the computation of earnings per share.

Particulars	March 31, 2022	March 31, 2021
Earnings used in the computation of basic and diluted earnings per share (₹ in Crore)	1,889.82	1,590.30
Basic earnings per share (in ₹)	9.13	7.97
Effect of potential equity shares (in ₹)	0.07	0.03
Diluted earnings per share (in ₹)	9.06	7.94
Nominal value per share (in ₹)	2.00	2.00
Reconciliation between weighted shares used in computation of basic and diluted earnings per share		
Basic weighted average number of equity shares outstanding (in Crore)	206.92	199.45
Add: Effect of potential number of equity shares for stock options outstanding (in Crore)	1.64	0.72
Diluted weighted average number of equity shares outstanding (in Crore)	208.56	200.17

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

3.2 Share Capital

A. Equity Issue

During the year, the Bank has issued 104,846,394 (previous year Nil) equity shares of ₹ 2/- each for cash pursuant to a preferential allotment at ₹ 87.39 per share aggregating to ₹ 916.25 Crore (including share premium). This resulted in an increase of ₹ 20.97 Crore in Share Capital and ₹ 894.77 Crore (net of share issue expenses ₹ 0.51 Crore) in Reserves (share premium) of the Bank. The funds mobilised from raising equity were utilised for general business purposes.

Further the Bank has allotted during the year 1,547,231 (previous year 3,488,176) equity shares consequent to exercise of ESOS vested. Accordingly, the Share Capital increased by ₹ 0.31 Crore (previous year ₹0.70 Crore) and Reserves (share premium) increased by ₹ 9.08 Crore (previous year ₹13.10 Crore).

B. Subscribed and paid up capital includes:

(i) 16,590 equity shares of ₹ 2/- each (previous year 16,590 equity shares of ₹ 2/- each) issued for consideration other than cash.

(ii) 28,361,023 underlying equity shares of ₹ 2/- each (previous year 29,232,891 equity shares of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs).

C. The following allotments are kept pending following Orders from various Courts:

(i) Allotment of 6,530 equity shares of ₹ 2/- each (previous year 6,530 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1993 issued at a premium of ₹ 5/- per share

(ii) 262,100 equity shares of ₹ 2/- each (previous year 262,100 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1996 issued at a premium of ₹ 28/- per share

(iii) 1,074,165 equity shares of ₹ 2/- each (previous year 1,074,165 equity shares of ₹ 2/- each) at a premium of ₹ 48/- per share pertaining to Rights issue of 2007

Issue of certificates/credit in demat account in respect of the following Bonus issues are kept in abeyance consequent to injunction orders from various Courts.

(i) 406,670 equity shares of ₹ 2/- each (previous year 406,670 equity shares of ₹ 2/- each) out of the Bonus issue of 2004 and

(ii) 612,005 equity shares of ₹ 2/- each (previous year 612,005 equity shares of ₹ 2/- each) out of the Bonus issue of 2015.

D. Employee Stock Option Scheme (ESOS)

(i) Employee Stock Option Scheme 2010 (ESOS 2010)

Shareholders of the Bank had approved Employee Stock Option Scheme 2010 (ESOS 2010) through postal ballot, the result of which was announced on December 24, 2010, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee (active/ not in service) on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of options.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Stock option activity under the Scheme for the year ended March 31, 2022 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	9,196,193	28.63 - 112.35	50.80	1.76
Granted during the year	-	-	-	-
Exercised during the year	918,047	28.63 - 62.00	45.45	-
Forfeited/lapsed during the year	460	28.63 - 28.63	28.63	-
Outstanding at the end of the year	8,277,686	28.63 - 112.35	51.40	0.81
Exercisable at the end of the year	8,277,686	28.63 - 112.35	51.40	0.81

Stock option activity under the Scheme for the year ended March 31, 2021 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	16,057,341	28.63 - 112.35	48.55	1.95
Granted during the year	-	-	-	-
Exercised during the year	3,422,806	28.63 - 62.00	38.72	-
Forfeited/lapsed during the year	3,438,342	28.63 - 62.00	52.31	-
Outstanding at the end of the year	9,196,193	28.63 - 112.35	50.80	1.76
Exercisable at the end of the year	9,171,193	28.63 - 112.35	50.63	1.75

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based Payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. No cost has been incurred by the Bank on ESOS issued to the employees of the Bank under the intrinsic value method during the year ended March 31, 2022(previous year Nil).

ii) Employee Stock Option Scheme 2017 (ESOS 2017)

Shareholders of the Bank had approved The Federal Bank Limited Employee Stock Option Scheme 2017 (ESOS 2017) in the AGM held on July 14, 2017, as a Special Resolution, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Bank not exceeding 5% of the aggregate number of paid up equity shares of the Bank, in line with the guidelines of SEBI. The options granted will vest based on the status of the employee (active/ not in service) on the date of vesting, subject to the fulfilment of the performance criteria for the vesting. The exercise period would commence from the date of vesting and will expire on the completion of five years from the date of vesting of options.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Stock option activity under the Scheme for the year ended March 31, 2022 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	74,926,966	38.30 - 116.85	80.98	5.35
Additions from the previous year	-	-	-	-
Granted during the year*	3,733,250	77.55 - 91.35	83.85	7.44
Exercised during the year	629,184	81.95 - 98.70	82.92	-
Forfeited/lapsed during the year	901,372	38.30 - 116.85	69.03	-
Outstanding at the end of the year	77,129,660	38.30 - 116.85	81.24	4.49
Exercisable at the end of the year	43,042,257	38.30 - 116.85	94.96	2.87

Stock option activity under the Scheme for the year ended March 31, 2021 is set out below:

Particulars	No. of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	77,227,910	38.30 - 116.85	90.09	5.65
Additions from the previous year	2,250	38.30 - 38.30	38.30	8.24
Granted during the year**	16,884,159	42.95 - 83.05	55.22	7.78
Exercised during the year	65,370	81.20 - 116.85	82.63	-
Forfeited/lapsed during the year	19,121,983	38.30 - 116.85	95.01	-
Outstanding at the end of the year	74,926,966	38.30 - 116.85	80.98	5.35
Exercisable at the end of the year	28,949,455	72.45 - 116.85	99.80	3.09

*Details of options granted during the year ended March 31, 2022 are given below:

Date of grant	No. of options Granted	Grant price (₹ per option)
April 30, 2021	1,000,000	77.55
June 09, 2021	2,675,250	86.20
August 27, 2021	33,000	78.20
January 10, 2022	25,000	91.35

**Details of options granted during the year ended March 31, 2021 are given below:

Date of grant	No. of options Granted	Grant price (₹per option)
May 06, 2020	7,835,174	42.95
June 04, 2020	9,000	47.10
July 24, 2020	205,000	57.10
September 04, 2020	62,500	55.70
September 28, 2020	14,000	47.70
December 07, 2020	8,672,485	66.00
February 10, 2021	54,000	82.95
March 02, 2021	32,000	83.05

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

As per SEBI guidelines and the Guidance Note on "Accounting for Share-based payments" issued by the ICAI, the accounting for ESOS can be done either under the "Intrinsic value method" or "Fair value method". The Compensation Committee in their meeting dated May 10, 2012 decided to adopt "Intrinsic value method" for accounting of ESOS, in terms of the power vested on them as per the resolution of EGM dated December 24, 2010. Accordingly options under the scheme are accounted using the intrinsic value method except as stated otherwise. No cost has been incurred by the Bank on ESOS issued to the employees of the Bank under the intrinsic value method during the year ended March 31, 2022 (previous year ₹ 0.01 Crore).

In compliance with RBI guidelines, stock options granted to Whole Time Directors / Chief Executive Officer and Material Risk Takers after the year ended March 31, 2021 has been accounted using fair value method. Accordingly, the Bank has recognised ₹ 0.51 Crore as employee cost in the Profit and Loss Account during the year ended March 31, 2022 (previous year Nil).

The options were exercised regularly throughout the year and weighted average share price as per National Stock Exchange price volume data during the year ended March 31, 2022 was ₹ 88.68 (previous year ₹ 59.25).

iii) *Effect of Fair value method of accounting ESOS*

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options which are presently accounted using "Intrinsic Value Method", net profit after tax would be lower by ₹ 21.10 Crore (previous year ₹ 22.74 Crore). The modified basic and diluted earnings per share for the year had the Bank followed Fair Value Method for accounting of options which are presently accounted using intrinsic value method would be ₹ 9.03 and ₹ 8.97(previous year ₹ 7.86 and ₹ 7.84) respectively.

Weighted average fair value of options granted during the years ended March 31, 2022 and March 31, 2021 are as follows:

Particulars	March 31, 2022	March 31, 2021
Weighted average fair value of options granted during the year (in ₹)	30.53	21.79

The fair value of the options is estimated on the date of the grant using the Black-Scholes pricing model, with the following assumptions:

Particulars	March 31,2022	March 31,2021
Dividend yield	1% - 2%	1% - 2%
Expected life (in years)	3 - 4.63	3 - 4.63
Risk free interest rate	5.00% - 7.75%	5.00% - 7.75%
Expected volatility	30% - 50%	30% - 50%
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Volatility is based on historical data over the expected life of the option.	Volatility is based on historical data over the expected life of the option.
The method used and the assumptions made to incorporate the effects of expected early exercise.	It is assumed that the options will be exercised within the exercise period.	It is assumed that the options will be exercised within the exercise period.
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.	Stock price and risk free interest rate are variables based on actual market data at the time of valuation.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

E. Dividend

The Board of Directors have recommended a dividend of 90% i.e. ₹ 1.80/- per equity share on face value of ₹ 2/- each for the year 2021-22 (previous year ₹ 0.70/- per equity share)

In terms of Accounting Standard (AS) 4 "Contingencies and Events occurring after the Balance Sheet date" the Bank has not appropriated proposed dividend aggregating to ₹ 378.46 Crore (previous year ₹ 139.73 Crore) from the Profit and Loss account for the year ended March 31, 2022. However the effect of the proposed dividend has been reckoned in determining capital funds in the computation of Capital Adequacy Ratio as on March 31, 2022.

3.3. Fixed Assets

A) Fixed Assets as per Schedule 10 include Intangible Assets relating to Software and System Development Expenditure. Details regarding the same are tabulated below:

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Gross Block		
At the beginning of the year	305.14	250.67
Additions during the year	65.67	54.47
Deductions / Adjustments during the year	-	-
At the end of the year	**370.81**	**305.14**
Depreciation / Amortization		
At the beginning of the year	227.18	201.62
Charge for the year	33.89	25.56
Deductions / Adjustments during the year	-	-
Depreciation to date	**261.07**	**227.18**
Net Block	**109.74**	**77.96**

B) Revaluation of Fixed Assets

During the year 1995-96, the appreciation of ₹ 9.65 Crore in the value of land and buildings consequent upon revaluation by approved valuer was credited to Revaluation Reserve. There has been no revaluation of assets during the years ended March 31, 2022 and March 31, 2021.

3.4. Operating Leases (AS 19)

Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms. During the year an amount of ₹ 174.16 Crore (previous year: ₹ 162.49 Crore) was charged to Profit and loss account.

The Bank has not sub-leased its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

3.5 Provisions and Contingencies

a) Movement in provision for non-credit related* frauds included under other liabilities

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Opening balance	5.54	5.76
Additions during the year	1.13	1.32
Reductions during the year	-	1.54
Closing balance	**6.67**	**5.54**

* *Provision for credit related frauds is included in Provision towards NPAs.*

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

b) Movement in provision for debit and credit card reward points

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Opening provision	5.84	15.58
Provision made during the year	31.68	15.39
Reductions during the year	26.63	25.13
Closing provision*	**10.89**	**5.84**

* *The closing provision is based on the actuarial valuation of accumulated debit and credit card reward points which has been relied on by auditors. This amount will be utilized towards redemption of the debit and credit card reward points*

c) Movement in provision for other contingencies

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Opening provision	42.22	31.28
Provision made during the year	35.88	14.35
Provision utilized for Write off during the year	1.15	2.30
Reductions during the year	0.48	1.11
Closing provision	**76.47**	**42.22**

d) Movement in floating provision

(Amount in ₹ Crore)

Particulars	Standard Asset Provision		NPA Provision	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Opening balance	12.75	12.75	69.18	69.18
Provision made during the year	-	-	-	-
Amount drawn down during the year	-	-	-	-
Closing balance	**12.75**	**12.75**	**69.18**	**69.18**

3.6 Description of contingent liabilities:

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

b) Liability on account of forward exchange and derivative contracts

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank Counterparties and Customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference. The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favorable (assets) or unfavorable (liabilities). The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly as the aggregate contractual or notional amount of derivative financial instruments on hand can vary and the market rate fluctuations can decide the extent to which instruments are favorable or unfavorable.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the bank is contingently liable

Includes Capital commitments and amount transferred to RBI under the Depositor Education and Awareness (DEA) Fund

(Refer schedule 12 for amounts relating to Contingent Liabilities)

3.7 Inter-bank participation with risk sharing

The aggregate amount of participation purchased by the Bank, shown as advances as per regulatory guidelines, outstanding as of March 31, 2022 was ₹ 3,275.14 Crore (previous year: ₹ 854.39 Crore).

The aggregate amount of the participation issued by the Bank, reduced from advances as per regulatory guidelines, outstanding as of March 31, 2022 was ₹ 1,300 Crore (previous year: ₹ Nil).

3.8 Provision for Long Term contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any Law/Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

3.9 Corporate Social Responsibility (CSR)

The gross amount required to be spent by the Bank on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2022, was ₹ 39.89 Crore (previous year ₹ 35.22 Crore) and the bank had spent an amount of ₹ 40.06 Crore (previous year ₹ 35.22 Crore), which is within the limit approved by the Board. The bank is not intending to carry forward the excess amount spent amounting to ₹ 0.17 Crore.

The following table sets forth, for the years indicated, the amount spent by the Bank on CSR related activities.

(Amount in ₹ Crore)

Sl No	Particulars	March 31, 2022	March 31, 2021
1	Construction / acquisition of any asset	-	-
2	On purpose other than (1) above	40.06*	35.22

* *Includes amount of ₹ 3.29 crores unspent and transferred to Unspent CSR Account within the specified time by the implementation agency.*

The following table sets forth, for the years indicated, the details of related party transaction pertaining to CSR related activities.

(Amount in ₹ Crore)

Sl No	Particulars	March 31, 2022	March 31, 2021
1	Federal Bank Hormis Memorial Foundation*	39.26	33.42
	Total	**39.26**	**33.42**

* *Federal Bank Hormis Memorial Foundation is a trust in which KMPs of the Bank can exercise significant influence and is the implementation agency for Bank's CSR activities / programs / projects.*

3.10 Investor Education and Protection Fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank.

SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

3.11 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

3.12 Disclosure as to Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity (ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank ("Ultimate Beneficiaries"). The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

3.13 Letter of Comfort

The Bank has not issued any letters of comfort (LoC) on behalf of its subsidiaries during the years ended March 31, 2022 and March 31, 2021.

3.14 Uncertainties on account of COVID-19

On account of uncertainties prevailing due to COVID-19 pandemic across the world and in India, the extent to which the same will impact the Bank's operations and financial position in future will depend on various aspects including actions taken to mitigate its impact and other regulatory measures. The Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank during this period.

3.15 Figures of previous year have been regrouped / reclassified, where necessary to conform to current year's classification and also the amounts / ratios for the previous year have been regrouped / reclassified pursuant to the requirement of Master Direction on Financial Statements - Presentation and Disclosure issued by Reserve Bank of India dated August 30, 2021 (updated as on November 15, 2021), as amended and wherever considered necessary.

For and on behalf of the Board of Directors

Manikandan Muthiah
Head - Financial Reporting

Samir P Rajdev
Company Secretary

Ashutosh Khajuria
Executive Director
(DIN: 05154975)

Shalini Warrier
Executive Director
(DIN: 08257526)

Venkatraman Venkateswaran
Chief Financial Officer

C Balagopal
Chairman
(DIN: 00430938)

Shyam Srinivasan
Managing Director & CEO
(DIN: 02274773)

As per our report of even date

For Varma & Varma
Chartered Accountants
Firm's Registration No:
004532S

Vijay Narayan Govind
Partner
Membership No: 203094
Place: Kochi

For Borkar & Muzumdar
Chartered Accountants
Firm's Registration No:
101569W

Kaushal Muzumdar
Partner
Membership No: 100938
Place: Kochi

Directors:

A P Hota	(DIN: 02593219)
Siddhartha Sengupta	(DIN: 08467648)
Manoj Fadnis	(DIN: 01087055)
Sudarshan Sen	(DIN: 03570051)
Varsha Vasant Purandare	(DIN: 05288076)
Sankarshan Basu	(DIN: 06466594)
Ramanand Mundkur	(DIN: 03498212)

Place: Kochi
Date : May 06, 2022

BASEL III – PILLAR 3 DISCLOSURES AS ON MARCH 31, 2022

SCOPE OF APPLICATION AND CAPITAL ADEQUACY

I. TABLE DF- 1 SCOPE OF APPLICATION

The Basel III capital adequacy norms are applicable to The Federal Bank Limited as the top consolidated entity in the group in line with the Reserve Bank of India (RBI) guidelines on the preparation of consolidated prudential reports.

Qualitative Disclosures

a) List of group entities considered for consolidation

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Fed bank Financial Services Ltd India	Yes	AS 21	Yes	AS 21	NA	NA
Ageas Federal Life Insurance Company Ltd India	Yes	AS 23	No	NA	NA	Ageas Federal is an insurance entity and has been risk weighted for capital adequacy purpose
Equirus Capital Private Ltd	Yes	AS 23	Yes	AS 23	NA	NA
Federal Operations and Services Limited	Yes	AS 21	Yes	AS 21	NA	NA

b) List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity / Country of incorporation	Principle activity of the entity	Total balance sheet equity *(as stated in the accounting balance sheet of the legal entity)*	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets *(as stated in the accounting balance sheet of the legal entity)*
			NIL		

Quantitative Disclosures

c) List of group entities considered for consolidation (Amount in ₹ Mn.)

Name of the entity / country of incorporation *(as indicated in (i)a. above)*	**Principle activity of the entity**	**Total balance sheet equity** *(as stated in the accounting balance sheet of the legal entity)*	**Total balance sheet assets** *(as stated in the accounting balance sheet of the legal entity)*
Fed bank Financial Services Ltd India	Marketing of Bank's own products and lending against gold and property.	11,437.33	65,056.99
Equirus Capital Private Ltd	The Company is engaged in investment banking. The company caters to both domestic and international market.	978.18	1,488.50
Federal Operations and Services Limited	FedServ will carry out all the operational activities of the Bank including but not limited to accounts service division, payment settlement division, trade finance division, treasury back end section, contact center operations, IT support etc	162.71	198.25

d) The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries / country of incorporation	**Principle activity of the entity**	**Total balance sheet equity** *(as stated in the accounting balance sheet of the legal entity)*	**% of bank's holding in the total equity**	**Capital deficiencies**
		NIL		

e) The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted: (Amount in ₹ Mn.)

Name of the insurance entities / country of incorporation	**Principle activity of the entity**	**Total balance sheet equity** *(as stated in the accounting balance sheet of the legal entity)*	**% of bank's holding in the total equity / proportion of voting power**	**Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method**
Ageas Federal Life Insurance Company Ltd India	Insurance	10,316.71	26%	CRAR will be reduced by 0.11% under deduction method

f) Restrictions or impediments on transfer of funds or regulatory capital within the banking group:
There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

TABLE DF -2: CAPITAL ADEQUACY

1	**Qualitative disclosures**		
1.1	A summary discussion of the Bank's approach to assess the adequacy of its capital to support current and future activities		

1. Policy on Internal Capital Adequacy Assessment Process has been put in place and the assessment of capital commensurate to the risk profile is reviewed on a quarterly basis.
2. Capital requirement for current business levels and estimated future business levels are assessed on a periodic basis.
3. The minimum capital required to be maintained by the Bank (including CCB) for the period ended March 31, 2022 is 11.50%. The given minimum capital requirement includes capital conservative buffer of 2.50%. Bank's CRAR is above the regulatory minimum as stipulated in Based III Capital Regulations.

2	**Quantitative disclosures** (Solo Bank)		(Amount in ₹ Mn.)
2.1	**Capital requirements for Credit risk**		**96,454.09**
	Portfolios subject to Standardized approach		96,454.09
	Securitization exposures		0.00
2.2	**Capital requirements for Market risk** (Standardized duration approach)		**3,057.87**
	Interest rate risk		1,418.05
	Foreign exchange risk (including gold)		222.75
	Equity risk		1,417.07
2.3	**Capital requirements for Operational risk**		**10,525.37**
	Basic Indicator Approach		10,525.37
	Total Capital Requirements		**110,037.33**
2.4	**Common Equity Tier 1, Tier 1 & Total Capital Ratios**	**Standalone**	**Consolidated**
	Common Equity Tier 1 capital ratio	14.43%	14.77%
	Tier 1 capital ratio	14.43%	14.77%
	Total capital ratio	15.77%	16.33%

Structure and organization of Bank's Risk Management function

Bank has put in place an organizational framework for Bank-wide management of risk on integrated basis. The structure ensures coordinated process for measuring and managing all material risks on an enterprise-wide basis to achieve organizational goals. The structure is designed in tune with the regulatory guidelines.

Bank's Board at the top of the structure assumes overall responsibility for Bank-wide management of risk. The Board approves risk management policies of the Bank and sets risk exposure limits based on Bank's risk appetite and risk bearing capacity. Risk Management Committee of the Board assumes responsibility for devising policy and strategy for enterprise-wide risk management. The Committee also sets guidelines for measurement of risks, risk mitigation and control parameters and approves adequate infrastructure for risk management. The Committee meets regularly and reviews the reports placed before it on various risk areas.

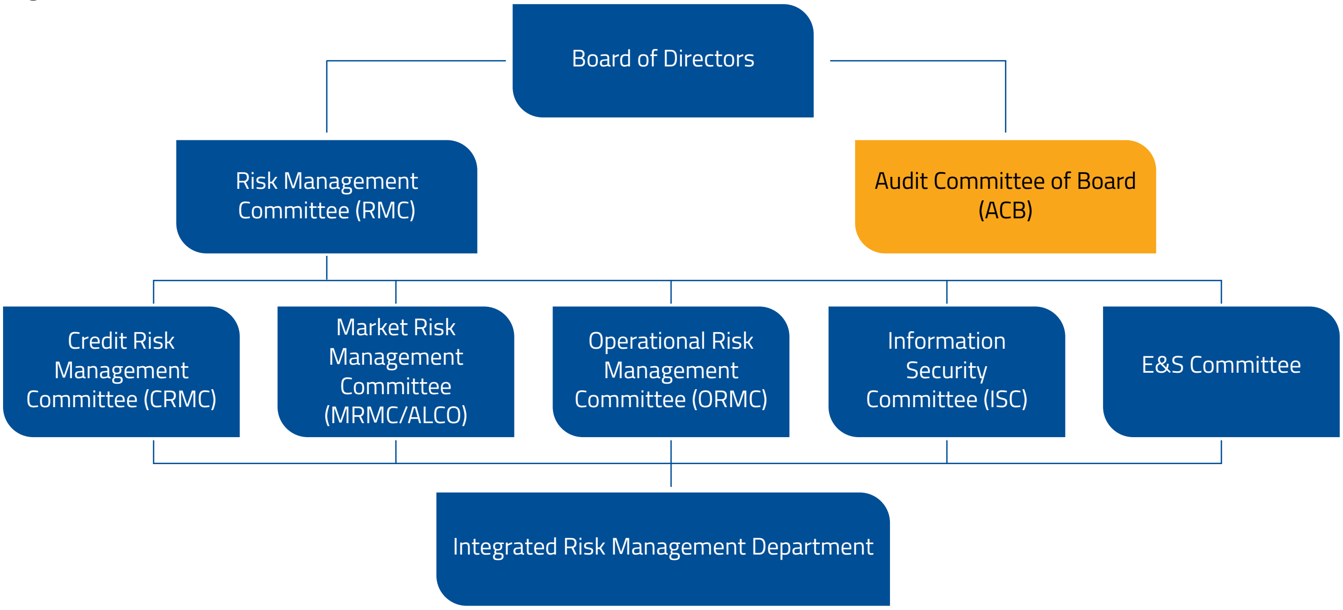
There are five support committees of senior executives viz Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC also known as ALCO), Operational Risk Management Committee (ORMC), Information Security Committee (ISC) and E&S Committee, responsible for implementation of policies and monitoring of level of risks in their respective domains. The Committees are headed by Managing Director & CEO. Senior executives from respective functional areas and risk management are members of the Committee. The Committees meet regularly to take stock of various facets of risk management function and place their reports to Risk Management Committee of the Board. ALCO meets at least once in a month and ISC meets at least once in a quarter. Depending on requirement, ALCO meets at shorter frequencies. CRMC and ORMC meet at least once in a quarter subject to minimum of six meetings in a year. E&S Committee meets at least once in a quarter.

The major risks addressed are Credit risk, Market risk, Operational Risk, Residual credit Risk, Concentration Risk, Interest Rate Risk, Liquidity Risk, Strategic Risk, Reputation Risk, Human Resources Risk, Pension Obligation Risk, IT & Cyber Security Risk, Compliance Risk, Outsourcing Risk, Model Risk, Settlement Risk and E&S Risk.

Other material risks identified from time to time are taken care of by one of the above said committees or other functional committees of executives, depending on the nature of risk.

Integrated Risk Management Department is responsible for overall identification, measurement, monitoring and controlling various types of risks faced by the Bank in its operations and compliance of risk management guidelines and policies issued by Regulator /Board. IRMD has three divisions: Credit Risk Division, Market Risk Division and Operational Risk Division. E&S Division is presently attached to Market Risk Division. Division Heads report to the Head-Risk & Chief Risk Officer who reports directly to the Managing Director & CEO.

Organization Structure:



RISK EXPOSURE AND ASSESSMENT

1. Credit risk

Strategies and processes:

The Bank is exposed to credit risk in its lending operations. The Bank's strategies to manage the credit risks are given below:

a) Defined segment exposures delineated into Business Banking, Commercial Banking, Corporate, Retail and Agri advances.

b) Industry wise segment ceilings on aggregate lending in respect of certain industries, ceilings have been fixed for specific geographies with a view to contain Concentration risk.

c) Individual borrower wise and borrower group wise lending ceilings linked as a percentage to the Bank's eligible capital base as at the end of the previous year.

d) Borrowers are subjected to credit rating and loans are granted only to those borrowers falling within defined thresholds of risk levels; the approach also includes diversification of borrowers within defined thresholds of risk levels.

e) Major business of the Bank is within India. However, bank has an IFSC branch located in GIFT City, Gujarat. In respect of cross border trade which would involve exposures to banks and financial institutions located outside India, there is a geographic cap on exposures apart from cap on individual bank / institution. Bank has also fixed ceiling for its foreign currency exposures.

f) Bank has adopted a well-defined approach for sourcing and underwriting loan proposals. Proper due diligence is carried out while sourcing fresh credit limits.

g) Credit sanctioning powers are granted as per Credit Delegation Policy based upon the amount and riskiness of the exposure.

h) Regular review of all credit policies including exposure ceilings are carried out with due approval of Bank's Board of Directors.

i) Credit hub system is put in place to enhance quality of credit appraisal and underwriting process.

j) Specialized Credit Advisory Teams operating at strategic locations to streamline and monitor credit processes within the credit hubs, evaluate and chart action plans to act on EWS, conduct unit visit of stressed account and formulate other measures to maintain standard health classification of credit exposures.

k) Dedicated Credit Monitoring Department at national level and other key geographies to monitor / follow up of performance of loans and advances.

l) Credit Administration Department at central level and at other key geographies are formed to ensure compliance of documentation formalities and submission of post credit monitoring reports / compliance of sanction order covenants.

m) Market Intelligence Unit formed under IRMD with cross functional team members to facilitate the collection and processing of multiple sources of information on large borrowers with an objective to prevent adverse selection of borrowers and throw up early warning signals of possible fraud or credit risk.

n) Robust statistical score cards are used for retail credit appraisal process.

o) Bank also uses Behavioral / transactional models for monitoring the transaction behavior of loan accounts.

p) Model validation is done on yearly basis to assess the discriminatory power and stability of the models.

q) Bank has laid down appropriate mechanism for ongoing identification, development and assessment of expertise of officials in the area of credit appraisal, underwriting and credit management functions.

r) Internal credit rating of all credit proposals above ₹10 Crores is confirmed by Integrated Risk Management Department.

s) Bank has adopted the best ESMS practices to minimise environmental and social risks associated with lending activities.

Structure and organization of risk management function:

Bank has put in place Board approved comprehensive Credit Risk Management Policy. The policy aims to provide basic framework for implementation of sound credit risk management system in the Bank. It spells out various areas of credit risk, goals to be achieved, current practices and future strategies. Bank has also operationalized required organizational structure and framework as prescribed in the policy for efficient credit risk management through proactive identification, precise measurement, fruitful monitoring and effective control of credit risk arising from its credit and investment operations. Risk Management Committee of the Board oversees Bank wide risk management and senior executive level Credit Risk Management Committee monitors adherence to policy prescriptions and regulatory directions. CRMC of the Bank meets at least once in a quarter (subject to minimum of 6 meetings in a year) to take stock of Bank's credit risk profile based on the reports placed by Credit Risk Division of Integrated Risk Management Department.

Bank has put in place a detailed Loan Policy spelling out various aspects of Credit dispensation and Credit administration. Loan policy stipulates measures for avoiding concentration risk by setting prudential limits and caps on sector wise, rating grade wise, security wise and customer-constitution wise exposure. CRM policy gives specific instructions on valuation of collaterals. Bank has also put in place guidelines on fixing and monitoring of exposure ceilings to contain risk in credit and investment exposures.

Bank has also put in place an 'Environmental and Social Management System (ESMS) Policy' for all lending activities. Adoption of ESMS practices for lending activities strengthens Bank's commitment for the cause of sustainable development as desired by the government, regulators and other stakeholders. ESMS policy enables Bank to minimize environmental and social impacts posed by the lending activities. The policy ensures more focus on funding to the borrowers whose projects are sustainable and environment friendly. This is achieved through meticulous risk categorization of the borrowers and by ensuring that the funds lent by Bank will be used for purposes / activities which have minimal impact on the environment and the society.

Scope and nature of risk reporting / measurement systems:

Bank has implemented comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. Risk rating is made applicable for all loan accounts irrespective of amount, whether funded or non-funded. However, staff loans, loan against liquid securities, pre-approved loans etc are exempted from rating. Bank uses different rating models which are two dimensional, viz obligor rating and facility rating. Risk rating models are drawn up in a structured manner, incorporating different factors such as borrower specific characteristics, industry specific characteristics, financials, securities offered etc.

Bank has specific rating models capable of rating large corporates, traders, SME, Non-Banking Finance Companies (NBFCs), real estate and service sector clients. Retail advances, small value loans and retail agriculture loans are rated using applicable score cards. Transactional / behavioral scorecards have been developed for all major retail portfolios and are used for monitoring the performance of the borrower post onboarding. All rating models are subjected to annual validation by objectively assessing the discriminatory power, stability of ratings and calibration of models are undertaken, if necessitated.

Rating process and rating output are used by the Bank in sanction and pricing of its exposures. All internal credit ratings assigned for credit facilities above ₹5 crores are reviewed on a half yearly basis using a review scorecard and a full- fledged rating review is conducted annually for credit facilities above 2 Crore. Default study/migration study is conducted annually for exposures above 2 Cr and the internal ratings are benchmarked with the external ratings.

Credit facilities are sanctioned at various levels in accordance with the delegation policy approved by the Board. Bank has generally adopted a Committee approach for credit sanction. Credit rating assigned by an official is also subjected to confirmation by another official. Credit audit is being conducted at specified intervals. Credit risk mitigation techniques are resorted to contain the risk at the minimum level.

Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Bank's Credit Risk Management Policy stipulates various tools for mitigation of credit risk and collateral management. Investment Policy of the Bank covers risk related to investment activities of the Bank and it prescribes prudential limits, methods of risk measurement, and hedges required in mitigation of risk arising in investment portfolio. Risk Management Committee of the Board and executive level Credit Risk Management Committee monitor, discuss, evaluate and review risk mitigation levels and effectiveness of mitigation measures.

Risk rating process by itself is an integral part of the process for selection of clients and sanction of credit facilities. Exercise of delegation for sanction of fresh loans or renewal / review of existing exposure by field level functionaries is permitted only for borrowers above a threshold rating grade. Entry-level restrictions are further tightened in certain sectors where market signals need for extra caution.

2. Market risk

Strategies and processes:

Market risk is monitored through various risk limits set vide Board approved Market Risk Management Policy. Detailed policies like Asset Liability Management Policy, Investment, Forex and Derivatives Policy, Market Risk Management Policy etc. are put in place for the conduct of business exposed to Market risk and also for effective management of all market risk exposures.

The policies and practices also take care of monitoring and controlling of liquidity risk arising out of its banking and trading book operations.

Structure and organization of risk management function:

Risk Management Committee of the Board oversees bank-wide risk management. Asset Liability Management Committee (ALCO), also known as Market Risk Management Committee, is primarily responsible for establishing Market Risk Management and Asset Liability Management in the Bank. ALCO is responsible for implementing risk management guidelines issued by the regulator, leading risk management practices followed globally and monitoring adherence to the internal parameters, procedures, practices / policies and risk management prudential limits.

Independent Mid office, which forms a part of Market Risk Division of IRMD, is operational in the floor of Bank's Treasury for onsite monitoring of Treasury functions. The Mid Office conducts market risk management functions like onsite monitoring of adherence to set limits, independent valuation and reporting of activities. It also computes capital charge for market risk and VaR of market portfolios on a daily basis. This separate desk monitors market / operational risks in Bank's Treasury/ Forex operations on a daily basis.

Scope and nature of risk reporting / measurement systems:

Bank has put in place regulatory/ internal limits for various products and business activities relating to trading book. Non-SLR investment exposures are subjected to credit rating. Limits for exposures to counterparties, industries and countries are monitored and risks are controlled through Stop Loss Limits, Overnight Limit, Daylight Limit, Aggregate Gap Limit, Individual Gap Limit, Inter-Bank dealing and investment limits etc. Parameters like Modified Duration, VaR etc. are used for Risk management and reporting.

Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants are discussed in ALCO and based on the views taken by/ mandates given by ALCO, hedge deals/ mitigation steps are undertaken.

Liquidity risk of the Bank is assessed through Statements of Structural Liquidity, Liquidity Coverage Ratio, Net Stable Funding Ratio and Short-Term Dynamic Liquidity. The liquidity profile of the Bank is measured on static and dynamic basis using the Statements of Structural Liquidity and Short-Term Dynamic Liquidity respectively. Structural liquidity position and Liquidity Coverage Ratio are computed on a daily basis whereas Net Stable Funding ratio and Dynamic liquidity position is assessed on a monthly basis.

Additional prudential limits on liquidity risk fixed as per ALM policy of the Bank are monitored by ALCO on a monthly basis. Interest rate risk is analyzed from earnings perspective using Traditional Gap Analysis and Economic value perspective using Duration Gap Analysis on a monthly basis. Based on the analysis, steps are taken to minimize the impact of interest rate changes.

Bank is computing LCR (Liquidity Coverage Ratio) on a daily basis and NSFR (Net stable funding ratio) on a monthly basis. Advanced techniques such as Stress testing, sensitivity analysis etc. are conducted periodically to assess the impact of various contingencies.

3. Operational risk

Strategies and processes:

The Bank is exposed to operational risk in all its activities. Operational risk is primarily managed by prescribing adequate controls and mitigation measures, which are being reviewed and updated on a regular basis, to suit the changes in business practices, organization structure and risk profile. Business Continuity and Disaster Recovery Plans are established to ensure continuity of critical operations of the Bank and safety of its people. Robust information and cyber security frameworks are established for securing the IT infrastructure and systems of the Bank

Structure and organization of risk management function:

Bank has put in place a detailed framework for Operational Risk Management with a well-defined ORM Policy. The Risk Management Committee of the Board oversees Bank-wide operational risk management. Operational Risk Management Committee (ORMC) at the executive level oversees bank wide implementation of Board approved policies and processes in this regard. The operational risk management framework of the Bank also encompasses information and cyber security framework for securing the IT infrastructure and systems. The executive level Information Security Committee (ISC) is responsible for implementation of strategies and policies for protection of all information assets of the Bank. The Information Security Team headed by the Chief Information Security Officer (CISO) formulates and periodically reviews the information and cyber security policies and practices.

Scope and nature of risk reporting / measurement systems:

Bank is collecting operational risk loss data directly from the loss originating points. Bank has established a separate accounting procedure for operational risk events to enhance transparency and to enable effective monitoring of loss events. The operational risk loss data is consolidated, analyzed and reported to the Operational Risk Management Committee at least on a quarterly basis.

Bank is conducting RCSAs (Risk and Control Self-Assessments) regularly to assess the level of inherent and residual risks and appropriate controls are introduced, wherever necessary, to reduce the risk levels. The controls are frequently tested based on the level of the underlying risk and if failure exceeds defined thresholds, immediate steps are initiated for remediation/ improvement of the failed control.

Bank is monitoring Key Risk Indicators on a periodical basis for assessing the changes in operational risk profile and triggering reviews and corrective actions, if required.

Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

A robust control mechanism covering centralized processing, segregation of duties, straight through processing, timely reconciliation, user access controls etc. is in place and periodically reviewed. Wherever deficiencies are found in process or improvements required in the mitigants, such activities are taken up by respective functional owners. Various training and awareness programs are conducted to improve awareness among the staff regarding the internal controls and procedures as also the various actions to be taken to avoid or minimize operational risks.

Prior to launching of any new product or process or alteration of any existing product or process, all relevant risks are analyzed, and processes and controls established to manage the risks involved.

As information & communication technologies are relied on for delivery of banking services, robust system level controls are put in place to ensure the confidentiality, integrity and availability of information systems in the Bank. There is a Security Operations Centre (SOC) which performs security monitoring round the clock. Bank has also received ISO 27001 accreditation for its critical IT areas.

To evaluate the effectiveness of the business continuity arrangements, periodic drills and tests are conducted. Bank has implemented a Business Continuity Management System in conformance with ISO 22301 standards for its IT, centralized operations and clearing functions.

A preventive vigilance framework is in place, whereby various transactions are monitored by dedicated teams from the angle of fraud risk and AML. Bank is also using insurance for reducing the impact of various operational risk losses and liabilities.

The Inspection & Audit Department undertakes various audits like RBIA, Revenue Audit, IS Audit, Special Audit, Management Audit etc. to provide an independent assurance on the management of operational risks.

4. Interest rate risk in Banking Book

Strategies and processes:

Interest Rate Risk is assessed in two perspectives – Earnings perspective using Traditional Gap Analysis to assess the impact of adverse movement in interest rate on the Net Interest Income (Earnings at Risk) and Economic value perspective using Duration Gap Analysis to assess the impact of adverse movement in interest rate on the market value of Bank's equity.

Structure and organization of risk management function:

Risk Management Committee at the Board level and ALCO at the executive level are responsible for effective management of Interest Rate Risk in Bank's business. Board approved ALM Policy governs the Interest rate risk management framework of the Bank. Market Risk Management Policy takes care of the management of Interest rate risk in the Trading Book of the Bank.

Scope and nature of risk reporting / measurement systems:

Interest rate risk in Banking Book is assessed and Modified Duration of Equity is evaluated on a monthly basis. The likely drop in Market Value of Equity for 200 bps change in interest rates is computed and benchmarked under the Internal Capital Adequacy Assessment Process for computation of Pillar II capital charge for Interest Rate Risk. Earnings at Risk based on Traditional Gap Analysis are calculated on a monthly basis. The results of Duration Gap Analysis as well as that of Traditional Gap Analysis including the adherence to tolerance limit set in this regard is monitored and is placed before ALCO for approval. Stress tests are conducted to assess the impact of interest rate risk under different stress scenarios on earnings of the Bank

Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Bank has put in place mitigating / hedging measures prescribed by Investment Forex and derivative Policy, ALM Policy, Market Risk Management Policy. Risk profiles are analyzed and mitigating strategies/ hedging process are suggested and operationalized by Treasury Department with the approval of Senior Level Committees.

TABLE DF – 3: CREDIT RISK: GENERAL DISCLOSURES

Qualitative disclosures

Definitions of past due and impaired (for accounting purposes):

1. Non-Performing Assets

   An asset including a leased asset becomes non-performing when it ceases to generate income for the bank. A non-performing asset (NPA) is a loan or an advance where

   a. Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.

   b. The account remains 'Out of order' as indicated in paragraph 2 below, in respect of an Overdraft / Cash Credit (OD/CC).

   c. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted.

   d. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops.

   e. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.

   f. The amount of liquidity facility remains outstanding for more than 90 days, in respect of securitization transaction undertaken in terms of the Reserve Bank of India (Securitization of Standard Assets) Directions, 2021.

   g. The overdue receivables representing positive mark-to-market value of a derivative contract remaining unpaid for a period of 90 days from the specified due date for payment, in respect of derivative transactions.

   h. The minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement, in respect of credit card.

   i. The accounts with following temporary deficiencies.

      i. Drawings in the working capital account based on drawing power calculated from stock statements older than three months, would be deemed as irregular. Such account will turn NPA if such irregular drawings are permitted in the account for a continuous period of 90 days.

      ii. Regular/ ad hoc credit limits which is not reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

2. 'Out of Order' status

   A Cash Credit / Overdraft account will be treated as 'Out of Order' if

   a) The outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or

   b) The outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/OD account is less than the sanctioned limit/drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

3. 'Overdue'

   Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

4. Special Mention Accounts

   As prescribed by RBI, the Bank is required to identify incipient stress in the account by creating a Sub Asset category named as 'Special Mention Accounts' (SMA). It is considered as a corrective action plan to arrest slippages of standard assets to NPA. Accordingly, Bank is identifying three sub categories under SMA as below:

SMA Sub-categories	Basis for classification - Principal or interest payment or any other amount wholly or partly overdue between
SMA-0	1 - 30 days
SMA-1	31 - 60 days
SMA-2	61 - 90 days

In the case of revolving credit facilities like cash credit, the SMA sub-categories will be as follows

SMA Sub-categories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA-1	31- 60 days
SMA-2	61 – 90 days

The above norms pertaining to classifying borrower accounts into SMA categories will be applicable for all loans (including retail loans), other than agricultural advances governed by crop season-based asset classification norms.

Credit Risk

Credit Risk may be defined as

a. Inability or unwillingness of the counterparty to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities.

b. Downgrading of counterparties whose credit instruments, the Bank may be holding, causing the value of those assets to fall.

c. Settlement Risk (possibility that the Bank may pay counterparty and fail to receive the corresponding settlement in return).

Discussion of the Bank's Credit Risk Management Policy:

Bank has put in place a detailed Credit Risk Management Policy. Goal of this policy is to create a transparent framework for identification, assessment and effective management of credit risk in all operations of the Bank and to secure organizational strength and stability in the long run. The policy aims at contributing to the Bank's profitability by efficient and profitable utilization of a prudent proportion of the Bank's resources and maintaining a reasonably balanced portfolio of acceptable risk quality through diversification of credit risks. The policy also envisages optimizing returns with satisfactory spread over funding cost and overheads.

The policy deals with the structure, framework and processes for effective management of inherent credit risk. Credit Risk Management Policy also provide a framework for identification of stressed sectors in the economy and creating additional provision for exposures to these sectors.

Quantitative disclosures (Amount in ₹ Mn.)

	Fund based exposure*	Non-fund based exposure**	Total
Total gross credit risk exposures (after accounting offsets in accordance with the applicable accounting regime and without taking into account the effects of credit risk mitigation techniques)	1,822,469.89	133,692.08	1,956,161.97
Geographic distribution of exposures (same basis as adopted for segment reporting adopted for compliance with AS 17)			
Overseas	10,627.44	0.00	10,627.44
Domestic	1,811,842.45	133,692.08	1,945,534.53

**Fund based exposures include all type of funded facilities including the un availed limits and inter-bank exposures. However, exposures to Food Credit, RIDF related exposures, deposits to SIDBI, NABARD and NHB for priority sector lending purposes are excluded.*

***Non fund based exposures include guarantees, Letters of Credit and Co-Acceptances of bills/ deferred payment guarantees.*

INDUSTRY TYPE DISTRIBUTION OF EXPOSURES

(With industry break up on same lines as prescribed for DSB returns)

(Amount in ₹ Mn.)

		Total Credit Exposure Funded	Total Credit Exposure Non-Funded	Total Credit Exposure (Funded and Non-Funded)	% to Gross Credit Exposure
A.	**Mining and Quarrying**	**5097.11**	**1181.46**	**6278.57**	**0.32%**
	A.1 Coal	406.95	20.00	426.95	0.02%
	A.2 Others	4690.16	1161.46	5851.62	0.30%
B.	**Food Processing**	**35323.30**	**1955.43**	**37278.73**	**1.91%**
	B.1 Sugar	2774.76	0.00	2774.76	0.14%
	B.2 Edible Oils and Vanaspati	3509.78	1099.27	4609.05	0.24%
	B.3 Tea	3075.28	42.32	3117.60	0.16%
	B.4 Coffee	531.02	4.05	535.06	0.03%
	B.5 Others	25432.46	809.79	26242.26	1.34%
C.	**Beverages (excluding Tea & Coffee) and Tobacco**	**4286.97**	**6.60**	**4293.57**	**0.22%**
	C.1 Tobacco and tobacco products	173.19	2.81	176.00	0.01%
	C.2 Others	4113.78	3.79	4117.57	0.21%
D.	**Textiles**	**50050.66**	**3131.01**	**53181.67**	**2.72%**
	D.1 Cotton	20125.95	2305.90	22431.85	1.15%
	D.2 Jute	254.08	14.81	268.89	0.01%
	D.3 Man-made	246.77	108.56	355.32	0.02%
	D.4 Others	29423.86	701.75	30125.61	1.54%
	Out of D (i.e., Total Textiles) to Spinning Mills	8481.04	805.39	9286.43	0.47%
E.	**Leather and Leather products**	**1023.75**	**15.37**	**1039.12**	**0.05%**
F.	**Wood and Wood Products**	**6284.52**	**629.19**	**6913.70**	**0.35%**
G.	**Paper and Paper Products**	**7589.82**	**1206.20**	**8796.02**	**0.45%**
H.	**Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels**	**28855.09**	**419.05**	**29274.14**	**1.50%**
I.	**Chemicals and Chemical Products (Dyes, Paints, etc.)**	**47967.47**	**4506.04**	**52473.51**	**2.68%**
	I.1 Fertilizers	11460.03	2299.22	13759.24	0.70%
	I.2 Drugs and Pharmaceuticals	12954.37	520.93	13475.30	0.69%
	I.3 Petro-chemicals (excluding under Infrastructure)	0.00	0.00	0.00	0.00%
	I.4 Others	23553.07	1685.89	25238.96	1.29%
J.	**Rubber, Plastic and their Products**	**14948.84**	**2280.65**	**17229.49**	**0.88%**
K.	**Glass & Glassware**	**2251.69**	**1162.83**	**3414.52**	**0.17%**
L.	**Cement and Cement Products**	**9198.85**	**614.31**	**9813.16**	**0.50%**
M.	**Basic Metal and Metal Products**	**26507.67**	**5126.81**	**31634.47**	**1.62%**
	M.1 Iron and Steel	12296.14	2280.57	14576.72	0.75%
	M.2 Other Metal and Metal Products	14211.53	2846.23	17057.76	0.87%
N.	**All Engineering**	**30140.52**	**10490.48**	**40630.99**	**2.08%**
	N.1 Electronics	2060.04	925.08	2985.13	0.15%
	N.2 Others	28080.48	9565.39	37645.87	1.92%
O.	**Vehicles, Vehicle Parts and Transport Equipments**	**26868.50**	**2882.94**	**29751.44**	**1.52%**
P.	**Gems and Jewellery**	**8653.06**	**184.82**	**8837.88**	**0.45%**
Q.	**Construction**	**15187.42**	**14255.53**	**29442.94**	**1.51%**
R.	**Infrastructure**	**130740.00**	**32348.20**	**163088.19**	**8.34%**
	R.a Transport (a.1 to a.6)	12784.34	382.10	13166.45	0.67%
	R.a.1 Roads and Bridges	22.01	10.68	32.69	0.00%

		Total Credit Exposure Funded	Total Credit Exposure Non-Funded	Total Credit Exposure (Funded and Non-Funded)	% to Gross Credit Exposure
R.a.2	Ports	255.94	1.37	257.31	0.01%
R.a.3	Inland Waterways	0.00	0.00	0.00	0.00%
R.a.4	Airport	10778.00	348.05	11126.06	0.57%
R.a.5	Railway Track, tunnels, viaducts, bridges	0.00	0.00	0.00	0.00%
R.a.7	Shipyards	0.00	0.00	0.00	0.00%
R.a.8	Logistics Infrastructure	1649.60	22.00	1671.60	0.09%
R.a.6	Urban Public Transport (except rolling stock in case of urban road transport)	78.79	0.00	78.79	0.00%
R.b.	Energy (b.1 to b.6)	56450.23	4976.03	61426.26	3.14%
R.b.1	Electricity Generation	42673.01	4218.30	46891.31	2.40%
R.b.1.1	Central Govt PSUs	24859.76	0.00	24859.76	1.27%
R.b.1.2	State Govt PSUs (incl. SEBs)	1390.00	0.00	1390.00	0.07%
R.b.1.3	Private Sector	16423.24	4218.30	20641.54	1.06%
R.b.2	Electricity Transmission	6348.68	114.13	6462.81	0.33%
R.b.2.1	Central Govt PSUs	0.00	0.00	0.00	0.00%
R.b.2.2	State Govt PSUs (incl. SEBs)	0.00	0.00	0.00	0.00%
R.b.2.3	Private Sector	6348.68	114.13	6462.81	0.33%
R.b.3	Electricity Distribution	7428.54	643.60	8072.14	0.41%
R.b.3.1	Central Govt PSUs	0.00	0.00	0.00	0.00%
R.b.3.2	State Govt PSUs (incl. SEBs)	4479.98	0.00	4479.98	0.23%
R.b.3.3	Private Sector	2948.56	643.60	3592.16	0.18%
R.b.4	Oil Pipelines	0.00	0.00	0.00	0.00%
R.b.5	Oil/Gas/Liquefied Natural Gas (LNG) storage facility	0.00	0.00	0.00	0.00%
R.b.6	Gas Pipelines	0.00	0.00	0.00	0.00%
R.	Infrastructure	130740.00	32348.20	163088.19	8.34%
R.a	Transport (a.1 to a.6)	12784.34	382.10	13166.45	0.67%
R.a.1	Roads and Bridges	22.01	10.68	32.69	0.00%
R.a.2	Ports	255.94	1.37	257.31	0.01%
R.a.3	Inland Waterways	0.00	0.00	0.00	0.00%
R.a.4	Airport	10778.00	348.05	11126.06	0.57%
R.a.5	Railway Track, tunnels, viaducts, bridges	0.00	0.00	0.00	0.00%
R.a.7	Shipyards	0.00	0.00	0.00	0.00%
R.a.8	Logistics Infrastructure	1649.60	22.00	1671.60	0.09%
R.a.6	Urban Public Transport (except rolling stock in case of urban road transport)	78.79	0.00	78.79	0.00%
R.b.	Energy (b.1 to b.6)	56450.23	4976.03	61426.26	3.14%
R.b.1	Electricity Generation	42673.01	4218.30	46891.31	2.40%
R.b.1.1	Central Govt PSUs	24859.76	0.00	24859.76	1.27%
R.b.1.2	State Govt PSUs (incl. SEBs)	1390.00	0.00	1390.00	0.07%
R.b.1.3	Private Sector	16423.24	4218.30	20641.54	1.06%
R.b.2	Electricity Transmission	6348.68	114.13	6462.81	0.33%
R.b.2.1	Central Govt PSUs	0.00	0.00	0.00	0.00%
R.b.2.2	State Govt PSUs (incl. SEBs)	0.00	0.00	0.00	0.00%
R.b.2.3	Private Sector	6348.68	114.13	6462.81	0.33%
R.b.3	Electricity Distribution	7428.54	643.60	8072.14	0.41%
R.b.3.1	Central Govt PSUs	0.00	0.00	0.00	0.00%

		Total Credit Exposure Funded	Total Credit Exposure Non-Funded	Total Credit Exposure (Funded and Non-Funded)	% to Gross Credit Exposure
R.b.3.2	State Govt PSUs (incl. SEBs)	4479.98	0.00	4479.98	0.23%
R.b.3.3	Private Sector	2948.56	643.60	3592.16	0.18%
R.b.4	Oil Pipelines	0.00	0.00	0.00	0.00%
R.b.5	Oil/Gas/Liquefied Natural Gas (LNG) storage facility	0.00	0.00	0.00	0.00%
R.b.6	Gas Pipelines	0.00	0.00	0.00	0.00%
R.c.	Water and Sanitation (c.1 to c.7)	37.45	0.00	37.45	0.00%
R.c.1	Solid Waste Management	0.31	0.00	0.31	0.00%
R.c.2	Water supply pipelines	36.70	0.00	36.70	0.00%
R.c.3	Water treatment plants	0.00	0.00	0.00	0.00%
R.c.4	Sewage collection, treatment and disposal system	0.00	0.00	0.00	0.00%
R.c.5	Irrigation (dams, channels, embankments etc)	0.44	0.00	0.44	0.00%
R.c.6	Storm Water Drainage System	0.00	0.00	0.00	0.00%
R.c.7	Slurry Pipelines	0.00	0.00	0.00	0.00%
R.d.	Communication (d.1 to d.3)	964.78	384.44	1349.22	0.07%
R.d.1	Telecommunication (Fixed network)	28.30	2.27	30.57	0.00%
R.d.2	Telecommunication towers	120.04	72.40	192.44	0.01%
R.d.3	Telecommunication and Telecom Services	816.44	309.77	1126.21	0.06%
R.e.	Social and Commercial Infrastructure (e.1 to e.9)	6686.71	599.11	7285.82	0.37%
R.e.1	Education Institutions (capital stock)	3099.54	75.00	3174.54	0.16%
R.e.2	Hospitals (capital stock)	3449.90	524.11	3974.01	0.20%
R.e.3	Three-star or higher category classified hotels located outside cities with population of more than 1 million	129.58	0.00	129.58	0.01%
R.e.4	Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets	0.00	0.00	0.00	0.00%
R.e.5	Fertilizer (Capital investment)	0.00	0.00	0.00	0.00%
R.e.6	Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	0.00	0.00	0.00	0.00%
R.e.7	Terminal markets	0.00	0.00	0.00	0.00%
R.e.8	Soil-testing laboratories	0.00	0.00	0.00	0.00%
R.e.10	Sports Infrastructure	4.00	0.00	4.00	0.00%
R.e.11	Tourism - Ropeways and Cable Cars	0.00	0.00	0.00	0.00%
R.e.12	Affordable Housing	3.69	0.00	3.69	0.00%
R.e.9	Cold Chain	0.00	0.00	0.00	0.00%
R.f.	Others, if any, please specify	53816.48	26006.51	79822.99	4.08%
Other Infra		0.00	0.00	0.00	0.00%
All Industries (A to S)		471409.70	83228.68	554638.38	28.35%
S.	**Other Industries, pl. specify**	**20434.47**	**831.80**	**21266.28**	**1.09%**
Other Industries		**0.00**	**0.00**	**0.00**	**0.00%**
All Industries (A to S)		471409.70	83228.68	554638.38	28.35%
SERVICE		576848.56	48090.80	624939.36	31.95%
Retail, Agri & Residual exposures		715473.45	2372.60	717846.05	36.70%
Interbank exposure		48110.75	0.00	48110.75	2.46%
Overseas		10627.44	0.00	10627.44	0.54%
Total		**1822469.89**	**133692.08**	**1956161.97**	**100.00%**

** Total exposure to Infrastructure exceeds 5% of gross credit exposure*

RESIDUAL CONTRACTUAL MATURITY BREAKDOWN OF ASSETS (maturity bands as used in ALM returns are used)

(Amount in ₹ Mn.)

	Cash	Balances with RBI	Balances with other banks	Investments	Advances	Fixed assets	Other assets	Total
Day 1	17128.80	11738.84	12846.86	64160.54	26766.18	0.00	6009.85	138651.07
2 – 7 days	0.00	869.53	49325.94	4089.07	21967.59	0.00	0.00	76252.13
8-14 days	0.00	1069.31	38579.25	4277.24	11431.63	0.00	160.88	55518.31
15-30 days	0.00	1454.84	1894.81	6105.33	25465.25	0.00	791.11	35711.34
31 days & up to 2 months	0.00	3056.14	5305.48	9483.52	42616.98	0.00	170.05	60632.17
Over 2 months & up to 3 months	0.00	2691.61	465.00	7943.13	61505.34	0.00	464.92	73070.00
Over 3 months & up to 6 months	0.00	7054.53	465.00	19736.40	136088.63	0.00	9531.42	172875.98
Over 6 months & up to 1 year	0.00	15994.76	1200.00	16681.40	141529.97	0.00	25065.76	200471.89
Over 1 year & upto 3 years	0.00	35285.33	28.41	26335.69	660242.46	0.00	56539.00	778430.89
Over 3 years & upto 5 years	0.00	2672.13	0.00	73942.66	153631.28	0.00	20861.14	251107.21
Over 5 years & upto 7 years	0.00	425.66	0.00	67818.08	87999.57	0.00	29854.40	186097.71
Over 7 years & upto 10 years	0.00	545.52	0.00	67563.23	45347.34	0.00	129.15	113585.24
Over 10 year & upto 15 years	0.00	4.98	0.00	10616.50	31677.83	0.00	23.60	42322.91
Over 15 years	0.00	0.73	0.00	13041.83	3013.20	6339.44	2341.05	24736.25
Total	**17128.80**	**82863.91**	**110110.75**	**391794.62**	**1449283.25**	**6339.44**	**151942.33**	**2209463.10**

ASSET QUALITY

Advances (Amount in ₹ Mn.)

Amount of Non-Performing Assets (Gross)	41,367.44
Substandard	11,485.99
Doubtful 1	9,188.56
Doubtful 2	9,581.72
Doubtful 3	6,231.14
Loss	4,880.03
Net NPA	13,926.20

NPA ratios	
Gross NPAs to gross advances (%)	2.80%
Net NPAs to net advances (%)	0.96%
Movement of NPAs (Gross)	
Opening balance (balance as at the end of previous Fiscal)	46,023.85
Additions during the period*	18,787.63
Reductions*	23,444.04
Closing balance	41,367.44

** Including stressed asset sold to ARC*

Movement of provisions (Amount in ₹ Mn.)

	Specific Provision	General Provision
Opening balance (balance as at the end of previous Fiscal)	29,289.32	691.80
Provisions made during the period	11,886.73	-
Write Off	9,289.21	-
Write back of excess provisions	5,467.41	-
Any other adjustments, including transfers between provisions	-	-
Closing balance	26,419.43	691.80

Details of write offs and recoveries that have been booked directly to the income statement (Amount in ₹ Mn.)

Write offs that have been booked directly to the income statement	1,790.34
Recoveries that have been booked directly to the income statement	1,717.33

Investments (Amount in ₹ Mn.)

Amount of Non-Performing Assets (Gross)	1,002.03
Amount of Non-Performing Investments (Gross)	890.05
Opening balance (balance as at the end of previous Fiscal)	3,332.75
Provisions made during the period	888.79
Write-off	(72.64)
Write-back of excess provisions	(75.29)
Closing balance	4,073.62

Major Industry breakup of NPA (Amount in ₹ Mn.)

Industry	Gross NPA	Specific Provision
NPA in Top 5 industries	4213.34	3284.96

Geography wise Distribution of NPA and Provision (Amount in ₹ Mn.)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	39,472.63	25,377.28	-
Overseas	1,894.81	1,042.15	-
Total	41,367.44	26,419.43	691.80

TABLE DF – 4: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH

1 Qualitative disclosures

For portfolios under the Standardized Approach:

Names of credit rating agencies used, plus reasons for any changes:

Bank has approved all the seven External Credit Rating Agencies accredited by RBI for the purpose of credit risk rating of domestic borrower accounts that forms the basis for determining risk weights under Standardized Approach.

External Credit Rating Agencies approved are:

1. CRISIL Ratings Ltd
2. CARE
3. India Ratings and Research Private Limited (Formerly FITCH INDIA)
4. ICRA
5. Brickwork Ratings India Pvt. Ltd. (BRICKWORK)
6. Acuite Rating & Research (Formerly SMERA Ratings Ltd)
7. INFOMERICS Valuation and Rating Pvt. Ltd. (INFOMERICS)

Bank is also using the ratings of the following international credit rating agencies for assigning risk weights to claims for capital adequacy purposes where the exposure can be specified as international exposure:

1. Fitch
2. Moody's and
3. Standard & Poor's

With respect to external credit rating, Bank is using long term ratings for risk weighting all long-term claims and unrated short-term claims on the same counterparty. However, short term rating of a counterparty is used only to assign risk weight to all short-term claims of the obligor and not to risk weight unrated long-term claims on the same counterparty.

Types of exposure for which each agency is used:

1. Rating by the agencies is used for both fund based and non-fund based exposures.
2. Short Term Rating given by the agencies is used for exposure with contractual maturity of less than or equal to one year (except Cash Credit, Overdrafts and other Revolving Credits).
3. Long Term Rating given by the agencies is used for exposures with contractual maturity of above one year and also for Cash Credit, Overdrafts and other Revolving Credits.
4. Rating assigned to one particular entity within a corporate group is not used to risk weight other entities within the same group.

The rating reviewed, at least once during past 15 months will only be considered for risk weighting purposes.

Description of the process used to transfer public issue ratings into comparable assets in the Banking Book:

The ratings available in public domain are mapped according to mapping process as envisaged in RBI guidelines on the subject.

Issue Specific Ratings (Bank's own exposures or other issuance of debt by the same borrower constituent/ counterparty) or Issuer Ratings (borrower constituent/ counterparty) are applied to unrated exposures of the same borrower constituent/ counterparty subject to the following:

1. Issue specific ratings are used where the unrated claim of the Bank ranks pari passu or senior to the rated issue / debt.
2. Wherever issuer rating or issue specific ratings are used to risk weight unrated claims, such ratings are extended to entire amount of claim on the same counterparty.
3. Ratings used for risk weighting purposes are confirmed from the websites of the rating agencies concerned.

2 Quantitative disclosures

Risk weight wise details of exposures (rated and unrated) after risk mitigation subject to the Standardized Approach (Credit equivalent amount of all exposures subjected to Standardized Approach, after risk mitigation)

Risk Weight	(Amount in ₹ Mn.)
Below 100 %	138785.16
100 %	51971.81
More than 100 %	8506.84
Deducted*	7005.02
Total	**199263.81**

**Investment in subsidiary*

TABLE DF – 5: CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED APPROACHES

1 Qualitative disclosures

Disclosures on credit risk mitigation methodology adopted by the Bank that are recognized under the Standardized Approach for reducing capital requirements for credit risk

1.1 Policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting

Bank has no practice of on-balance sheet netting for credit risk mitigation. Eligible collaterals taken for the exposures are separately earmarked and the exposures are expressed without netting.

1.2 Policies and processes for collateral valuation and management

Bank has put in place Board approved policy on Credit Risk Management in which Collateral Management and credit risk mitigation techniques used by the Bank for both Risk management and capital computation purposes are separately included. The Loan policy of the Bank covers various aspects of valuation of collaterals.

1.3 Description of the main types of collateral taken by the Bank

Collaterals used by Bank as risk mitigants for capital computation under Standardized Approach comprise eligible financial collaterals namely:

1. Cash margin and fixed deposits of the counterparty with the Bank.
2. Gold jewel of purity 91.6% and above, the value of which is notionally converted to value of gold with 99.99% purity.
3. Securities issued by Central and State Governments.
4. Kisan Vikas Patra and National Savings Certificates.
5. Life Insurance Policies with a declared surrender value of an Insurance company regulated by the insurance sector regulator.
6. Debt securities rated by a chosen Credit Rating Agency in respect of which the Bank is sufficiently confident of market liquidity of the security and where these securities are either:
   a. Attracting 100% or lesser risk weight i.e. rated at least BBB (-) when issued by Public sector entities and other entities including banks and Primary Dealers or
   b. Attracting 100% or lesser risk weight i.e. rated at least A3 for short term debt instruments
7. Debt securities not rated by a chosen Credit Rating Agency in respect of which the bank is sufficiently confident of market liquidity of the security and where these securities are:
   a. Issued by the bank
   b. Listed on a recognized exchange
   c. Classified as senior debt
   d. All rated issues of the same seniority by the issuing Bank are rated at least BBB (-) or A3 by a chosen Credit Rating Agency
   e. The bank has no information to suggest that the issue justifies a rating below BBB (-) or A3 by a chosen Credit Rating Agency
   f. Bank is sufficiently confident about the market liquidity of the security.
8. Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation and mutual funds where
   a. A price for the units is publicly quoted daily i.e. where the daily NAV is available in public domain
   b. Mutual fund is limited to investing in the permitted instruments listed.

Bank has no practice of monitoring / controlling exposures on a net basis, though Bank is able to determine at any time loans/advances and deposits of the same counterparty. Netting benefit, even if available, is not utilized in capital computation under Basel III norms.

1.4 Main types of guarantor counterparty and their creditworthiness

Bank considers guarantees, which are direct, explicit, irrevocable and unconditional for Credit risk mitigation. Use of such guarantees for capital computation is strictly as per RBI guidelines on the subject.

Main types of guarantor counterparties are

a. Sovereigns (Central / State Governments)

b. Sovereign entities like ECGC, CGFTSI

c. Banks and Primary Dealers with a lower risk weight than the counter party

Other entities rated AA (-) or better. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.

1.5 Information on market / credit risk concentrations within the mitigation taken by the Bank

Majority of financial collaterals held by the Bank are by way of own Deposits, Government Securities, Gold, Life Insurance Policies and other approved securities like NSC, KVP etc. Bank does not envisage market liquidity risk in respect of financial collaterals except in Gold and Units of Mutual Funds. Bank does not have concentration in exposure collateralized through units of eligible Mutual Funds. With respect to gold loans, each and every exposure is reviewed/ renewed/closed within a maximum period of 12 months. Bank could successfully manage the risks posed by sudden reduction in gold price in the past on account of maintaining RBI stipulated LTV and close monitoring if the accounts. Measures warranted during each situation were timely taken.

Bank has not experienced any significant Market liquidity risk in Gold. Overall, financial collaterals do not have any issue in realization.

Concentration on account of collateral is also relevant in the case of Land & building. Except in the case of Housing loan to individuals and loans against property, land and building is considered only as an additional security. As land and building is not recognized as eligible collateral under Standardized Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge. It is used only in the case of Housing loan to individuals and non-performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

2 Quantitative Disclosures

2.1 Credit risk exposure covered by eligible financial collaterals (Amount in ₹ Mn.)

	Risk weight wise details of exposures (rated and unrated) after risk mitigation subject to the Standardized Approach (Credit equivalent amount of all exposures subjected to Standardized Approach, after risk mitigation)	**Credit equivalent of gross exposure**	**Value of eligible financial collateral after haircuts**	**Net amount of credit exposure**
A	Funded Credit Exposure	251,736.97	234,375.97	17,361.01
B	Non funded Credit exposure	84,234.00	23,787.65	60,446.35
C	Securitization exposures – On balance sheet	-	-	-
D	Securitization exposures – Off balance sheet	-	-	-
	TOTAL	**335,970.97**	**258,163.61**	**77,807.36**

2.2 Credit risk exposure covered by guarantees

	Type of exposure	**Credit equivalent of gross exposure**	**Amount of guarantee (Credit equivalent)**
A	Funded Credit Exposure	38,226.01	38,116.83
B	Non funded Credit exposure	754.89	333.43
C	Securitization exposures – on balance sheet	-	-
D	Securitization exposures – off balance sheet	-	-
	TOTAL	**38,980.90**	**38,450.26**

TABLE DF – 6: SECURITISATION: DISCLOSURES FOR STANDARDIZED APPROACH

1	**Qualitative disclosures**
1.1	**General disclosures on securitization exposures of the Bank**
A	Objectives of securitization activities of the Bank (including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the Bank to other entities and nature of other risks inherent in securitized assets)
	Bank's securitisation exposure is limited to investments in securitisation instruments (Pass Through Certificates) and purchase of asset portfolio by way of Direct assignment route. The bank invests/ purchase securitised assets with the objective of book building and yield optimisation.
B	Role of Bank in securitization processes (originator / investor/ service provider/ facility provider etc.) and extent of involvement in each activity.
	As an Investor: The Bank invests in Pass Through Certificates backed by financial assets originated by third parties. Such investments are held in its Trading book. As an Assignee: The Bank also purchases Asset portfolio by way of Direct assignment from Banks / NBFCs.
C	Processes in place to monitor changes in the credit and market risk of securitization exposures
	The major risks involved in Loan assignment transactions are: **Credit Risk:** The risk of default on a debt that may arise from an obligor failing to make required payments. **Co-mingling risks:** Risks arising on account of co-mingling of funds belonging to the assignee with that of originator. This occurs when there is a time lag between collection of loan instalments by the originator and remittance to the assignee. **Regulatory and legal risks:** Risks arising due to non-compliance of regulatory requirements resulting in keeping higher risk weight/ capital charge for assignment transactions. Risk of non-compliance of regulatory rules. **Prepayment risk:** Prepayment risk arises on account of prepayment of dues by obligors in the assigned pool either in part or full. Bank is constantly monitoring the changes in Credit and Market risk profile of securitization instruments held in the Trading book and Banking book. In case of portfolio purchased through Assignment route, monitoring is done on an individual account level.
D	Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposures
	The Bank has not originated any securitization exposures. In the case of purchase by way of Direct assignment route, Bank has not used any Credit risk mitigants.
1.2	**Accounting policies for securitization activities**
A	Treatment of transaction (whether as sales or financings)
	NA
B	Methods and key assumptions (including inputs) applied in valuing positions retained or purchased
	Income from investments in Pass Through Certificates is recognized on accrual basis. Income recognition is subjected to prudential norms stipulated by Reserve Bank of India in this regard. The loans purchased through Direct assignment route are classified as advances. The loans purchased will be carried at acquisition cost.
C	Changes in methods and key assumptions from the previous period and impact of the changes
	No change is effected in methods and key assumptions used for valuation of investment in securitized instruments (Pass Through Certificates).
D	Policies for recognizing liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitized assets.
	Bank has not entered into any arrangement to provide financial support for securitized assets.
1.3	**In the Banking Book, names of ECAIs used for securitizations and the types of securitization exposures for which each agency is used.**
	For computation of Capital requirements for loans purchased by way of Direct assignment, Bank has used the Credit rating issued by eligible ECAIs.

2.	**Quantitative disclosures** (Amount in ₹ Mn)		
A	Total amount of exposures securitized by the Bank		Nil
B	For exposures securitized, losses recognized by the Bank during the current period (exposure type wise break up)		Nil
C	Amount of assets intended to be securitized within a year		Nil
D	Of (C) above, amount of assets originated within a year before securitization		Nil
E	Securitization exposures (by exposure type) and unrecognized gain or losses on sale thereon		

Type of exposure	Amount securitized	Unrecognized gain / loss
Nil	Nil	Nil

F	Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup) (Direct assignment of Cash flows	Housing	2,688.49
		Loan against property	9,493.64
		Mixed Assets*	4,848.68
		Agri / Allied activities	391.44
		Total	**17,422.25**
G	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup)	Nil	
H	Aggregate amount of securitization exposures retained or purchased and associated capital charges (Direct assignment of Cash flows)		

Risk Weight Bands	Exposure Type	Exposure	Capital Charge
Less than 100%	Housing Loans	2,599.41	99.30
	Mixed Assets*	4,642.42	340.34
	Loan against property	8,945.88	798.47
	Agri / Allied activities	391.44	26.42
At 100%	Mixed Assets*	113.86	7.26
	Loan against property	456.28	30.15
	Housing Loans	89.09	7.76
More than 100%	Loan against property	91.47	10.48
	Mixed Assets*	92.41	10.60

**includes Commercial Vehicle Loans, Personal loan and Micro &Small Business Loans*

I	Total amount of deductions from capital on account of securitization exposures	Nil
	Deducted entirely from Tier I capital-underlying exposure type wise break up	Nil
	Credit enhancing interest only strips (I/O) deducted from total capital – underlying exposure type wise break up	Nil
	Other exposures deducted from total capital – underlying exposure type wise break up	Nil
2.2	**In the Trading Book**	
A	Aggregate amount of exposures securitized by the Bank for which the Bank has retained some exposures, which is subject to Market Risk approach (exposure type wise details)	

Type of exposure	Amount securitized	Unrecognized gain / loss
Nil	Nil	Nil

B	Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup)	
	Type of exposure	(Amount in ₹ Mn.)
	Investment in Pass through Certificates	5,596.81
C	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup)	Nil
D	Securitization exposures retained / purchased subject to Comprehensive Risk Measure for specific risk	–

E	Securitization exposures retained / purchased subject to specific risk capital charge (risk weight band wise distribution)		
	Type of exposure	**Capital charge as % to exposure**	**Exposure** (Amount in ₹ Mn.)
	Investment in Pass through Certificates	4.60	5,612.41
F	Aggregate amount of capital requirements for securitization exposures (risk weight band wise distribution)		
	Type of exposure	**Capital charge as % to exposure**	**Capital charge** (Amount in ₹ Mn.)
	Investment in Pass through Certificates	4.60	258.19
G	Total amount of deductions from capital on account of securitization exposures		Nil
	Deducted entirely from Tier I capital – underlying exposure type wise break up		Nil
	Credit enhancing interest only strips (I/Os) deducted from total capital – underlying exposure type wise break up		Nil
	Other exposures deducted from total capital – underlying exposure type wise break up		Nil

TABLE DF – 7: MARKET RISK IN TRADING BOOK

1. Qualitative disclosures

1.1 Approach used for computation of capital charge for market risk

Bank has adopted Standardized Duration Approach as prescribed by RBI for computation of capital charge for general market risk and is fully compliant with such RBI guidelines. Bank uses VaR as an indicative tool for measuring Forex risk and Equity Price risk. Standardized Duration Approach is applied for computation of General Market Risk for

- Securities under HFT category
- Securities under AFS category
- Open gold position limits
- Open foreign exchange position limits
- Trading positions in derivatives
- Derivatives entered into for hedging trading book exposures

Specific capital charge for market risk is computed based on risk weights prescribed by the Regulator.

1.2 Portfolios covered in the process of computation of capital charge

Investment portfolio under AFS and HFT, Gold and Forex open positions and Derivatives entered for trading and hedging.

2. Quantitative Disclosures

2.1	**Minimum capital requirements for market risk as per Standardized Duration Approach**	(Amount in ₹ Mn.)
	Interest rate risk	1,418.05
	Foreign exchange risk (including gold)	222.75
	Equity position risk	1,417.07

TABLE DF – 8: OPERATIONAL RISK

1. Qualitative disclosures

1.1 Approach used for computation of capital charge for operational risk (and for which the Bank is qualified)

Bank is following the Basic Indicator Approach for computation of capital charge for operational risk. Bank has initiated steps for migrating to the advanced approaches in due course.

TABLE DF – 9: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

1. Qualitative disclosures

The impact of adverse movements in interest rates on financials is referred to as interest rate risk. For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL) and rate sensitive off-balance sheet items. As interest rate risk can impact both Net Interest Income (NII) and Economic value of capital, it is assessed and managed from both earnings and economic value perspective.

a) **Earnings perspective:** Analyses the impact on Bank's Net Interest Income (NII) in the short term through traditional gap analysis.

b) **Economic perspective:** Analyses the impact on the Net-worth of bank due to re-pricing of assets, liabilities and off-balance sheet items through duration gap analysis.

The Bank classifies an asset/liability as rate sensitive if:

- Within the time interval under consideration, there is a cash flow
- The interest rate resets / reprices contractually during the interval
- RBI changes the interest rates in cases where interest rates are administered.

Rate sensitive assets and liabilities are grouped under various time buckets prescribed by RBI for interest rate sensitivity statement and bucket wise modified duration is computed using the suggested common maturity, coupon and yield parameters.

Non-rate sensitive liabilities and assets primarily comprise of capital, reserves and surplus, other liabilities, cash and balances with RBI, current account balances with banks, fixed assets and other assets.

IRRBB is assessed on a monthly basis and monitored by ALCO, both under earnings and economic value perspectives.

(Amount in ₹ Mn.)

		Total Book	Banking Book
2.	**Quantitative disclosures - Impact of interest rate risk**		
		Total Book	Banking Book
2.1	**Earnings perspective (Traditional Gap Analysis)**		
	Earnings at Risk (EaR) – impact for one year due to Uniform 1% increase/ decrease in interest rate	1263.23	891.20
	Economic value perspective – percentage and quantum of decrease in market value of equity on account of 1% uniform increase/decrease in interest rate	7968.24	6894.80

(Currency wise break up not provided as the turnover in other currencies is less than 5% of total turnover)

TABLE DF – 10: GENERAL DISCLOSURE FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK

Qualitative disclosures

Bank has put in place Counterparty Credit Risk limits for banks as counterparty, based on internal rating of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach.

Quantitative disclosures

The Bank does not recognize bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The balance outstanding and the current exposure thereof are as follows:

(Amount in ₹ Mn.)

Particulars	Notional Amounts	Current Exposure
Foreign exchange contracts	247698.71	15732.04
Interest rate derivative contracts	29230.00	334.33
Total	**276928.71**	**16066.37**

TABLE DF – 11: COMPOSITION OF CAPITAL

(Amount in ₹ Mn.)

Basel III common disclosure template			Ref No
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	66629.87	a+d
2	Retained earnings	39097.19	l-m1
3	Accumulated other comprehensive income (and other reserves)	80395.39	b+c+e+f+i+j+k
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)*	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6	**Common Equity Tier 1 capital: before regulatory adjustments**	**186122.45**	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	150.18	x1
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	30.65	r+p
10	Deferred tax assets	0.00	
11	Cash-flow hedge reserve	0.00	
12	Shortfall of provisions to expected losses	0.00	
13	Securitisation gain on sale	0.00	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	994.64	
15	Defined-benefit pension fund net assets	0.00	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0.00	
17	Reciprocal cross-holdings in common equity	0.00	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0.00	
20	Mortgage servicing rights (amount above 10% threshold)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00	
22	Amount exceeding the 15% threshold	0.00	
23	of which: significant investments in the common stock of financial entities	0.00	
24	of which: mortgage servicing rights	0.00	
25	of which: deferred tax assets arising from temporary differences	0.00	
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00	
26 a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	0.00	
26 b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	0.00	
26 c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00	
26 d	*of which:* Unamortised pension funds expenditures	0.00	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00	
28	Total regulatory adjustments to Common equity Tier 1	1175.47	
29	Common Equity Tier 1 capital (CET1)	**184946.98**	

(Amount in ₹ Mn.)

Basel III common disclosure template			Ref No
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	0.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	0.00	
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	0.00	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0.00	
35	*of which: instruments issued by subsidiaries subject to phase out*	0.00	
36	Additional Tier 1 capital before regulatory adjustments	0.00	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.00	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0.00	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
41	National specific regulatory adjustments (41a+41b)	0.00	
41 a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0.00	
41 b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.00	
43	**Total regulatory adjustments to Additional Tier 1 capital**	0.00	
44	**Additional Tier 1 capital (AT1)**	0.00	
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44)**	**184946.98**	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	10000.00	n
47	Directly issued capital instruments subject to phase out from Tier 2	0.00	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0.00	
49	*of which: instruments issued by subsidiaries subject to phase out*	0.00	
50	Provisions	9586.86	ci+h+o+g
51	**Tier 2 capital before regulatory adjustments**	**19586.86**	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	0.00	
53	Reciprocal cross-holdings in Tier 2 instruments	12.20	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0.00	

(Amount in ₹ Mn.)

Basel III common disclosure template			Ref No
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
56	National specific regulatory adjustments (56a+56b)	0.00	
56 a	*of which:* Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	0.00	
56 b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
57	Total regulatory adjustments to Tier 2 capital	12.20	
58	**Tier 2 capital (T2)**	19574.66	
59	**Total capital (TC = T1 + T2) (45 + 58)**	**204521.64**	
60	**Total risk weighted assets (60a + 60b + 60c)**	**1252529.80**	
60 a	*of which: total credit risk weighted assets*	1101604.92	
60 b	*of which: total market risk weighted assets*	33976.32	
60 c	*of which: total operational risk weighted assets*	116948.56	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.77%	
62	Tier 1 (as a percentage of risk weighted assets)	14.77%	
63	Total capital (as a percentage of risk weighted assets)	16.33%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	0.00%	
65	*of which: capital conservation buffer requirement*	2.50%	
66	*of which: bank specific countercyclical buffer requirement*	0.00%	
67	*of which: G-SIB buffer requirement*	0.00%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	9.27%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	7107.09	
73	Significant investments in the common stock of financial entities	7005.02	
74	Mortgage servicing rights (net of related tax liability)	0.00	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0.00	
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	7667.12	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	13769.57	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)			
80	*Current cap on CET1 instruments subject to phase out arrangements*	NA	
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	NA	
82	*Current cap on AT1 instruments subject to phase out arrangements*	NA	
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	NA	
84	*Current cap on T2 instruments subject to phase out arrangements*	NA	
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	NA	

Note to the Template

Row No. of the template	Particular	(Amount in ₹ Mn.)
10	Deferred tax assets associated with accumulated losses	0.00
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	1615.14
	Total as indicated in row 10	1615.14
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	2080.00
	of which: Increase in Common Equity Tier 1 capital	2080.00
	of which: Increase in Additional Tier 1 capital	0.00
	of which: Increase in Tier 2 capital	0.00
26 b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0.00
	(i) Increase in Common Equity Tier 1 capital	0.00
	(ii) Increase in risk weighted assets	0.00
50	Eligible Provisions included in Tier 2 capital	7667.12
	Investment Fluctuation Reserve included in Tier 2 capital	1897.20
	Eligible Revaluation Reserves included in Tier 2 capital	22.54
	Total of row 50	**9586.86**

TABLE DF-12

(Amount in ₹ Mn.)

	Composition of Capital: Reconciliation Requirements Step 1	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		31-03-2022	31-03-2022
A	**Capital & Liabilities**		
i	Paid-up Capital	4205.09	4205.09
	Reserves & Surplus	183733.31	190744.91
	Minority Interest	0.00	0.00
	Total Capital	**187938.40**	**194949.99**
ii	Deposits	**1817005.86**	**1816775.21**
	of which: Deposits from banks	15710.36	15710.36
	of which: Customer deposits	1801295.50	1801064.85
	of which: Other deposits (pl. specify	0.00	0.00
iii	Borrowings	**153931.15**	**195873.86**
	of which: From RBI	0.00	0.00
	of which: From banks	743.00	39124.19
	of which: From other institutions & agencies	133754.08	137315.60
	of which: Others (pl. specify)	19434.07	19434.07
	of which: Capital instruments	10000.00	10000.00
iv	Other liabilities & provisions	**50587.68**	**54152.89**
	Total Liabilities	**2209463.09**	**2261751.95**

TABLE DF-12

(Amount in ₹ Mn.)

	Composition of Capital: Reconciliation Requirements Step 1	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		31-03-2022	31-03-2022
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**99992.71**	**100161.11**
	Balance with banks and money at call and short notice	**110110.75**	**111199.95**
ii	Investments:	**391794.62**	**389993.43**
	of which: Government securities	348660.62	352689.97
	of which: Other approved securities	0.00	0.00
	of which: Shares	5143.30	5012.70
	of which: Debentures & Bonds	15815.37	13543.33
	of which: Subsidiaries / Joint Ventures / Associates	6688.02	2080.00
	of which: Others (Commercial Papers, Mutual Funds etc.)	15487.30	16517.25
iii	Loans and advances	**1449283.25**	**1499514.62**
	of which: Loans and advances to banks	14310.89	14310.89
	of which: Loans and advances to customers	1434972.36	1485203.73
iv	Fixed assets	**6339.44**	**6721.03**
v	Other assets	**151942.33**	**154161.81**
	of which: Goodwill and intangible assets	0.00	30.65
	of which: Deferred tax assets	1259.43	1615.14
vi	Goodwill on consolidation	0.00	0.00
vii	Debit balance in Profit & Loss account	0.00	0.00
	Total Assets	**2209463.09**	**2261751.95**

TABLE DF-12

(Amount in ₹ Mn.)

	Composition of Capital: Reconciliation Requirements Step 2	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		31-03-2022	31-03-2022	
A	**Capital & Liabilities**			
i	Paid-up Capital	**4205.09**	**4205.09**	
	of which: Amount eligible for CET1	4205.09	4205.09	a
	of which: Amount eligible for AT1	0.00	0.00	
	Reserves & Surplus	**183733.31**	**190744.91**	
	Of which	0.00	0.00	
	- Statutory Reserve	38534.28	38534.28	b
	- Revaluation Reserve (Part of CET1 at a discount of 55%)	0.00	0.00	c
	- Revaluation reserves at a discount of 55 percent (T-2) (if not already shown under CET 1)	50.09	50.09	c i
	- Share premium	60791.35	62424.78	d
	- Capital Redemption Reserve	0.00	14.66	di
	- Capital Reserve	7454.50	7454.50	e
	- Revenue and other reserves	25133.42	25608.08	f
	- Investment fluctuation reserve	1897.20	1897.20	g
	- Investment reserve			h
	- Foreign Currency Translation Reserve (at a discount of 75 per cent)	19.12	19.12	i
	- ESOP Reserve	13.70	22.91	l1
	- Special reserve	8483.20	8483.20	j
	- Contingency reserve	301.00	301.00	k
	- Balance in Profit and loss account at the end of the previous financial year	33053.83	34274.52	l
	- Current Financial year profit (After appropriations)	8001.62	8607.26	m
	- Dividend appropriation considered for regulatory purposes		3784.59	m1
	Minority Interest	0.00	3053.31	m2
	- Cash flow hedge reserve	0.00		
	Total Capital	**187938.40**	**194949.99**	
ii	Deposits	**1817005.86**	**1816775.21**	
	of which: Deposits from banks	15710.36	15710.36	
	of which: Customer deposits	1801295.50	1801064.85	
	of which: Other deposits (pl. specify)	0.00	0.00	
iii	Borrowings	**153931.15**	**195873.86**	
	of which: From RBI	0.00	0.00	
	of which: From banks	743.00	39124.19	
	of which: From other institutions & agencies	133754.08	137315.60	
	of which: Others	19434.07	19434.07	
	of which: Capital instruments (Tier II bonds)	10000.00	10000.00	
	- Recognized under Tier II	10000.00	10000.00	n
	- Not Recognized under Tier II	0.00	0.00	

TABLE DF-12

(Amount in ₹ Mn.)

	Composition of Capital: Reconciliation Requirements Step 2	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		31-03-2022	31-03-2022	
iv	Other liabilities & provisions	**50587.68**	**54152.89**	
	of which: DTLs		0.00	
	of which: Standard asset provision included under Tier II	13155.10	7667.12	o
	Total Liabilities	**2209463.09**	**2261751.95**	
B	**Assets**			
i	Cash and balances with Reserve Bank of India	**99992.71**	**100161.11**	
	Balance with banks and money at call and short notice	**110110.75**	**111199.95**	
ii	Investments	**391794.62**	**389993.43**	
	of which: Government securities	348660.62	352689.97	
	of which: Other approved securities	0.00	0.00	
	of which: Shares	5143.30	5012.70	
	of which: Good will	0.00	150.18	x1
	of which: Debentures & Bonds	15815.37	13543.33	
	of which: Subsidiaries / Joint Ventures / Associates	6688.02	2080.00	
	of which: Others (Commercial Papers, Mutual Funds etc.)	15487.30	16517.25	
iii	Loans and advances	**1449283.25**	**1499514.62**	
	of which: Loans and advances to banks	14310.89	14310.89	
	of which: Loans and advances to customers	1434972.36	1485203.73	
iv	Fixed assets	**6339.44**	**6721.03**	
	of which Intangible assets	0.00	30.65	p
v	Other assets	**151942.33**	**154161.81**	
	a Other intangibles (excluding MSRs)	0.00	0.00	r
	b Deferred tax assets	1259.43	1615.14	
	c MAT credit entitlement	0.00	0.00	
vi	Goodwill on consolidation	0.00	0.00	
vi	Debit balance in Profit & Loss account	0.00	0.00	
	Total Assets	**2209463.09**	**2261751.95**	

TABLE DF-16: EQUITIES – DISCLOSURE FOR BANKING BOOK POSITIONS

Qualitative Disclosures

Valuation and accounting of equity holdings in the banking book:

In accordance with the RBI Master Directions on "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks", investments are classified at the time of purchase into Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories.

Investment in the equity of subsidiaries and joint ventures (a Joint Venture is the one in which the bank, along with its subsidiaries, holds more than 25% of the equity) are required to be classified under HTM category.

Investments in Held to Maturity are carried at their acquisition cost. Any diminution, other than temporary, in the value of such securities is provided for. Profit on sale /redemption of investments is included in the Profit and Loss account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale / redemption is charged to the Profit and Loss account

Investments in subsidiaries/associates as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any. The book value of Bank's equity investment HTM portfolio was ₹6,688.01 Mn as at 31.03.2022.

Quantitative Disclosures

(Amount in ₹ Mn.)

Market Value of Equity Investments in HTM Outstanding	6688.01
The types and nature of investments, including the amount that can be classified as:	
▪ Market Value of Listed Equities in HTM	0.00
▪ Market Value of Unlisted Equities in HTM	6688.01
Net Profit / Loss on sale of Equities from HTM	0.00
Total unrealized gains (losses)*	0.00
MTM of HTM equities	0.00

**Unrealized gains (losses) recognized in the balance sheet but not through the profit and loss account.*

All our investments in subsidiaries are kept under common equity.

LEVERAGE RATIO (Consolidated)

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III leverage ratio is defined as the ratio of capital measure (the numerator) to exposure measure (the denominator), expressed as a percentage.

The capital measure used for the leverage ratio at any particular point in time is the Tier 1 capital measure applying at that time under the risk-based framework. Total exposure measure is the sum of the on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off- balance sheet (OBS) items.

$$\text{Leverage Ratio} = \frac{(\text{Tier I Capital})}{(\text{Total Exposure})}$$

TABLE DF 17 - SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE.

	Item	(Amount in ₹ Mn.)
1	Total consolidated assets as per published financial statements	2209463.09
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	52288.86
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure (less)	1175.47
4	Adjustments for derivative financial instruments	16066.37
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	60500.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	182641.63
7	Other adjustments	5301.73
8	Leverage ratio exposure	2525086.20

TABLE DF 18 - LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

	Item	Leverage ratio framework (Amount in ₹ Mn.)
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	2267053.67
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	1175.47
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	2265878.20
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	5526.92
5	Add-on amounts for PFE associated with all derivatives transactions	10539.45
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00
9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	**Total derivative exposures (sum of lines 4 to 10)**	**16066.37**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	60500.00
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
14	CCR exposure for SFT assets	0.00
15	Agent transaction exposures	0.00
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**60500.00**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	482875.39
18	(Adjustments for conversion to credit equivalent amounts)	300233.76
19	**Off-balance sheet items (sum of lines 17 and 18)**	**182641.63**
	Capital and total exposures	
20	Tier 1 Capital	184946.98
21	Total exposures (sum of lines 3,11,16 and 19)	**2525086.20**
	Leverage ratio	
22	Basel III leverage ratio	7.32%

**Leverage ratio (Solo): 7.15%*