Independent Auditor's Report

To the Members of HDFC Bank Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of HDFC Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2022, the Profit and Loss Account, the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

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 the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other 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 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 Auditor's Responsibilities for the Audit of the Standalone 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 ("the ICAI") 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements for the 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.

Identification of Non-performing advances (NPA) and provisioning on advances:

Total Loans and Advances (Net of Provision) as at March 31, 2022: ₹ 1,368,821 Crores

Provision for NPA as at March 31, 2022: ₹ 11,733 Crores

(Refer Schedule 9, Schedule 17(C)(2), Schedule 18(13))

Key Audit Matter	How our audit addressed the key audit matter
The Reserve Bank of India's ("RBI") guidelines on Income recognition, asset classification and provisioning ("IRACP") prescribe the prudential norms for the identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets. The Bank is required to have Board approved policy as per IRACP guidelines for NPA identification and provision. The Bank is also required to apply its judgment to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision on NPA is estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard. Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances to certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions. The Management of the Bank also makes an assessment of the impact on borrowers' accounts which were restructured as per RBI Circulars issued to provide relief to the borrowers. Since the identification of NPAs and provisioning for advances require a significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring, and recovery of loans, monitoring overdue / stressed accounts, identification of NPA, provision for NPA, and valuation of security including collateral. Testing of Application controls includes testing of automated controls, reports and system reconciliations. Evaluated the governance process and tested controls over calculations of provision on non-performing advances, basis of provisioning in accordance with the Board approved policy. Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRACP norms and Bank policy. Performed other substantive procedures including but not limited to the following: • Selected samples of performing loans and assessed independently as to whether those should be classified as NPA; • For samples selected examined the security valuation, financial statements and other qualitative information of the borrowers; • Considered 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; • For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts; • Performed 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 particular loan account or any product category which needed to be considered as NPA; • Held specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors; • Selected and tested samples of accounts which were restructured under MSME restructuring circular and Resolution Framework for COVID-19 related stress circular for their compliance with the RBI directions; and • Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Evaluation of litigations included in Contingent Liabilities

Particulars	As at March 31, 2022
Legal Cases	₹ 131 Crores
Taxes	₹ 1,293 Crores

(Refer Schedule 12, Schedule 17(C)(17), Schedules 18(18)(c)(1) & (2))

Key Audit Matter	How our audit addressed the key audit matter
The Bank has material open tax litigations which involve significant judgement to determine the possible outcome of these disputes. Significant management judgement is needed in determining whether an obligation exists and whether a provision should be recognised as at the reporting date, in accordance with the accounting criteria set under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets ('AS 29'), or whether it needs to be disclosed as a contingent liability. Further significant judgements are also involved in measuring such obligations, the most significant of which are: • Assessment of liability: Judgement is involved in the determination of whether an outflow in respect of identified material matters are probable and can be estimated reliably; • Adequacy of provisions: The appropriateness of assumptions and judgements used in the estimation of significant provisions; and • Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities. The Bank's assessment is supported by the facts of matter, their own judgement, experience, and advises from legal and independent tax consultants wherever considered necessary. Since the assessment of these open litigations requires significant level of judgement in interpretation of law, we have included this as a key audit matter.	Our Audit procedures with respect to this matter included: Testing the design and operating effectiveness of the Bank's key controls over the estimation, monitoring and disclosure of provisions and contingent liabilities. Our substantive audit procedures included and were not limited to the following: • Obtained an understanding of the Bank's process for determining tax liabilities, tax provisions and contingent liabilities pertaining to legal matters and taxation matters; • Obtained list of cases / matters in respect of which litigations were outstanding as at reporting date: ➢ For significant legal matters, we sought external confirmations and also corroborated with management's documented conclusions on the assessment of outstanding litigations against the Bank; ➢ For significant taxation matters, we involved our tax specialist to gain an understanding of the current status of the litigations, including understanding of various orders / notices received by the Bank and the management's grounds of appeals before the relevant appellate authorities. • Evaluated the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice; and • Agreed underlying tax balances to supporting documentation, including correspondence with tax authorities. • Assessed the disclosures in the standalone financial statements.

Information Technology ("IT") Systems and Controls	
Key Audit Matter	**How our audit addressed the key audit matter**
The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions are processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	Our Audit procedures with respect to this matter included: For testing the IT general controls, application controls and IT dependent manual controls, we involved specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. Obtained a comprehensive understanding of IT applications implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our test. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Basel III - Pillar 3 disclosures and graphical representation of financial highlights but does not include the financial statements and our auditor's reports thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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 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. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Those Charged with Governance.

Responsibilities of Management and Those charged with Governance for 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 and the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the RBI from time to time (the "RBI Guidelines") as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI Guidelines 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 judgements 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, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

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

As part of an audit in accordance with SAs, we exercise professional judgement 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 internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management of the Bank.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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.

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 auditor's 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.

Report on Other Legal and Regulatory Requirements

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

2. As required by sub-section 3 of Section 30 of the Banking Regulation Act, 1949, 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 and have found them to be satisfactory;

   b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;

   c) Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein, though during the course of our audit we visited 94 branches.

3. 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 purposes 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;

   c) The Balance Sheet, the Profit and Loss Account and the Statement Cash Flows dealt with by this Report are in agreement with the books of account;

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

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

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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, Schedule 17(C)(17) and Schedules 18(18)(c)(1) & (2) 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 Schedule 17(C)(7) and 17(C)(17), Schedule 18(11) and Schedule 18(18)(c) to the standalone financial statements;

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2022;

iv. 1. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, 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 persons / entities, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, 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;

2. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the Bank from any persons / entities, including foreign entities, that the company has directly or indirectly, lend or invest in other persons or entities identified 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;

3. Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (1) and (2) contain any material misstatement; and

v. The Bank has paid dividend during the year which is in compliance with section 123 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended; the Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under section 197 of the Act do not apply.

Other Matter

The audit of standalone financial statements for the year ended March 31, 2021 was conducted by MSKA & Associates, Chartered Accountants, the statutory auditor of the Bank, who had expressed an unmodified opinion on those financial statements. Accordingly, we, M M Nissim & Co LLP, Chartered Accountants, do not express any opinion on the figures reported in the standalone financial statements for the year ended / as at March 31, 2021.

Our opinion on the standalone financial statement is not modified in respect of the above matter.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812AHEKWE1480

Mumbai,
April 16, 2022

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577
UDIN: 22044577AHEOLM8359

Mumbai,
April 16, 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HDFC BANK LIMITED

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of HDFC Bank Limited on the Financial Statements for the year ended March 31, 2022]

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

We have audited the internal financial controls with reference to financial statements of HDFC Bank Limited ("the Bank") as of 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

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of internal financial controls with reference to financial statements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls With reference to Financial Statements

A Bank's internal financial control with reference to financial statements 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 with reference to financial statements 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.

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812AHEKWE1480

Mumbai,
April 16, 2022

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577
UDIN: 22044577AHEOLM8359

Mumbai,
April 16, 2022

Balance Sheet

As at March 31, 2022

₹ in '000

	Schedule	As at March 31, 2022	As at March 31, 2021
CAPITAL AND LIABILITIES			
Capital	1	5,545,541	5,512,776
Reserves and surplus	2	2,395,383,846	2,031,695,513
Deposits	3	15,592,174,400	13,350,602,208
Borrowings	4	1,848,172,073	1,354,873,236
Other liabilities and provisions	5	844,074,643	726,021,504
Total		**20,685,350,503**	**17,468,705,237**
ASSETS			
Cash and balances with Reserve Bank of India	6	1,299,956,352	973,407,363
Balances with banks and money at call and short notice	7	223,312,892	221,296,594
Investments	8	4,555,356,930	4,437,282,921
Advances	9	13,688,209,314	11,328,366,309
Fixed assets	10	60,836,735	49,093,169
Other assets	11	857,678,280	459,258,881
Total		**20,685,350,503**	**17,468,705,237**
Contingent liabilities	12	13,954,422,995	9,710,975,961
Bills for collection		569,680,463	447,481,440
Significant accounting policies and notes to the financial statements The schedules referred to above form an integral part of the Balance Sheet.	17 & 18		

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number:
105047W

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Swapnil Kale
Partner
Membership Number: 117812

Sanjay Khemani
Partner
Membership Number: 044577

Mumbai, April 16, 2022

For and on behalf of the Board

Atanu Chakraborty
Part Time Chairman of the Board

Umesh Chandra Sarangi
Independent Director

M. D. Ranganath
Independent Director

Malay Patel
Independent Director

Lily Vadera
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Profit and Loss Account

For the year ended March 31, 2022

₹ in '000

	Schedule	Year ended March 31, 2022	Year ended March 31, 2021
I INCOME			
Interest earned	13	1,277,531,191	1,208,582,265
Other income	14	295,099,004	252,048,927
Total		**1,572,630,195**	**1,460,631,192**
II EXPENDITURE			
Interest expended	15	557,435,282	559,786,560
Operating expenses	16	374,421,858	327,226,301
Provisions and contingencies [Refer Schedule 18 (23)]		271,159,503	262,453,079
Total		**1,203,016,643**	**1,149,465,940**
III PROFIT			
Net profit for the year		369,613,552	311,165,252
Balance in the Profit and Loss account brought forward		736,527,947	574,924,020
Total		**1,106,141,499**	**886,089,272**
IV APPROPRIATIONS			
Transfer to Statutory Reserve		92,403,388	77,791,313
Dividend pertaining to previous year paid during the year		35,923,960	-
Transfer to General Reserve		36,961,355	31,116,525
Transfer to Capital Reserve		6,664,722	22,916,842
Transfer to / (from) Investment Reserve Account		2,331,331	616,645
Transfer to / (from) Investment Fluctuation Reserve		-	17,120,000
Balance carried over to Balance Sheet		931,856,743	736,527,947
Total		**1,106,141,499**	**886,089,272**
V EARNINGS PER EQUITY SHARE (FACE VALUE ₹ 1 PER SHARE)		₹	₹
Basic		66.80	56.58
Diluted		66.35	56.32
Significant accounting policies and notes to the financial statements The schedules referred to above form an integral part of the Profit and Loss Account.	17 & 18		

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number:
105047W

Swapnil Kale
Partner
Membership Number: 117812

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577

Mumbai, April 16, 2022

For and on behalf of the Board

Atanu Chakraborty
Part Time Chairman of the Board

Umesh Chandra Sarangi
Independent Director

M. D. Ranganath
Independent Director

Malay Patel
Independent Director

Lily Vadera
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Cash Flow Statement

For the year ended March 31, 2022

₹ in '000

	Year ended March 31, 2022	Year ended March 31, 2021
Cash flows from operating activities:		
Profit before income tax	490,154,792	416,589,837
Adjustments for:		
Depreciation on fixed assets	15,998,039	13,024,133
(Profit) / loss on revaluation of investments	(15,463,977)	14,853,243
Amortisation of premium on held to maturity investments	8,213,244	7,654,693
(Profit) / loss on sale of fixed assets	33,388	(15,407)
Provision / charge for non performing assets	106,334,842	116,499,658
Provision for standard assets and contingencies	49,569,684	42,694,827
Dividend from subsidiaries	(8,308,954)	(4,830,434)
Employee Stock Options Expense	3,259,696	-
	649,790,754	**606,470,550**
Adjustments for:		
Increase in investments	(121,951,685)	(525,406,084)
Increase in advances	(2,466,388,983)	(1,509,246,390)
Increase in deposits	2,241,572,192	1,875,579,261
(Increase) / decrease in other assets	(380,235,846)	100,182,759
Increase / (decrease) in other liabilities and provisions	75,178,971	(6,756,511)
	(2,034,597)	**540,823,585**
Direct taxes paid (net of refunds)	(140,052,624)	(125,875,723)
Net cash flows (used in) / from operating activities	**(142,087,221)**	**414,947,862**
Cash flows from investing activities:		
Purchase of fixed assets	(21,407,866)	(16,173,763)
Proceeds from sale of fixed assets	182,956	141,637
Dividend from subsidiaries	8,308,954	4,830,434
Net cash flow used in investing activities	**(12,915,956)**	**(11,201,692)**
Cash flows from financing activities:		
Proceeds from issue of share capital, net of issue expenses	26,097,614	17,600,995
Proceeds from issue of Additional Tier I capital bonds	81,627,500	-
Redemption of Tier II capital bonds	(36,500,000)	(11,050,000)
Net proceeds / (repayments) in other borrowings	446,616,337	(80,362,136)
Dividend paid during the year	(35,923,960)	-
Net cash flow from / (used in) financing activities	**481,917,491**	**(73,811,141)**
Effect of exchange fluctuation on translation reserve	**1,650,973**	**(1,418,252)**
Net increase in cash and cash equivalents	**328,565,287**	**328,516,777**
Cash and cash equivalents as at April 1st	**1,194,703,957**	**866,187,180**
Cash and cash equivalents as at March 31st	**1,523,269,244**	**1,194,703,957**

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number:
105047W

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Swapnil Kale
Partner
Membership Number: 117812

Sanjay Khemani
Partner
Membership Number: 044577

For and on behalf of the Board

Atanu Chakraborty
Part Time Chairman of the Board

Umesh Chandra Sarangi
Independent Director

M. D. Ranganath
Independent Director

Malay Patel
Independent Director

Lily Vadera
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Mumbai, April 16, 2022

Schedules to the Financial Statements

As at March 31, 2022

SCHEDULE 1 - CAPITAL

₹ in '000

	As at March 31, 2022	As at March 31, 2021
Authorised capital		
6,50,00,00,000 (31 March, 2021 : 6,50,00,00,000) Equity Shares of ₹ 1/- each	6,500,000	6,500,000
Issued, subscribed and paid-up capital		
5,54,55,40,976 (31 March, 2021 : 5,51,27,76,482) Equity Shares of ₹ 1/- each	5,545,541	5,512,776
Total	**5,545,541**	**5,512,776**

SCHEDULE 2 - RESERVES AND SURPLUS

₹ in '000

		As at March 31, 2022	As at March 31, 2021
I	**Statutory reserve**		
	Opening balance	423,605,693	345,814,380
	Additions during the year	92,403,388	77,791,313
	Total	**516,009,081**	**423,605,693**
II	**General reserve**		
	Opening balance	167,607,883	136,491,358
	Additions during the year	36,961,355	31,116,525
	Total	**204,569,238**	**167,607,883**
III	**Balance in profit and loss account**	**931,856,743**	**736,527,947**
IV	**Share premium account**		
	Opening balance	605,126,833	587,555,328
	Additions during the year	26,064,849	17,571,505
	Total	**631,191,682**	**605,126,833**
V	**Amalgamation reserve**		
	Opening balance	10,635,564	10,635,564
	Additions during the year	-	-
	Total	**10,635,564**	**10,635,564**
VI	**Capital reserve**		
	Opening balance	49,564,566	26,647,724
	Additions during the year	6,664,722	22,916,842
	Total	**56,229,288**	**49,564,566**
VII	**Investment reserve**		
	Opening balance	616,645	-
	Additions during the year	2,398,701	616,645
	Deductions during the year	(67,370)	-
	Total	**2,947,976**	**616,645**
VIII	**Investment fluctuation reserve**		
	Opening balance	36,190,000	19,070,000
	Additions during the year	-	17,120,000
	Total	**36,190,000**	**36,190,000**
IX	**Foreign currency translation account**		
	Opening balance	1,820,382	3,238,634
	Additions / (deductions) during the year	1,650,973	(1,418,252)
	Total	**3,471,355**	**1,820,382**
X	**Cash flow hedge reserve**		
	Opening balance	-	-
	Additions / (deductions) during the year	(976,777)	-
	Total	**(976,777)**	**-**

₹ in '000

		As at March 31, 2022	As at March 31, 2021
XI	**Employees stock options reserve**		
	Opening balance	-	-
	Additions during the year	3,259,696	-
	Total	**3,259,696**	**-**
	Total	**2,395,383,846**	**2,031,695,513**

SHEDULE 3 - DEPOSITS

₹ in '000

			As at March 31, 2022	As at March 31, 2021
A	**I**	**Demand deposits**		
		(i) From banks	55,508,311	38,701,928
		(ii) From others	2,337,597,681	2,083,119,132
	Total		**2,393,105,992**	**2,121,821,060**
	II	**Savings bank deposits**	**5,117,385,438**	**4,035,000,577**
	III	**Term deposits**		
		(i) From banks	98,018,897	106,458,399
		(ii) From others	7,983,664,073	7,087,322,172
	Total		**8,081,682,970**	**7,193,780,571**
	Total		**15,592,174,400**	**13,350,602,208**
B	**I**	**Deposits of branches in India**	**15,490,951,433**	**13,291,717,787**
	II	**Deposits of branches outside India**	**101,222,967**	**58,884,421**
	Total		**15,592,174,400**	**13,350,602,208**

SCHEDULE 4 - BORROWINGS

₹ in '000

		As at March 31, 2022	As at March 31, 2021
I	**Borrowings in India**		
	(i) Reserve Bank of India	90,200,000	90,200,000
	(ii) Other banks	7,001,848	8,860,455
	(iii) Other institutions and agencies	842,557,858	659,354,025
	(iv) Upper and lower tier II capital and innovative perpetual debts	134,770,000	171,270,000
	(v) Bonds and Debentures (excluding subordinated debt)	236,750,000	186,750,000
	Total	**1,311,279,706**	**1,116,434,480**
II	**Borrowings outside India**	**536,892,367**	**238,438,756**
	Total	**1,848,172,073**	**1,354,873,236**

Secured borrowings included in I and II above: Nil (previous year: Nil) except borrowings of ₹ 24,204.49 crore (previous year: ₹ 44,625.92 crore) under repurchase transactions (including tri-party repo) and transactions under Liquidity Adjustment Facility.

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

₹ in '000

		As at March 31, 2022	As at March 31, 2021
I	Bills payable	130,937,438	124,241,904
II	Interest accrued	67,482,314	62,334,334
III	Others *(including provisions)*	580,028,887	486,411,605
IV	Contingent provisions against standard assets	65,626,004	53,033,661
	Total	**844,074,643**	**726,021,504**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

₹ in '000

		As at March 31, 2022	As at March 31, 2021
I	Cash in hand *(including foreign currency notes)*	112,044,402	106,925,639
II	Balances with Reserve Bank of India:		
	(a) In current accounts	817,771,950	594,421,724
	(b) In other accounts	370,140,000	272,060,000
	Total	**1,187,911,950**	**866,481,724**
	Total	**1,299,956,352**	**973,407,363**

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

₹ in '000

		As at March 31, 2022	As at March 31, 2021
I	**In India**		
	(i) Balances with banks:		
	(a) In current accounts	3,227,259	8,333,753
	(b) In other deposit accounts	119,869	9,869
	Total	**3,347,128**	**8,343,622**
	(ii) Money at call and short notice:		
	(a) With banks	-	-
	(b) With other institutions	4,913,271	-
	Total	**4,913,271**	**-**
	Total	**8,260,399**	**8,343,622**
II	**Outside India**		
	(i) In current accounts	73,622,217	110,344,840
	(ii) In deposit accounts	20,204,262	3,909,632
	(iii) Money at call and short notice	121,226,014	98,698,500
	Total	**215,052,493**	**212,952,972**
	Total	**223,312,892**	**221,296,594**

SCHEDULE 8 - INVESTMENTS

₹ in '000

		As at March 31, 2022	As at March 31, 2021
A	**Investments in India in**		
	(i) Government securities	3,665,273,063	3,511,410,385
	(ii) Other approved securities	-	-
	(iii) Shares	4,855,855	4,332,926
	(iv) Debentures and bonds	647,083,638	617,897,218
	(v) Subsidiaries / joint ventures	38,264,875	38,264,875
	(vi) Others (Units, CDs, CPs, PTCs and security receipts)	173,655,256	241,696,270
	Total	**4,529,132,687**	**4,413,601,674**
B	**Investments outside India in**		
	(i) Government securities (including Local Authorities)	2,275,818	5,936,075
	(ii) Other investments		
	(a) Shares	26,426	35,024
	(b) Debentures and bonds	23,921,999	17,710,148
	Total	**26,224,243**	**23,681,247**
	Total	**4,555,356,930**	**4,437,282,921**

SCHEDULE 9 - ADVANCES

₹ in '000

		As at March 31, 2022	As at March 31, 2021
A	(i) Bills purchased and discounted	290,524,179	345,427,765
	(ii) Cash credits, overdrafts and loans repayable on demand	4,334,112,539	3,630,544,900
	(iii) Term loans	9,063,572,596	7,352,393,644
	Total	**13,688,209,314**	**11,328,366,309**
B	(i) Secured by tangible assets*	9,031,012,224	7,618,839,623
	(ii) Covered by bank / government guarantees	483,870,294	393,758,390
	(iii) Unsecured	4,173,326,796	3,315,768,296
	Total	**13,688,209,314**	**11,328,366,309**
	* *Includes advances against stock and book debts of ₹ 175,547.78 crore (previous year: ₹ 131,211.86 crore)*		
C	**I** Advances in India		
	(i) Priority sector	3,889,850,541	2,574,675,399
	(ii) Public sector	1,356,938,096	1,199,082,740
	(iii) Banks	68,862,972	85,383,854
	(iv) Others	7,944,406,589	7,153,125,825
	Total	**13,260,058,198**	**11,012,267,818**
C	**II** Advances outside India		
	(i) Due from banks	49,098,849	55,276,539
	(ii) Due from others		
	(a) Bills purchased and discounted	2,548,344	63,490
	(b) Syndicated loans	5,418,892	8,347,907
	(c) Others	371,085,031	252,410,555
	Total	**428,151,116**	**316,098,491**
	Total	**13,688,209,314**	**11,328,366,309**

(Advances are net of provisions)

SCHEDULE 10 - FIXED ASSETS

₹ in '000

		As at March 31, 2022	As at March 31, 2021
A	**Premises** *(including land)*		
	Gross block		
	At cost on 31 March of the preceding year	20,283,839	18,636,852
	Additions during the year	1,667,165	1,745,137
	Deductions during the year	(130,218)	(98,150)
	Total	**21,820,786**	**20,283,839**
	Depreciation		
	As at 31 March of the preceding year	6,908,835	6,341,803
	Charge for the year	715,944	660,308
	On deductions during the year	(112,842)	(93,276)
	Total	**7,511,937**	**6,908,835**
	Net block	**14,308,849**	**13,375,004**
B	**Other fixed assets** *(including furniture and fixtures)*		
	Gross block		
	At cost on 31 March of the preceding year	124,715,562	111,296,870
	Additions during the year	26,294,103	16,176,309
	Deductions during the year	(4,949,973)	(2,757,617)
	Total	**146,059,692**	**124,715,562**
	Depreciation		
	As at 31 March of the preceding year	88,997,397	79,272,764
	Charge for the year	15,285,413	12,360,893
	On deductions during the year	(4,751,004)	(2,636,260)
	Total	**99,531,806**	**88,997,397**
	Net block	**46,527,886**	**35,718,165**
C	**Assets on lease** *(plant and machinery)*		
	Gross block		
	At cost on 31 March of the preceding year	4,546,923	4,546,923
	Additions during the year	-	-
	Total	**4,546,923**	**4,546,923**
	Depreciation		
	As at 31 March of the preceding year	4,104,467	4,104,467
	Charge for the year	-	-
	Total	**4,104,467**	**4,104,467**
	Lease adjustment account		
	As at 31 March of the preceding year	442,456	442,456
	Charge for the year	-	-
	Total	**442,456**	**442,456**
	Unamortised cost of assets on lease	-	-
	Total	**60,836,735**	**49,093,169**

SCHEDULE 11 - OTHER ASSETS

₹ in '000

		As at March 31, 2022	As at March 31, 2021
I	Interest accrued	134,467,710	118,762,922
II	Advance tax / tax deducted at source (net of provisions)	42,693,607	36,071,347
III	Stationery and stamps	420,769	434,856
IV	Non banking assets acquired in satisfaction of claims	512,211	512,557
V	Bond and share application money pending allotment	-	225,000
VI	Security deposit for commercial and residential property	5,687,636	5,483,331
VII	Others*	673,896,347	297,768,868
	Total	**857,678,280**	**459,258,881**

**Includes deferred tax asset (net) of ₹ 6,229.67 crore (previous year: ₹ 4,937.76 crore) and deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 44,738.08 crore (previous year: ₹ 9,320.37 crore)*

SCHEDULE 12 - CONTINGENT LIABILITIES

₹ in '000

		As at March 31, 2022	As at March 31, 2021
I	Claims against the bank not acknowledged as debts - taxation	12,931,485	12,677,596
II	Claims against the bank not acknowledged as debts - others	1,311,797	2,275,100
III	Liability for partly paid investments	-	-
IV	Liability on account of outstanding forward exchange contracts	6,551,871,752	4,964,726,675
V	Liability on account of outstanding derivative contracts	5,897,615,819	3,577,046,284
VI	Guarantees given on behalf of constituents - in India	833,910,325	751,195,338
	- outside India	3,524,321	1,800,917
VII	Acceptances, endorsements and other obligations	615,639,684	376,536,252
VIII	Other items for which the bank is contingently liable	37,617,812	24,717,799
	Total	**13,954,422,995**	**9,710,975,961**

SCHEDULE 13 - INTEREST EARNED

₹ in '000

		Year ended March 31, 2022	Year ended March 31, 2021
I	Interest / discount on advances / bills	985,120,227	948,345,362
II	Income from investments	260,461,338	232,142,691
III	Interest on balance with RBI and other inter-bank funds	25,523,700	23,412,507
IV	Others	6,425,926	4,681,705
	Total	**1,277,531,191**	**1,208,582,265**

SCHEDULE 14 - OTHER INCOME

₹ in '000

		Year ended March 31, 2022	Year ended March 31, 2021
I	Commission, exchange and brokerage	195,365,747	161,693,202
II	Profit / (loss) on sale of investments (net)	7,362,434	53,523,204
III	Profit / (loss) on revaluation of investments (net)	15,463,977	(14,853,243)
IV	Profit / (loss) on sale of building and other assets (net)	706,725	484,014
V	Profit / (loss) on exchange / derivative transactions (net)	39,079,094	24,384,132
VI	Income earned by way of dividends from subsidiaries / associates and / or joint ventures abroad / in India	8,308,954	4,830,434
VII	Miscellaneous income	28,812,073	21,987,184
	Total	**295,099,004**	**252,048,927**

SCHEDULE 15 - INTEREST EXPENDED

₹ in '000

		Year ended March 31, 2022	Year ended March 31, 2021
I	Interest on deposits	489,089,952	501,433,080
II	Interest on RBI / inter-bank borrowings	68,189,380	58,225,908
III	Other interest	155,950	127,572
	Total	**557,435,282**	**559,786,560**

SCHEDULE 16 - OPERATING EXPENSES

₹ in '000

		Year ended March 31, 2022	Year ended March 31, 2021
I	Payments to and provisions for employees	120,316,860	103,647,937
II	Rent, taxes and lighting	16,408,506	16,981,899
III	Printing and stationery	5,285,712	4,291,454
IV	Advertisement and publicity	2,161,308	954,746
V	Depreciation on bank's property	15,998,039	13,024,133
VI	Directors' fees / remuneration, allowances and expenses	70,825	51,433
VII	Auditors' fees and expenses	62,572	46,273
VIII	Law charges	2,548,186	1,366,427
IX	Postage, telegram, telephone etc.	5,697,517	4,807,651
X	Repairs and maintenance	17,259,357	16,162,822
XI	Insurance	19,093,514	17,228,235
XII	Other expenditure*	169,519,462	148,663,291
	Total	**374,421,858**	**327,226,301**

** Includes professional fees, commission to sales agents, card and merchant acquiring expenses and system management fees.*

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements for the year ended March 31, 2022

A BACKGROUND

HDFC Bank Limited ('HDFC Bank' or 'the Bank'), incorporated in Mumbai, India is a publicly held banking company engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The Bank has overseas branch operations in Bahrain, Hong Kong, Dubai and Offshore Banking Unit at International Financial Service Centre (IFSC), GIFT City, India. The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches of the Bank.

B BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021, in so far as they apply to banks.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and necessary assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting year. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

C PRINCIPAL ACCOUNTING POLICIES

1 Investments

Classification:
In accordance with the RBI guidelines, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories (hereinafter called "categories"). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines. 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.

Purchase and sale transactions in securities are accounted on settlement date except in the case of equity shares which are accounted on trade date.

Basis of classification:
Investments that are held for resale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified under HTM category. Investments in the equity of subsidiaries / joint ventures are categorised as HTM. Investments which are not classified in either of the above categories are classified under AFS category.

Acquisition cost:
Brokerage, commission, etc. and broken period interest on debt instruments are recognised in the Profit and Loss Account and are not included in the cost of acquisition.

Disposal of investments:
Profit / Loss on sale of investments under the aforesaid three categories is recognised in the Profit and Loss Account. Cost of investments is based on the weighted average cost method. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is appropriated from the Profit and Loss Account to "Capital Reserve".

Short sale:
The Bank undertakes short sale transactions in Central Government dated securities. The short position is categorised under HFT category and netted off from investments. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / Loss on short sale is recognised on settlement date.

Valuation:
Investments classified under AFS and HFT categories are marked to market individually and depreciation / appreciation is aggregated for each group and net depreciation in each group is provided and net appreciation is ignored.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges or prices published by Financial Benchmarks India Pvt Ltd.

(FBIL) with Fixed Income Money Market and Derivatives Association (FIMMDA) as the calculating agent. Investments denominated in foreign currencies are valued based on the prices provided by market information providers such as Bloomberg, Refinitiv, etc.

The market value of unquoted government of India securities, state government securities and special bonds such as oil bonds, fertilizer bonds, etc. issued by the government of India is computed as per the prices published by FBIL with FIMMDA as the calculating agent.

The valuation of other unquoted fixed income securities (viz. other approved securities and bonds and debentures), and preference shares, is done with appropriate mark-up, i.e. applicable FIMMDA published credit spread over the Yield to Maturity (YTM) rates for government of India securities as published by FBIL with FIMMDA as the calculating agent.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at ₹ 1 for each company.

Units of mutual funds are valued at the latest net asset value declared by the respective schemes of the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.

Investments in Security receipts (SR) and unquoted units of Infrastructure Investment Trust (InvIT) are valued as per the net asset value provided by the issuing Asset Reconstruction Company and InvIT trust respectively.

Investments in unquoted Venture Capital Fund (VCF) are categorised, at the discretion of the Bank, under HTM category for an initial period of three years and valued at cost during this period. Such investments are transferred to the AFS category after the said period of three years. Investments in AFS category are valued at NAV shown by the VCF in its financial statements. Units are valued based on the latest audited financials of the VCF, if available or at ₹ 1 per VCF as per the RBI guidelines.

Pass Through Certificates (PTC) including Priority Sector-PTCs are valued by using FIMMDA credit spread as applicable for the NBFC category, based on the credit rating of the respective PTC over the YTM rates for government of India securities published by FBIL with FIMMDA as the calculating agent.

Net depreciation, if any, compared to the acquisition cost, in any of the six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation provided earlier. The book value of individual securities is not changed on such revaluation of investments.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income from investments. Any diminution, other than temporary, in the value of investments in HTM category is provided for.

Non-performing investments are identified and provision are made thereon based on the RBI guidelines. The provision on such non-performing investments are not set off against the appreciation in respect of other performing investments. Interest on non-performing investments is not recognised until received.

Repurchase and reverse repurchase transactions:
Repurchase (Repo) and reverse repurchase (Reverse Repo) transactions are reflected as borrowing and lending transactions respectively.

Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

2 Advances

Classification:
Advances are classified as performing and non-performing based on the RBI guidelines and are stated net of bills rediscounted, inter-bank participation with risk, specific provisions, interest in suspense for non-performing advances, claims received from Credit Guarantors, provisions for funded interest term loan and provision for diminution in the fair value of restructured assets.

Provisioning:
Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of advances, subject to the minimum provisioning prescribed by the RBI.

The specific provision for retail non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policy. Recoveries from bad debts written-off are included under other income.

In relation to derivative contracts with non-performing borrowers, the Bank makes provision for the entire amount of overdue and future receivables relating to positive marked to market value of the said derivative contracts.

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 and gold. In the case of overseas branches, general provision on standard assets is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. Provision for standard assets is included under other liabilities.

In addition to the above, the Bank on a prudent basis makes provisions on advances or exposures which are not NPAs, but has reasons to believe on the basis of the extant environment or specific information or basis regulatory guidance / instructions, of a possible slippage of a specific advance or a group of advances or exposures or potential exposures. These are classified as contingent provisions and included under other liabilities.

Provisions made in addition to the Bank's policy for specific loan loss provisions for non-performing assets, possible slippage of specific exposures and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors. Floating provisions are used only for contingencies under extraordinary circumstances and for making specific provisions for non-performing accounts. Floating provisions are included under other liabilities.

Further to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures (other than for home country exposure). Countries are categorised into risk categories as per Export Credit Guarantee Corporation of India Ltd. ('ECGC') guidelines and provisioning is done in respect of that country where the net funded exposure is one percent or more of the Bank's total assets. Provision for country risk is included under other liabilities.

In accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution frameworks for COVID-19 related stress and its Board approved policy, the Bank has implemented resolution plans for eligible borrowers. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.

3 Securitisation and transfer of assets

Assets transferred through securitisation and direct assignment of cash flows are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received. Sales / transfers that do not meet true sale criteria are accounted for as borrowings. For a securitisation or direct assignment transaction, the Bank recognises profit upon receipt of the funds and loss is recognised at the time of sale.

On sale of stressed assets, if the sale is at a price below the net book value (i.e., funded outstanding less specific 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 when the sum of cash received by way of initial consideration and / or redemption or transfer of security receipts issued by SC / RC exceeds the net book value of the loan at the time of transfer.

In respect of stressed assets sold under an asset securitisation, where the investment by the bank in security receipts (SRs) backed by the assets sold by it is more than 10 percent of such SRs, provisions held are higher of the provisions required in terms of net asset value declared by the Securitisation Company ('SC') / Reconstruction Company ('RC') and provisions as per the extant norms applicable to the underlying loans, notionally treating the book value of these SRs as the corresponding stressed loans assuming the loans remained in the books of the Bank.

The Bank invests in Pass Through Certificates (PTCs) issued by other Special Purpose Vehicles (SPVs). These are accounted at acquisition cost and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised based on effective interest rate method.

The Bank transfers advances through inter-bank participation with and without risk. In the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances. In case where the Bank is assuming risk by participation, the aggregate amount of the participation is classified under advances. In the case of issue of participation certificate without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is acquiring participation certificate, the aggregate amount of participation acquired is shown as due from banks under advances.

4 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. 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	Estimated useful life specified under Schedule II of the Companies Act, 2013
Owned Premises	61 years	60 years
Automated Teller Machines (ATMs)	10 years	15 years
Electrical equipments and installations	6 to 10 years	10 years
Office equipments	3 to 6 years	5 years
Computers	3 years	3 years
Modems, routers, switches, servers, network and related IT equipments	3 to 6 years	6 years
Motor cars	4 years	8 years
Furniture and fittings	16 years	10 years

- Improvements to lease hold premises are amortised over the remaining primary period of lease.
- Software and system development expenditure is depreciated over a period of 5 years.
- Point of sales terminals are depreciated over a period of 4 years.
- For assets purchased and sold during the year, depreciation is provided on pro-rata basis.
- Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.
- Profit on sale of immovable property net of taxes and transfer to statutory reserve, are transferred to capital reserve account.
- Assets (other than POS terminals) costing less than ₹ 5,000 individually, are fully depreciated in the year of purchase.

5 Impairment of assets

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their estimated recoverable amount.

6 Translation of foreign currency items

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at the weekly average closing rates and of non-integral foreign operations (foreign branches and offshore banking units) at the monthly average closing rates.

Foreign currency monetary items of domestic and integral foreign operations are translated at the closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) as at the Balance Sheet date and the resulting net revaluation profit or loss arising due to a net open position in any foreign currency is recognised in the Profit and Loss Account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until disposal of the non-integral foreign operations in accordance with AS - 11, The Effects of Changes in Foreign Exchange Rates and the extant RBI guidelines.

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

7 Foreign exchange and derivative contracts

Foreign exchange spot and forward contracts, both deliverable and non-deliverable, outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities. The USD-INR exchange rate for valuation of contracts having longer maturities i.e. greater than one year, is derived using the USD-INR spot rate as well as relevant INR yield curve and USD yield curve. For other currency pairs, the forward points (for rates / tenors not published by FEDAI) are obtained from Refinitiv or Bloomberg for valuation of the forex deals. Valuation is considered on present value basis. For this purpose, the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Profit and Loss Account. Foreign exchange contracts are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

Foreign exchange forward contracts not intended for trading, that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction, and are outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

The Bank recognises 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 date. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

The Bank as part of its risk management strategy, makes use of financial derivative instruments, including foreign exchange forward contracts, for hedging the risk embedded in some of its financial assets or liabilities recognised on the balance sheet. The Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge effectiveness is ascertained at the time of the inception of the hedge and at the reporting date thereafter.

In case of a fair value hedge, the changes in the fair value of the hedging instruments and hedged items are recognised in the Profit and Loss Account and in case of cash flow hedges, the changes in fair value of effective portion are recognised in Reserves and Surplus under 'Cash flow hedge reserve' and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. The accumulated balance in the cash flow hedge reserve, in an effective hedging relationship, is recycled in the Profit and Loss Account at the same time that the impact from the hedged item is recognised in the Profit and Loss Account.

8 Revenue recognition

Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of non-performing assets and overdue interest on retail EMI based performing advances, which are recognised when realised. In case of domestic advances, where interest is collected on rear end basis, such interest is accounted on receipt basis in accordance with the RBI communication.

Interest income on investments in PTCs and loans bought out through the direct assignment route is recognised at their effective interest rate.

Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.

Loan processing fee is recognised as income when due. Syndication / Arranger fee is recognised as income when a significant act / milestone is completed.

Gain / loss on sell down of loans is recognised in line with the extant RBI guidelines.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

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

Fees paid / received for priority sector lending certificates (PSLC) is recognised on straight-line basis over the period of the certificate.

9 Employee benefits

Employee Stock Option Scheme (ESOS):

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Bank to its employees and whole time directors. The options granted to employees vest as per their vesting schedule and these may be exercised by the employees within a specified period.

The Bank follows the intrinsic value method to account for its stock-based employee compensation plans in respect of options granted up to March 31, 2021. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any is amortised over the vesting period.

Effective April 01, 2021, the fair value of share-linked instruments on the date of grant for all instruments granted after March 31, 2021 is recognised as an expense in accordance with the RBI guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff. The fair value of the stock-based employee compensation is estimated using Black-Scholes model. The compensation cost is amortised on a straight-line basis over the vesting period of the option with a corresponding credit to Employee Stock Options Reserve. On exercise of the stock options, corresponding balance in Employee Stock Options Reserve is transferred to Share Premium. In respect of the options which expire unexercised, the balance standing to the credit of Employee Stock Options Reserve is transferred to General Reserve.

Gratuity:

The Bank has an obligation towards gratuity, a defined benefit retirement plan covering all eligible employees. The plan benefit vests upon completion of five years of service and is in the form of lump sum amount, without an upper limit, equivalent to 15 days' basic salary payable for each completed year of service to all eligible employees on resignation, retirement, death while in employment or on termination of employment. The Bank makes contributions to a recognised Gratuity Trust administered by trustees and whose funds are managed by insurance companies. In respect of erstwhile Lord Krishna Bank (eLKB) employees, the Bank makes contribution to a fund set up by eLKB and administered by the Board of Trustees.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15, Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. The actuarial calculations entails assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss Account.

Superannuation:

The Bank has a Superannuation Plan under which employees of the Bank, above a prescribed grade, are entitled to receive retirement benefits either through salary or under a defined contribution plan. For those opting for a defined contribution plan, the Bank contributes a sum equivalent to 13% of the employee's eligible annual basic salary (15% for the whole time directors and for certain eligible employees of the erstwhile Centurion Bank of Punjab (eCBoP) staff) to a Trust administered by trustees and whose funds are managed by insurance companies. The Bank has no liability towards future superannuation fund benefits other than its contribution and recognises such contribution as an expense in the year incurred.

Provident fund:

The Bank is covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and accordingly all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 15,000/- per month, to the Pension Scheme administered by the Regional Provident Fund Office. The balance amount of the 12% employer's share is contributed to an exempted Trust set up by the Bank and administered by a Board of Trustees. The Bank recognises such contributions as an expense in the year in which it is incurred.

Interest payable to the members of the exempted trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Bank.

The guidance note on implementing AS-15, Employee Benefits, states that benefits involving employer established provident funds, which require interest shortfalls to be provided, are to be considered as defined benefit plans. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability is made.

The overseas branches of the Bank make contribution to the respective applicable government social security scheme calculated as a percentage of the employees' salaries. The Bank's obligations are limited to these contributions, which are expensed when due, as such contribution is in the nature of defined contribution.

Pension:

In respect of pension payable to certain eLKB employees under the Lord Krishna Bank (Employees) Pension Scheme, which is a defined benefit scheme, the Bank contributes 10% of basic salary to a pension trust set up by the Bank and administered by the Board of Trustees and an additional amount towards the liability shortfall based on an independent actuarial valuation as at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases and interest rates.

In respect of certain eLKB employees who had moved to a Cost to Company (CTC) based compensation structure and had completed less than 15 years of service, the contribution which was made until then, is maintained as a fund and will be converted into annuity on separation after a lock-in-period of two years. For this category of employees, liability stands frozen and no additional provision is required except for interest as applicable to Provident Fund, which is provided for.

In respect of certain eLKB employees who moved to a CTC structure and had completed service of more than 15 years, pension would be paid on separation based on salary applicable as on the date of movement to CTC structure. Provision thereto is made based on an independent actuarial valuation as at the Balance Sheet date.

National Pension Scheme (NPS):
In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution and recognises such contributions as an expense in the year incurred.

10 Debit and credit card reward points

The Bank estimates the probable redemption of debit and credit card reward points and cost per point using an actuarial method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends. Provisions for liabilities on the outstanding reward points are made based on an independent actuarial valuation as at the Balance Sheet date and included in other liabilities and provisions.

11 Bullion

The Bank imports bullion including precious metal bars on a consignment basis. The imports are typically on a back-to-back basis and are priced to the customer based on the price quoted by the supplier. The difference between the price recovered from customers and cost of bullion is accounted at the time of sale to the customers and reported as "Other Income".

The Bank also deals in bullion on a borrowing and lending basis and the interest thereon is accounted as interest expense / income respectively.

12 Lease accounting

Lease payments including cost escalation for assets taken on operating lease are recognised in the Profit and Loss Account over the lease term on a straight-line basis in accordance with the AS-19, Leases.

13 Income tax

Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards) and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carried forward, if any. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates as at the Balance Sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised.

14 Earnings per share

The Bank reports basic and diluted earnings per equity share in accordance with AS-20, Earnings per Share. Basic earnings per equity share has been computed by dividing net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted to equity during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and the dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

15 Share issue expenses

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

16 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

17 Accounting for provisions, contingent liabilities and contingent assets

In accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets, the Bank recognises provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

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 the 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 recognised 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 recognised in the financial statements since this may result in the recognition of income that may never be realised.

18 Cash and cash equivalents

Cash and cash equivalents include cash including foreign currency notes and gold in hand, balances with RBI, balances with other banks and money at call and short notice.

19 Corporate social responsibility

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

SCHEDULE 18 - Notes forming part of the financial statements for the year ended March 31, 2022

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

1. Dividend

The Reserve Bank of India (RBI), vide its notification dated April 22, 2021 mentioned that banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty per cent of the amount determined as per the dividend payout ratio prescribed by RBI. Accordingly, the Bank has paid dividend of ₹ 6.50 per equity share of ₹ 1/- each aggregating to ₹ 3,592.40 crore, for the financial year ended March 31, 2021.

2. Proposed scheme of amalgamation

The Board of Directors at its meeting held on April 04, 2022, approved a composite Scheme of amalgamation ("Scheme"), for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, into and with Housing Development Finance Corporation Limited ("HDFC Limited"); and thereafter (ii) HDFC Limited into HDFC Bank Limited, and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws including the rules and regulations. The share exchange ratio shall be 42 equity shares of face value of ₹ 1/- each of the Bank for every 25 equity shares of face value of ₹ 2/- each of HDFC Limited. The Scheme is subject to the receipt of requisite approvals from statutory and regulatory authorities, and the respective shareholders and creditors, under applicable law.

As per the scheme, the appointed date for the amalgamation of HDFC Limited with and into the Bank shall be the effective date of the scheme. Upon the scheme becoming effective, the Bank will issue equity shares to the shareholders of HDFC Limited as on the record date. The equity shares held by HDFC Limited in the Bank will be extinguished as per the scheme.

3. Change in accounting policy

The RBI, vide its clarification dated August 30, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all 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 employee stock options granted after March 31, 2021. The fair value is estimated on the date of grant using Black-Scholes model and is recognised as compensation expense over the vesting period. As a result, 'Employees cost' for the year ended March 31, 2022 is higher by ₹ 325.97 crore with a consequent reduction in profit after tax by the said amount.

4. Capital adequacy

The Bank's capital to risk-weighted assets ratio ('Capital Adequacy Ratio') is calculated in accordance with the RBI guidelines on Basel III capital regulations ('Basel III'). The phasing in of the minimum capital ratio requirement under Basel III is as follows:

(% of RWAs)

Minimum ratio of capital to risk-weighted assets	As at March 31,		
	2020	2021	2022
Common Equity Tier 1 (CET 1)	7.575	7.575	8.200
Tier 1 capital	9.075	9.075	9.700
Total capital	11.075	11.075	11.700

The above minimum CET 1, Tier 1 and total capital ratio requirements include Capital Conservation Buffer (CCB) and additional capital applicable to our Bank being Domestic-Systemically Important Bank (D-SIB).

The Bank's capital adequacy ratio computed under Basel III is given below:

(₹ crore)

Particulars	As at March 31, 2022	2021
CET 1 capital	225,585.50	190,602.36
Additional Tier 1 capital	16,221.25	7,985.00
Tier 1 capital	241,806.75	198,587.36
Tier 2 capital	13,927.75	13,958.94
Total capital	**255,734.50**	**212,546.30**
Total risk weighted assets	**1,353,510.85**	**1,131,143.88**
Capital adequacy ratios under Basel III		
CET 1	16.67%	16.85%
Tier 1	17.87%	17.56%
Tier 2	1.03%	1.23%
Total	**18.90%**	**18.79%**
Leverage Ratio	10.62%	10.40%
Percentage of the shareholding of Government of India	Nil	Nil
Amount of non-equity Tier 1 capital raised during the year, of which:	8,318.25	Nil
Basel III compliant Perpetual Debt instrument	8,318.25	Nil
Amount of Tier 2 capital raised during the year, of which:	Nil	Nil
Basel III compliant Non-cumulative Subordinated bonds	Nil	Nil

As on March 31, 2022, the Bank's subordinated and perpetual debt capital instruments amounted to ₹ 5,477.00 crore (previous year: ₹ 9,127.00 crore) and ₹ 16,318.25 crore (previous year: ₹ 8,000.00 crore) respectively.

In accordance with the RBI guidelines, banks are required to make consolidated Pillar 3 and Net Stable Funding Ratio (NSFR) disclosures under the Basel III Framework. These disclosures are available on the Bank's website at the following link: https://www.hdfcbank.com/personal/resources/regulatory-disclosures. The disclosures have not been subjected to audit by the statutory auditors of the Bank.

Capital infusion

During the year ended March 31, 2022, the Bank has allotted 3,27,64,494 equity shares (previous year: 2,94,90,022 equity shares) aggregating to face value of ₹ 3.27 crore (previous year: ₹ 2.95 crore) on exercise of stock options. Accordingly, the share capital increased by ₹ 3.27 crore (previous year: ₹ 2.95 crore) and the share premium increased by ₹ 2,606.48 crore (previous year: ₹ 1,757.15 crore).

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

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening balance	551.28	548.33
Addition pursuant to stock options exercised	3.27	2.95
Closing balance	554.55	551.28

5. Earnings per equity share

Basic and diluted earnings per equity share of the Bank have been calculated based on the net profit after tax of ₹ 36,961.36 crore (previous year: ₹ 31,116.53 crore) and the weighted average number of equity shares outstanding during the year of 5,53,32,03,566 (previous year: 5,49,96,68,151).

Following is the reconciliation between the basic and diluted earnings per equity share:

Particulars	For the years ended	
	March 31, 2022	March 31, 2021
Nominal value per share (₹)	1.00	1.00
Basic earnings per share (₹)	66.80	56.58
Effect of potential equity shares (per share) (₹)	(0.45)	(0.26)
Diluted earnings per share (₹)	66.35	56.32

Basic earnings per equity share of the Bank has been computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share has been computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. The dilutive impact is on account of stock options granted to employees by the Bank. There is no impact of dilution on the profits in the current year and previous year.

Following is the reconciliation of the weighted average number of equity shares used in the computation of basic and diluted earnings per share:

Particulars	For the years ended	
	March 31, 2022	March 31, 2021
Weighted average number of equity shares used in computing basic earnings per equity share	5,53,32,03,566	5,49,96,68,151
Effect of potential equity shares outstanding	3,77,30,419	2,57,50,092
Weighted average number of equity shares used in computing diluted earnings per equity share	5,57,09,33,985	5,52,54,18,243

6. Reserves and Surplus

Statutory Reserve

The Bank has made an appropriation of ₹ 9,240.34 crore (previous year: ₹ 7,779.13 crore) out of profits for the year ended March 31, 2022 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

General Reserve

The Bank has made an appropriation of ₹ 3,696.14 crore (previous year: ₹ 3,111.65 crore) out of profits for the year ended March 31, 2022 to the General Reserve.

Capital Reserve

During the year ended March 31, 2022, the Bank has appropriated ₹ 666.47 crore (previous year: ₹ 2,291.68 crore), being the profit from sale of investments under HTM category and profit on sale of immovable properties, net of taxes and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve.

Investment Reserve Account

During the year ended March 31, 2022, the Bank has appropriated ₹ 233.13 crore (net) (previous year: ₹ 61.66 crore (net)) from Profit and Loss Account to Investment Reserve Account as per the RBI guidelines.

Investment Fluctuation Reserve

During the year ended March 31, 2022, the Bank made transfer of Nil (previous year: ₹ 1,712.00 crore) to Investment Fluctuation Reserve. As per RBI guidelines, banks were required to create an Investment Fluctuation Reserve (IFR) equivalent to 2.00% of their HFT and AFS investment portfolios by March 31, 2021. The balance in the IFR as at March 31, 2022 is 2.28% (previous year: 2.00%) of the Bank's HFT and AFS investment portfolios.

Cash Flow Hedge Reserve

During the year ended March 31, 2022, the Bank has recognised ₹ (97.68) crore (previous year: Nil) as Cash Flow Hedge Reserve on derivative contracts designated as cash flow hedge.

Employee Stock Option Reserve

During the year ended March 31, 2022, the Bank has recognised ₹ 325.97 crore (previous year: Nil) as Employee Stock Option Reserve on account of fair valuation of share-linked instruments.

Draw down from Reserves

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2022 and March 31, 2021.

7. Accounting for employee share based payments

The shareholders of the Bank approved the grant of equity share options under Plan "C" in June 2005, Plan "D" in June 2007, Plan "E" in June 2010, Plan "F" in June 2013 and Plan "G" in July 2016. Under the terms of each of these Plans, the Bank may issue to its employees and Whole Time Directors, Equity Stock Options ('ESOPs') each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweaty Equity) Regulations, 2021 and RBI guidelines to the extent applicable.

Plans C, D, E, F and G provide for the issuance of options at the recommendation of the Nomination and Remuneration Committee of the Board ('NRC') at the closing price on the working day immediately preceding the date when options are granted. This closing price is the closing price of the Bank's equity share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

The vesting conditions applicable to the options are at the discretion of the NRC. These options are exercisable on vesting, for a period as set forth by the NRC at the time of the grant. The period in which the options may be exercised cannot exceed five years from date of expiry of vesting period. During the financial year 2021-22, certain modifications were made in the subsisting ESOP Plans pursuant to the approval of the shareholders of the Bank as to allow any employee of the Bank moving / getting transferred to a subsidiary company, to be so entitled to the stock options already granted to such an employee as continuity of service for Long Term Incentives earned during the course of his / her service with the Bank.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2022:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	16,81,68,760	1,063.79
Granted during the year	2,56,28,600	1,427.29
Exercised during the year	3,27,64,494	796.52
Forfeited / Lapsed during the year	29,26,850	1,196.30
Options outstanding, end of year	15,81,06,016	1,175.65
Options exercisable	6,53,21,116	1,036.49

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	14,28,65,602	899.03
Granted during the year	5,74,66,600	1,235.80
Exercised during the year	2,94,90,022	596.85
Forfeited / Lapsed during the year	26,73,420	1,107.22
Options outstanding, end of year	16,81,68,760	1,063.79
Options exercisable	6,44,53,260	834.48

- The following table summarises the information about stock options outstanding as at March 31, 2022:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan F	417.75 to 731.08	1,75,64,766	1.07	666.77
Plan G	882.85 to 1,516.95	14,05,41,250	2.70	1,239.25

- The following table summarises the information about stock options outstanding as at March 31, 2021:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	417.75	9,700	0.32	417.75
Plan F	417.75 to 731.08	3,49,74,270	1.48	610.67
Plan G	882.85 to 1,235.80	13,31,84,790	3.18	1,182.83

In accordance with the RBI clarification dated August 30, 2021, the Bank has estimated the fair value of the options granted after March 31, 2021 using Black-Scholes model. This is recognised as compensation expense over the vesting period of the options with effect from April 01, 2021.

The assumptions considered in the model for valuing the ESOPs granted during the year ended March 31, 2022 are given below:

Particulars	March 31, 2022
Dividend yield	0.21% to 0.52%
Expected volatility	23.86% to 38.70%
Risk - free interest rate	4.38% to 6.07%
Expected life of the options	1 to 6 Years

8. Other liabilities

- The Bank held provisions towards standard assets amounting to ₹ 6,562.60 crore as at March 31, 2022 (previous year: ₹ 5,303.37 crore). These are included under other liabilities.

  ✓ Provision for standard assets is made @ 0.25% for direct advances to agriculture and Small and Micro Enterprises (SMEs) sectors, @ 1% for advances to commercial real estate sector, @ 0.75% for advances to commercial real estate - residential housing sector, @ 5% on restructured standard advances, @ 2% until after one year from the date on which the rates are reset at higher rates for housing loans offered at a comparatively lower rate of interest in the first few years and @ 2% on all exposures to the wholly owned step down subsidiaries of the overseas subsidiaries of Indian companies, sanctioned / renewed after December 31, 2015.

  ✓ Provision is maintained at rates higher than the regulatory minimum, on standard advances based on evaluation of the risk and stress in various sectors as per the policy approved by the Board of the Bank.

  ✓ In accordance with regulatory guidelines and based on the information made available by its customers to the Bank, for exposures to customers who have not hedged their foreign currency exposures, provision for standard assets is made at levels ranging up to 0.80% depending on the likely loss the entities could incur on account of exchange rate movements.

  ✓ Provision for standard assets of overseas branches is made at higher of rates prescribed by the overseas regulator or RBI.

  ✓ For all other loans and advances including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, provision for standard assets is made @ 0.40%.

  ✓ In accordance with RBI guidelines, an additional provision is made @ 3% on the incremental exposure to the "Specified Borrowers" (except NBFCs / HFCs) beyond normally permitted lending limit (NPLL) as defined by RBI.

- Other liabilities include contingent provisions of ₹ 9,684.88 crore as at March 31, 2022 (previous year: ₹ 5,861.17 crore) in respect of advances.

- The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other liabilities as at March 31, 2022 include unrealised loss on foreign exchange and derivative contracts of ₹ 7,464.74 crore (previous year: ₹ 8,127.65 crore).

9. Unhedged foreign currency exposure

The Bank has in place a policy and process for managing currency induced credit risk. The credit appraisal memorandum prepared at the time of origination and review of a credit facility is required to discuss the exchange risk that the customer is exposed to from all sources, including trade related, foreign currency borrowings and external commercial borrowings. It could cover the natural hedge available to the customer as well as other hedging methods adopted by the customer to mitigate exchange risk. For foreign currency loans granted by the Bank beyond a defined threshold the customer is encouraged to enter into appropriate risk hedging mechanisms with the Bank. Alternatively, the Bank satisfies itself that the customer has the financial capacity to bear the exchange risk in the normal course of its business and / or has other mitigants to reduce the risk. On a monthly basis, the Bank reviews information on the unhedged portion of foreign currency exposures of customers, whose total foreign currency exposure with the Bank exceeds a defined threshold. Based on the monthly review, the Bank proposes suitable hedging techniques to the customer to contain the risk. A Board approved credit risk rating linked limit on unhedged foreign currency position of customers is applicable when extending credit facilities to a customer. The compliance with the limit is assessed by estimating the extent of drop in a customer's annual Earnings Before Interest and Depreciation ('EBID') due to a potentially large adverse movement in exchange rate impacting the unhedged foreign currency exposure of the customer. Where a breach is observed in such a simulation, the customer is advised to reduce its unhedged exposure.

In accordance with RBI guidelines, as at March 31, 2022 the Bank holds standard asset provisions of ₹ 355.00 crore (previous year: ₹ 230.31 crore) and maintains capital (including CCB & D-SIB) of ₹ 1,412.67 crore (previous year: ₹ 918.77 crore) in respect of the unhedged foreign currency exposure of its customers.

10. Investments

Composition of investments as at March 31, 2022:

(₹ crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others	Total Investments in India	Government Securities (including local authorities)	Subsidiaries and / or joint ventures	Others	Total Invest-ments outside India	
Held to Maturity												
Gross	285,210.50	-	-	8,160.52	3,826.49	13.35	297,210.86	-	-	-	-	297,210.86
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	285,210.50	-	-	8,160.52	3,826.49	13.35	297,210.86	-	-	-	-	297,210.86
Available for Sale												
Gross	79,925.94	-	530.96	56,184.73	-	16,373.52	153,015.15	230.31	-	2,394.84	2,625.15	155,640.30
Less: Provision for depreciation and NPI	(291.93)	-	(45.38)	-	-	-	(337.31)	(2.73)	-	-	(2.73)	(340.04)
Net	79,634.01	-	485.58	56,184.73	-	16,373.52	152,677.84	227.58	-	2,394.84	2,622.42	155,300.26
Held for Trading												
Gross	1,684.07	-	-	363.53	-	1,047.56	3,095.16	-	-	-	-	3,095.16
Less: Provision for depreciation and NPI	(1.27)	-	-	(0.42)	-	(68.90)	(70.59)	-	-	-	-	(70.59)
Net	1,682.80	-	-	363.11	-	978.66	3,024.57	-	-	-	-	3,024.57
Total Investments	366,820.51	-	530.96	64,708.78	3,826.49	17,434.43	453,321.17	230.31	-	2,394.84	2,625.15	455,946.32
Less: Provision for non-performing investments for HTM category	-	-	-	-	-	-	-	-	-	-	-	-

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others	Total Investments in India	Government Securities (including local authorities)	Subsidiaries and / or joint ventures	Others	Total Investments outside India	
Less: Provision for depreciation and NPI for AFS and HFT categories	(293.20)	-	(45.38)	(0.42)	-	(68.90)	(407.90)	(2.73)	-	-	(2.73)	(410.63)
Net	**366,527.31**	**-**	**485.58**	**64,708.36**	**3,826.49**	**17,365.53**	**452,913.27**	**227.58**	**-**	**2,394.84**	**2,622.42**	**455,535.69**

Composition of investments as at March 31, 2021:

(₹ crore)

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others	Total Investments in India	Government Securities (including local authorities)	Subsidiaries and / or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	251,779.64	-	-	8,034.79	3,826.49	12.19	263,653.11	-	-	-	-	263,653.11
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	251,779.64	-	-	8,034.79	3,826.49	12.19	263,653.11	-	-	-	-	263,653.11
Available for Sale												
Gross	98,850.71	-	494.09	50,289.24	-	19,998.52	169,632.56	600.69	-	1,774.51	2,375.20	172,007.76
Less: Provision for depreciation and NPI	(443.03)	-	(60.79)	-	-	-	(503.82)	(7.08)	-	-	(7.08)	(510.90)
Net	98,407.68	-	433.30	50,289.24	-	19,998.52	169,128.74	593.61	-	1,774.51	2,368.12	171,496.86
Held for Trading												

	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Deben-tures and Bonds	Subsidiaries and / or joint ventures	Others	Total Invest-ments in India	Government Securities (including local authorities)	Subsidiaries and / or joint ventures	Others	Total Invest-ments outside India	
Gross	953.74	-	-	3,465.68	-	4,499.78	8,919.20	-	-	-	-	8,919.20
Less: Provision for depreciation and NPI	(0.02)	-	-	-	-	(340.86)	(340.88)	-	-	-	-	(340.88)
Net	953.72	-	-	3,465.68	-	4,158.92	8,578.32	-	-	-	-	8,578.32
Total Investments	351,584.09	-	494.09	61,789.71	3,826.49	24,510.49	442,204.87	600.69	-	1,774.51	2,375.20	444,580.07
Less: Provision for non-performing investments for HTM category	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI for AFS and HFT categories	(443.05)	-	(60.79)	-	-	(340.86)	(844.70)	(7.08)	-	-	(7.08)	(851.78)
Net	**351,141.04**	**-**	**433.30**	**61,789.71**	**3,826.49**	**24,169.63**	**441,360.17**	**593.61**	**-**	**1,774.51**	**2,368.12**	**443,728.29**

- *Other investments in India as at March 31, 2022 include investments in commercial paper aggregating to ₹ 146.82 crore (previous year: ₹ 977.86 crore) and Nil certificate of deposits (previous year: Nil).*
- *Other Investment outside India as at March 31, 2022 includes shares of ₹ 2.64 crore (previous year: ₹ 3.50 crore) and bonds and debentures of ₹ 2,392.20 crore (previous year: ₹ 1,771.01 crore).*

- ## Movement in provisions held towards depreciation on investments & Investment Fluctuation Reserve:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
i) Movement in provisions held towards depreciation on investments		
a) Opening balance	851.78	978.47
b) Add: Provision made during the year (including provision on non-performing investments)	12.00	790.99
c) Less: Write-off, write back of excess provision during the year	453.15	917.68
d) Closing balance	410.63	851.78
ii) Movement of Investment Fluctuation Reserve		
a) Opening balance	3,619.00	1,907.00
b) Add: Amount transferred during the year	-	1,712.00
c) Less: Drawdown	-	-
d) Closing balance	3,619.00	3,619.00
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT category	2.28%	2.00%

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

- ## Repo transactions

✓ Details of repo / reverse repo deals excluding tri-party repo / reverse repo (in face value terms) done during the year ended March 31, 2022:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2022
Securities sold under repo				
1. Government securities	9,020.00	34,381.25	10,466.70	14,465.00
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo				
1. Government securities	8,968.09	131,685.88	65,670.26	35,746.89
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-

- Details of repo / reverse repo deals excluding tri-party repo / reverse repo (in face value terms) done during the year ended March 31, 2021:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2021
Securities sold under repo				
1. Government securities	1,747.44	35,747.72	11,871.55	13,939.92
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo				
1. Government securities	3,840.10	135,217.76	61,602.21	24,948.85
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-

- Details of tri-party repo / reverse repo deals (in amount of funds borrowed or lent terms) done during the year ended March 31, 2022:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2022
Securities sold under tri-party repo				
1. Government securities	-	70,080.05	33,659.03	9,799.00
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under tri-party repo				
1. Government securities	-	44,926.80	432.45	-
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-

- Details of tri-party repo / reverse repo deals (in amount of funds borrowed or lent terms) done during the year ended March 31, 2021:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2021
Securities sold under tri-party repo				
1. Government securities	-	62,412.35	28,907.14	30,706.00
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under tri-party repo				
1. Government securities	-	1,000.00	2.74	-
2. Corporate debt securities	-	-	-	-
3. Any other securities	-	-	-	-

- ## Non-SLR investment portfolio

  - Issuer-wise composition of non-SLR investments as at March 31, 2022:

(₹ crore)

Sr. No.	Issuer	Amount	Extent of private placement #	Extent of "below investment grade" securities# (1)	Extent of "unrated" securities# (2)	Extent of "unlisted" securities# (2)
1	Public sector undertakings	9,373.42	7,770.27	-	-	-
2	Financial institutions	5,467.21	1,865.00	-	-	-
3	Banks	3,676.36	1,889.77	1,715.19	-	-
4	Private corporate	49,264.41	31,047.96	-	11.45	2,900.71
5	Subsidiaries / Joint Ventures (3)	3,826.49	3,826.49	-	-	-
6	Others	17,517.92	16,240.06	-	-	-
7	Provision held towards depreciation	(117.43)				
	Total	89,008.38	62,639.55	1,715.19	11.45	2,900.71

\# *Amounts reported under these columns are not mutually exclusive.*

(1) *Includes overseas investment of ₹ 1,715.19 crore in bond and debentures issued by entities having domicile in India, where the issuer rating given by domestic rating agencies is above investment grade.*

(2) *Excludes investments in securities issued by foreign sovereigns, equity shares, units of equity oriented mutual fund schemes, equity / debt instruments / units issued by venture capital funds, commercial paper, certificate of deposits, securities acquired by way of conversion of debt, security receipts, pass through certificates and unlisted convertible debentures.*

(3) *Investments in debt securities issued by Subsidiaries / Joint Ventures have been classified under Private Corporates.*

- Issuer-wise composition of non-SLR investments as at March 31, 2021:

(₹ crore)

Sr. No.	Issuer	Amount	Extent of private placement#	Extent of "below investment grade" securities# (1)	Extent of "unrated" securities# (2)	Extent of "unlisted" securities# (2)
1	Public sector undertakings	7,058.68	6,505.03	-	-	-
2	Financial institutions	3,490.82	1,200.00	-	-	-
3	Banks	3,642.70	255.40	1,427.68	-	-
4	Private corporate	50,843.98	36,117.38	1,021.46	0.44	2,640.09
5	Subsidiaries / Joint Ventures (3)	3,826.49	3,826.49	-	-	-
6	Others	24,133.31	19,032.85	-	-	-
7	Provision held towards depreciation	(408.73)				
	Total	92,587.25	66,937.15	2,449.14	0.44	2,640.09

\# *Amounts reported under these columns are not mutually exclusive.*

(1) *Includes overseas investment of ₹ 1,449.14 crore in bond and debentures issued by entities having domicile in India, where the issuer rating given by domestic rating agencies is above investment grade.*

(2) *Excludes investments in securities issued by foreign sovereigns, equity shares, units of equity oriented mutual fund schemes, equity / debt instruments / units issued by venture capital funds, commercial paper, certificate of deposits, securities acquired by way of conversion of debt, security receipts, pass through certificates and unlisted convertible debentures.*

(3) *Investments in debt securities issued by Subsidiaries / Joint Ventures have been classified under Private Corporates.*

- Non-performing non-SLR investments:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening balance	82.44	82.44
Additions during the year	-	-
Reductions during the year	47.41	-
Closing balance	35.03	82.44
Total provisions held	35.03	60.79

• Securities kept as margin

The details of securities that are kept as margin are as under:

(₹ crore)

Sr. No.	Particulars	Face value as at March 31, 2022	2021
I.	Securities kept as margin with Clearing Corporation of India towards:		
	a) Collateral and funds management - Securities segment	5,300.00	2,120.00
	b) Collateral and funds management - Tri-party Repo	59,013.79	62,361.84
	c) Default fund - Forex Forward segment	235.10	150.00
	d) Default fund - Forex Settlement segment	51.05	51.05
	e) Default fund - Rupee Derivatives (Guaranteed Settlement) segment	65.65	48.00
	f) Default fund - Securities segment	65.00	65.00
	g) Default fund - Tri-party repo segment	55.00	50.00
II.	Securities kept as margin with the RBI towards:		
	a) Real Time Gross Settlement (RTGS)	50,539.64	51,725.77
	b) Repo transactions	49,971.80	49,959.91
III.	Securities kept as margin with National Securities Clearing Corporation of India (NSCCIL) towards NSE Currency Derivatives segment.	107.72	107.72
IV.	Securities kept as margin with Indian Clearing Corporation Limited towards BSE Currency Derivatives segment.	161.00	161.00
V.	Securities kept as margin with Metropolitan Clearing Corporation of India towards MCX Currency Derivatives segment.	13.00	13.00

- **Sale and transfers to / from HTM category**
  - During the year ended March 31, 2022, there has been no sale from, and transfer to / from, HTM category in excess of 5% of the book value of investments held in the HTM category at the beginning of the year.
  - In accordance with the RBI guidelines, sale from, and transfer to / from, HTM category exclude:
    a. The one-time transfer of securities to / from HTM category with the approval of Board of Directors undertaken by banks at the beginning of the accounting year;
    b. Direct sales from HTM for bringing down SLR holdings in HTM category consequent to a downward revision in SLR requirements by RBI;
    c. Sales to the Reserve Bank of India under liquidity management operations of RBI such as the Open Market Operations (OMO) and the Government Securities Acquisition Programme (GSAP);
    d. Repurchase of Government Securities by Government of India from banks under buyback / switch operations;
    e. Repurchase of State Development Loans by respective state governments under buyback / switch operations; and
    f. Additional shifting of securities explicitly permitted by the Reserve Bank of India.

11. Derivatives

- **Forward Rate Agreements (FRA) / Interest Rate Swaps (IRS)***

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
i)	The total notional principal of swap agreements	518,928.08	317,188.20
ii)	Total losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	3,011.67	3,251.25
iii)	Collateral required by the Bank upon entering into swaps***	-	17.10
iv)	Concentration of credit risk arising from swaps (%)**	47.17%	62.04%
v)	Concentration of credit risk arising from swaps (Amount)**	1,420.65	2,017.07
vi)	The fair value of the swap book	255.15	(141.37)

* *Interest Rate Swaps are comprised of INR Interest Rate Swaps and FCY Interest Rate Swaps.*

** *Concentration of credit risk arising from swaps is with banks as at March 31, 2022 and March 31, 2021.*

*** *Represents outstanding amount of net margin received from customers as at March 31, 2022 and March 31, 2021.*

The nature and terms of Rupee IRS outstanding as at March 31, 2022 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	2	600.00	INCMT	Floating receivable v/s fixed payable
Trading	3,609	220,044.98	OIS	Fixed receivable v/s floating payable
Trading	4,041	222,466.69	OIS	Floating receivable v/s fixed payable
Trading	2	1,000.00	MIOIS	Floating receivable v/s fixed payable
Trading	425	28,418.85	MIFOR	Fixed receivable v/s floating payable
Trading	99	5,209.83	MIFOR	Floating receivable v/s fixed payable
Trading	27	2,040.00	MOD MIFOR	Fixed receivable v/s floating payable
Trading	18	995.00	MOD MIFOR	Floating receivable v/s fixed payable
Total		**480,775.35**		

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

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	60.05	GBP SONIA	Fixed receivable v/s floating payable
Trading	1	60.05	GBP SONIA	Floating receivable v/s fixed payable
Trading	4	161.22	EURIBOR	Fixed receivable v/s floating payable
Trading	8	434.95	EURIBOR	Floating receivable v/s fixed payable
Trading	42	5,742.58	USD LIBOR	Fixed receivable v/s floating payable
Trading	205	24,189.96	USD LIBOR	Floating receivable v/s fixed payable
Trading	4	463.50	USD SOFR	Fixed receivable v/s floating payable
Trading	16	1,979.35	USD SOFR	Floating receivable v/s fixed payable
Total		**33,091.66**		

The nature and terms of Forward Rate Agreement as on March 31, 2022 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	214	5,061.07	Bond Yield	Sell FRA
Total		**5,061.07**		

The nature and terms of Rupee IRS outstanding as at March 31, 2021 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	2	600.00	INCMT	Floating receivable v/s fixed payable
Trading	2,414	115,869.21	OIS	Fixed receivable v/s floating payable
Trading	2,288	117,077.25	OIS	Floating receivable v/s fixed payable
Trading	566	32,993.50	MIFOR	Fixed receivable v/s floating payable
Trading	281	13,465.00	MIFOR	Floating receivable v/s fixed payable
Total		**280,004.96**		

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

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	91.25	GBP LIBOR	Fixed receivable v/s floating payable
Trading	1	91.25	GBP LIBOR	Floating receivable v/s fixed payable
Trading	2	37.77	EURIBOR	Fixed receivable v/s floating payable
Trading	6	316.46	EURIBOR	Floating receivable v/s fixed payable
Trading	84	9,350.78	USD LIBOR	Fixed receivable v/s floating payable
Trading	227	25,206.95	USD LIBOR	Floating receivable v/s fixed payable
Total		**35,094.46**		

The nature and terms of Forward Rate Agreement as on March 31, 2021 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	66	2,088.78	Bond Yield	Sell FRA
Total		**2,088.78**		

- **Exchange traded interest rate derivatives**

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
i)	The total notional principal amount of exchange traded interest rate derivatives undertaken during the years reported	Nil	Nil
ii)	The total notional principal amount of exchange traded interest rate derivatives outstanding	Nil	Nil
iii)	The notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.
iv)	Mark to market value of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.

- **Qualitative disclosures on risk exposure in derivatives**

Overview of business and processes

Derivatives are financial instruments whose characteristics are derived from underlying assets, or from interest rates, exchange rates or indices. These include forwards, swaps, futures and options. The notional amounts of financial instruments such as foreign exchange contracts and derivatives provide a basis for comparison with the 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 following sections outline the nature and terms of the derivative transactions generally undertaken by the Bank.

Interest rate contracts

Forward rate agreements give the buyer the ability to determine the underlying rate of interest for a specified period commencing on a specified future date (the settlement date). The underlying rate of interest could be an interest rate curve, interest rate index or bond yield. There is no exchange of principal and settlement is effected on the settlement date. The settlement amount is the difference between the contracted rate and the market rate prevailing on the settlement date discounted for the interest period of the agreement.

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 caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. The writer of the contract pays the amount by which the market rate exceeds or is less than the cap rate or the floor rate respectively. A combination of interest rate caps and floors can create structures such as interest rate collar, cap spreads and floor spreads.

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

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at an agreed exchange rate on a future date. These instruments are carried at fair value, determined based on either FEDAI rates or market quotations.

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 an agreed exchange rate 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 on a certain date in the future, at a specified price. The contract specifies the rate of exchange between one unit of currency with another.

The Bank's derivative transactions relate to sales and trading activities. Sale activities include the structuring and marketing of derivatives to customers to enable them to hedge their market risks (both interest rate and exchange risks), within the regulatory framework as applicable from time to time. The Bank deals in derivatives on its own account (trading activity) principally for the purpose of generating a profit from short term fluctuations in price yields or implied volatility. The Bank also deals in derivatives to hedge the risk embedded in some of its Balance Sheet assets or liabilities.

Constituents involved in derivative business

The Treasury front-office enters into derivative transactions with customers and inter-bank counterparties. The Bank has an independent back-office and mid-office as per regulatory guidelines. The Bank has credit risk and market risk departments, as part of the Risk Management Group, that assesses counterparty credit risk and market risk limits, within the risk architecture and processes of the Bank.

Derivative policy

The Bank has in place a Derivative policy which covers various aspects that apply to the functioning of the derivative business. The derivative business is administered through various market risk limits such as position limits, tenor limits, sensitivity limits, scenario based profit and loss limit for option portfolio, stop loss trigger levels and value-at-risk limits that are recommended by the Risk Policy and Monitoring Committee ('RPMC') to the Board of Directors for approval. All methodologies that are used to assess market and credit risks for derivative transactions are specified by the credit risk and market risk units. Limits are monitored on a daily basis by the mid-office.

The Bank has a Board approved policy on Customer Suitability & Appropriateness, which forms part of the Derivative policy, to ensure that derivative transactions entered into are appropriate and suitable to the customer's nature of business / operations. Before entering into a derivative deal with a customer, the Bank scores the customer on various risk parameters and based on the overall score level it determines the kind of product that best suits its risk appetite and the customer's requirements.

Classification of derivatives book

The derivative book is classified into trading and hedging book. Classification of the derivative book is made on the basis of the definitions of the trading and hedging specified in the RBI guidelines. The trading book is managed within the trading limits recommended by the RPMC and approved by the Board of Directors.

Hedging policy

For derivative contracts designated as hedging instruments, the Bank documents, at inception of the hedge, the relationship between the hedging instrument and the hedged item, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge effectiveness is measured by the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument using various qualitative and quantitative methods.

The hedging book consists of transactions to hedge Balance Sheet assets or liabilities. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability. The Bank as part of its risk management strategy, makes use of financial derivative instruments, including foreign exchange forward contracts, for hedging the risk embedded in some of its financial assets or liabilities recognised on the balance sheet. In case of a fair value hedge, the changes in the fair value of the hedging instruments and hedged items are recognised in the Profit and Loss Account and in case of cash flow hedges other than for foreign exchange forward contracts, the changes in fair value of effective portion are recognised in Reserves and Surplus under 'Cash flow hedge reserve' and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. The accumulated balance in the cash flow hedge reserve, in an effective hedging relationship, is recycled in the Profit and Loss Account at the same time that the impact from the hedged item is recognised in the Profit and Loss Account. Foreign exchange forward contracts not intended for trading, that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction, and are outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The premia or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

- **Provisioning, collateral and credit risk mitigation**

The Bank enters into derivative transactions with counterparties based on their business ranking and financial position. The Bank sets up appropriate limits upon evaluating the ability of the counterparty to honour its obligations in the event of crystallisation of the exposure. Appropriate credit covenants are stipulated where required, as trigger events to call for collaterals or terminate a transaction and contain the risk. Further, to mitigate the current exposure in non-centrally cleared forex and derivative transactions, Bank has entered into Credit Support Annex ('CSA') agreements with some of the major international counterparty banks and few Indian financial institutions.

The Bank, at the minimum, conforms to the RBI guidelines with regard to provisioning requirements. Overdue receivables representing crystallised positive mark to market value of a derivative contract are transferred to the account of the borrower and treated as non-performing assets, if these remain unpaid for 90 days or more. Full provision is made for the entire amount of overdue and future receivables relating to positive marked to market value of non-performing derivative contracts.

- **Quantitative disclosure on risk exposure in derivatives**

(₹ crore)

Sr. No.	Particulars	Currency derivatives		Interest rate derivatives	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
1	Derivatives (notional principal amount)				
	a) Hedging	7,579.25	-	-	-
	b) Trading	62,860.03	40,074.83	519,322.30	317,629.80
2	Marked to market positions				
	a) Asset (+)	1,108.41	922.74	3,019.64	3,253.93
	b) Liability (-)	(672.91)	(594.51)	(2,764.49)	(3,395.30)
	c) Net	435.50	328.23	255.15	(141.37)
3	Credit exposure	3,983.65	3,077.28	6,896.91	5,423.27
4	Likely impact of one percentage change in interest rate (100*PV01)**				
	a) On hedging derivatives	2.82	-	-	-
	b) On trading derivatives	49.06	32.08	501.21	187.97
5	Maximum of 100*PV01 observed during the year**				
	a) On hedging*	5.05	-	-	-
	b) On trading	57.78	43.07	527.62	187.97
6	Minimum of 100*PV01 observed during the year**				
	a) On hedging*	1.97	-	-	-
	b) On trading	33.04	18.83	272.28	0.34

* *Computed for the month end dates where hedge deals were outstanding.*

** *Amounts given are absolute values on a net basis, excluding currency options.*

✓ *As at March 31, 2022, the notional principal amount of outstanding foreign exchange contracts classified as trading amounted to ₹ 655,187.18 crore (previous year: ₹ 496,472.67 crore). There were no foreign exchange contracts classified as hedging outstanding as at March 31, 2022 (previous year: Nil).*

✓ *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.*

✓ *For the purpose of this disclosure, currency derivatives include currency options purchased and sold and cross currency swaps.*

✓ *For the purpose of this disclosure, interest rate derivatives include interest rate swaps, forward rate agreements and interest rate caps and floors.*

✓ *The Bank has computed the maximum and minimum of PV01 for the year based on the balances as at the end of every month.*

✓ *In respect of derivative contracts, the Bank has computed the exposure under the Current Exposure Method for counterparty credit risk capital computation based on the guidelines issued by RBI on "Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines" dated March 30, 2021. However, for the purpose of calculating product-wise derivative exposure as mentioned in point number 3 in table above, bank has calculated using Current Exposure Method ('CEM') without netting benefits and the balance outstanding as on March 31, 2022.*

12. Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2022 (previous year: Nil).

13. Asset quality

- **Classification of assets and provisions held as at March 31, 2022:**

(₹ crore)

	Standard	Non-Performing				Total
	Total Standard Advances	Substandard	Doubtful	Loss	Total Non-Performing Assets	
Gross Standard Advances and NPAs ^						
Opening Balance	1,128,309.31	8,100.47	5,392.69	1,592.84	15,086.00	1,143,395.31
Add: Additions during the year					26,861.43	
Less: Reductions during the year*					25,806.47	
Closing balance	1,364,413.25	8,392.21	6,347.08	1,401.67	16,140.96	1,380,554.21
*Reductions in Gross NPAs due to:						
i) Upgradation*					9,485.80	
ii) Recoveries (excluding recoveries from upgraded accounts)					6,890.80	
iii) Technical / Prudential Write-offs						
iv) Write-offs other than those under (iii) above					9,429.87	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	5,303.37	3,836.02	5,102.32	1,592.84	10,531.18	15,834.55
Add: Fresh provisions made during the year					17,771.79	
Less: Excess provision reversed / Write-off loans					16,569.69	
Closing balance of provisions held	6,562.60	4,165.31	6,166.30	1,401.67	11,733.28	18,295.88
Net NPAs						
Opening Balance		4,264.45	290.37	-	4,554.82	
Add: Fresh additions during the year					9,089.64	
Less: Reductions during the year					9,236.78	
Closing Balance		4,226.90	180.78	-	4,407.68	

^ *NPAs include investments and foreign exchange and derivatives aggregating to ₹ 39.99 crore (previous year: ₹ 86.67 crore) that are classified as non-performing by the Bank.*

* *includes those accounts where all overdue have been paid.*

• Classification of assets and provisions held as at March 31, 2021:

(₹ crore)

	Standard	Non-Performing				Total
	Total Standard Advances	Substandard	Doubtful	Loss	Total Non-Performing Assets	
Gross Standard Advances and NPAs ^						
Opening Balance	990,167.42	7,308.53	4,335.42	1,006.02	12,649.97	1,002,817.39
Add: Additions during the year					16,040.01	
Less: Reductions during the year*					13,603.98	
Closing balance	1,128,309.31	8,100.47	5,392.69	1,592.84	15,086.00	1,143,395.31
*Reductions in Gross NPAs due to:						
i) Upgradation*					1,601.63	
ii) Recoveries (excluding recoveries from upgraded accounts)					2,713.27	
iii) Technical / Prudential Write-offs					-	
iv) Write-offs other than those under (iii) above					9,289.08	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	4,437.86	3,973.67	4,127.92	1,006.02	9,107.61	13,545.47
Add: Fresh provisions made during the year					13,027.95	
Less: Excess provision reversed / Write-off loans					11,604.38	
Closing balance of provisions held	5,303.37	3,836.02	5,102.32	1,592.84	10,531.18	15,834.55
Net NPAs						
Opening Balance		3,334.86	207.50	-	3,542.36	
Add: Fresh additions during the year					3,012.06	
Less: Reductions during the year					1,999.60	
Closing Balance		4,264.45	290.37	-	4,554.82	

^ *NPAs include investments and foreign exchange and derivatives aggregating to ₹ 86.67 crore (previous year: ₹ 90.59 crore) that are classified as non-performing by the Bank.*

* *includes those accounts where all overdue have been paid.*

• Technical or prudential write-offs

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the books of the branches, but have been written-off (fully or partially) at the head office level. The financial accounting systems of the Bank are integrated and there are no write-offs done by the Bank which remain outstanding in the books of the branches. Movement in the stock of technically or prudentially written-off accounts is given below:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening balance of technical / prudential write-offs	-	-
Technical / Prudential write-offs during the year	-	-
Recoveries made from previously technically / prudentially written-off accounts during the year	-	-
Closing balance of technical / prudential write-offs	-	-

- ## Floating provisions

Floating provision of ₹ 1,451.28 crore (previous year: ₹ 1,451.28 crore) has been included under "Other Liabilities". Movement in floating provision is given below:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening balance	1,451.28	1,451.28
Provisions made / reinstated during the year	-	-
Draw down made during the year	-	-
Closing balance	1,451.28	1,451.28

Floating provisions shall be utilised as per the Board approved policy for contingencies under extraordinary circumstances and for making specific provision for impaired accounts in accordance with the RBI guidelines / directives.

Ratios	March 31, 2022	March 31, 2021
Gross non-performing assets to gross advances[1]	1.17%	1.32%
Gross non-performing advances to gross advances	1.17%	1.31%
Percentage of net non-performing assets[2] to net advances[3]	0.32%	0.40%
Provision coverage ratio[4]	72.69%	69.81%

1 *Gross advances are net of bills rediscounted and interest in suspense.*

2 *Net NPAs are non-performing assets net of specific provisions, claims received from Credit Guarantors, provisions for funded interest term loans classified as NPAs and provisions in lieu of diminution in the fair value of restructured assets classified as NPAs.*

3 *Net advances are equivalent to gross advances net of specific loan loss provisions, claims received from Credit Guarantors, provision for funded interest term loans classified as NPA and provisions in lieu of diminution in the fair value of restructured assets.*

4 *Provision coverage ratio does not include assets written-off.*

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), had directed banks that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020.

The Interim Order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

- ## Divergence in the asset classification and provisioning

In terms of the RBI guidelines, banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever the additional provisioning assessed / additional gross NPAs identified by RBI exceeds the threshold specified by RBI. The threshold for provisioning is 10 per cent of the reported profit before provisions and contingencies for the reference period and that for additional gross NPAs is 15 per cent of the published incremental Gross NPAs for the reference period.

There was no divergence in asset classification and provisioning for NPAs for the years ended March 31, 2021 and 2020.

- **Details of accounts subjected to restructuring**

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		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
Standard	Number of borrowers	-	1	-	2	1	1	-	-	1	4
	Gross Amount (₹ crore)	-	27.50	-	92.46	23.15	26.72	-	-	23.15	146.68
	Provision held (₹ crore)	-	-	-	-	-	-	-	-	-	-
Substandard	Number of borrowers	169	15	-	-	476	8	1,260	707	1,905	730
	Gross Amount (₹ crore)	2.77	0.46	-	-	67.25	0.99	104.11	26.49	174.13	27.94
	Provision held (₹ crore)	-	-	-	-	-	0.78	-	0.06	-	0.84
Doubtful	Number of borrowers	3	-	1	2	41	1	93	1	138	4
	Gross Amount (₹ crore)	0.15	-	4.42	6.80	16.77	6.25	5.92	0.16	27.26	13.21
	Provision held (₹ crore)	-	-	-	-	0.35	-	-	-	0.35	-
Total	Number of borrowers	172	16	1	4	518	10	1,353	708	2,044	738
	Gross Amount (₹ crore)	2.92	27.96	4.42	99.26	107.17	33.96	110.03	26.65	224.54	187.83
	Provision held (₹ crore)	-	-	-	-	0.35	0.78	-	0.06	0.35	0.84

- **Details of accounts restructured under Micro, Small and Medium Enterprises (MSME) sector under RBI guidelines issued in January 2019:**

(₹ in crore except number of accounts)

March 31, 2022		March 31, 2021	
No. of accounts restructured	Amount outstanding	No. of accounts restructured	Amount outstanding
2,87,562	6,874.39	2,82,589	3,391.35

- **Provision pertaining to fraud accounts reported during the year:**

Particulars	March 31, 2022	March 31, 2021
No. of frauds reported	6,543	5,232
Amount involved in fraud (₹ crore)	505.86	1,640.80
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	231.74	1,321.08
Provisions held as at the end of the year (₹ crore)	231.74	1,321.08
Amount of unamortised provision debited from “other reserves” as at the end of the year (₹ crore)	-	-

Above table represents all frauds reported during the year.
The information on frauds for the financial year ended March 31, 2021 includes certain large value credits which were already reckoned as NPAs in the prior years and these were fully provided for.

- **Details of resolution plan implemented under the 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 are given below:**

(₹ 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 i.e. September 30, 2021 (A)*	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A), amount written off during the half-year#	Of (A), amount paid by the borrowers during the half-year**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year i.e. March 31, 2022^
Personal Loans	11,588.80	1,594.28	620.09	212.96	9,781.56
Corporate persons	1,834.34	128.64	1.61	193.29	1,512.41
Of which, MSMEs	159.92	5.71	0.58	0.03	154.18
Others	2,457.43	303.17	21.97	58.19	2,096.07
Total	**15,880.57**	**2,026.09**	**643.67**	**464.44**	**13,390.04**

* *Includes restructuring done in respect of requests received as of September 30, 2021 processed subsequently.*

\# *Represents debt that slipped into NPA and was subsequently written-off during the half-year ended March 31, 2022.*

** *Amount paid by the borrower during the half-year is net of additions in the borrower account including additions due to interest capitalisation.*

^ *Excludes other facilities to the borrowers aggregating to ₹ 2,307.65 crore which have not been restructured.*

Details of Resolution Plan (RP) implemented under Prudential Framework for Resolution of Stressed Assets dated June 07, 2019:

(₹ crore)

	No. of borrowers	Amount Outstanding
March 31, 2022	-	-
March 31, 2021	-	-

Transfer of Assets

- **Details of non-performing assets (NPAs) transferred during the financial year 2021-2022:**

(₹ in crore except number of accounts)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	70,921	65,704	-
Aggregate principal outstanding of loans transferred	2,187.81	449.46	-
Weighted average residual tenor of the loans transferred (in years)	3.01	2.01	-
Net book value of loans transferred (at the time of transfer)	992.38	188.86	-
Aggregate consideration	1,093.10	35.94	-
Additional consideration realised in respect of accounts transferred in earlier years	2.67	-	-

No excess provisions were reversed to the Profit and Loss Account on account of sale of NPAs.

- **Details of stressed loan (Non-performing asset and Special Mention Account) transferred during the financial year 2020-2021:**

(₹ in crore except number of accounts)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	1,67,197	-	-
Aggregate principal outstanding of loans transferred	4,107.60	-	-

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Weighted average residual tenor of the loans transferred (in years)	2.70	-	-
Net book value of loans transferred (at the time of transfer)*	3,164.66	-	-
Aggregate consideration	2,051.06	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

**If accounts had been classified as NPA during the period of operation of the Interim Order dated September 03, 2020 of the Hon'ble SC, specific provision would have been made for the accounts sold. Accordingly, the net book value would have been ₹ 2,419.41 crore.*
No excess provisions were reversed to the Profit and Loss Account on account of sale of NPAs.

- Pursuant to RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, Banks are required to disclose transfer of "loans not in default and Special Mention Accounts" respectively. The Bank has not transferred any loans not in default / Special Mention Accounts during the period from September 24, 2021 to March 31, 2022.

- **Details of ratings of SRs outstanding as on March 31, 2022 are given below:**

(₹ crore)

Rating	Rating Agency	Recovery rating	Outstanding as at March 31, 2022
R2	CRISIL	75% - 100%	182.87
NR2	India Ratings	100% - 150%	366.20
NR3	India Ratings	75% - 100%	614.34
NR4	India Ratings	50% - 75%	218.01
NA*			102.30
		Total	**1,483.72**

* Pursuant to regulatory norms, the ARC has time to obtain initial rating of SRs from an approved credit rating agency within a period of six months from the date of acquisition of assets by it.

- **Details of ratings of SRs outstanding as on March 31, 2021 are given below:**

(₹ crore)

Rating	Rating Agency	Recovery rating	Outstanding as at March 31, 2021
R2	CRISIL	75% - 100%	367.20
NR2	India Ratings	100% - 150%	1,243.49
NR3	India Ratings	75% - 100%	372.77
		Total	**1,983.46**

Acquisition of Assets

- **During the years ended March 31, 2022 and March 31, 2021, no non-performing financial assets were acquired by the Bank.**

- **Pursuant to the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, the details of loans acquired during the period from September 24, 2021 to March 31, 2022 are given below:**

  - **Details of loans not in default acquired through assignment are given below:**

Particulars	Value
Aggregate amount of loans acquired (₹ in crore)	18,094.40
Weighted average residual maturity (in years)	14.99
Weighted average holding period by originator (in years)	1.57
Retention of beneficial economic interest by the originator	10%
Tangible security coverage	100%

The loans acquired are not rated as these are to non-corporate borrowers.

From the above, 58 loans aggregating to ₹ 11.45 crore was repurchased by the transferor in compliance with paragraph 48 of Master Direction - RBI (Transfer of Loan Exposures) Directions, 2021.

- The Bank has not acquired any Special Mention Account.
- The RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 has mandated disclosure of transfer of loan assets. Considering the terms 'loans not in default' and 'special mention account' under this circular vis-a-vis loans termed as 'standard' as hitherto and the separate processes prescribed therein for transfer of such assets, the Bank believes that such disclosure would be more meaningful if disclosed prospectively and therefore transfer of loan exposures prior to September 24, 2021 including comparatives of previous year are not considered relevant for disclosure.
- During the years ended March 31, 2022 and March 31, 2021, there were no standard assets securitised-out by the Bank.

• Securitised assets as per books of SPVs sponsored by the Bank

There are no SPVs sponsored by the Bank as at March 31, 2022 and as at March 31, 2021.

• Off-Balance Sheet SPVs

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

14. Details of exposures to real estate and capital market sectors, risk category-wise country exposures, factoring exposures, single / group borrower exposures, unsecured advances and concentration of deposits, advances, exposures and NPAs

• Details of exposure to real estate sector

Exposure is higher of limits sanctioned or the amounts outstanding as at the year end.

(₹ crore)

Category	March 31, 2022	March 31, 2021
a) Direct exposure	**133,650.15**	**114,575.93**
(i) Residential mortgages*	83,773.07	71,673.56
(of which housing loans eligible for inclusion in priority sector advances)	(29,375.95)	(27,886.84)
(ii) Commercial real estate	49,683.48	42,587.09
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(a) Residential	160.09	227.73
(b) Commercial real estate	33.51	87.55
b) Indirect exposure	**36,208.42**	**32,877.30**
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	36,208.42	32,877.30
Total exposure to real estate sector	**169,858.57**	**147,453.23**

** includes loans purchased under the direct loan assignment route.*

• Details of capital market exposure

Exposure is higher of limits sanctioned or the amounts outstanding as at the year end.

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(i)	Direct investments made 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	7,107.55	6,247.22
(ii)	Advances against shares, bonds, debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	3,067.03	143.97

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(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	4,036.47	5,156.29
(iv)	Advances for any other purposes to the extent secured by 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	379.35	423.41
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	14,216.38	9,875.78
(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	4,643.34	4,154.34
(vii)	Bridge loans to companies against expected equity flows / issues	-	-
(viii)	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stock brokers for margin trading	-	-
(x)	All exposures to venture capital funds (both registered and unregistered)	17.90	12.49
	Total exposure to capital market	**33,468.02**	**26,013.50**

- ## Details of risk category wise country exposure

(₹ crore)

Risk Category	March 31, 2022		March 31, 2021	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	30,148.36	-	33,231.41	-
Low	16,729.52	-	12,744.74	-
Moderately low	1,054.54	-	2,031.36	-
Moderate	474.80	-	625.57	-
Moderately high	260.29	-	2.71	-
High	7.06	-	0.15	-
Very high	24.76	-	26.79	-
Total	**48,699.33**	**-**	**48,662.73**	**-**

- ## Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2022 is ₹ 7,865.01 crore (previous year: ₹ 4,358.45 crore).

- ## Intra-Group exposure

Intra-Group exposures in accordance with RBI guidelines are as follows:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Total amount of intra-group exposures	12,765.40	11,659.17
Total amount of top 20 intra-group exposures	12,765.40	11,659.17
Percentage of intra-group exposures to total exposure of the Bank on borrowers / customers	0.57%	0.63%
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

- ## Details of Single Counterparty Limit / Limit for Group of Connected Counterparties exceeded by the Bank.

The RBI has prescribed limits linked to a bank's eligible capital base in respect of exposures to single counterparty and group of connected counterparties. During the years ended March 31, 2022 and March 31, 2021 the Bank was within the limits prescribed by the RBI.

- ## Unsecured advances

Advances for which intangible collaterals such as rights, licenses, authority, trademarks, patents, etc. are charged in favour of the Bank in respect of projects financed by the Bank, are reckoned as unsecured advances under Schedule 9 of the Balance Sheet in line with extant RBI guidelines. There are no such advances outstanding as at March 31, 2022 (previous year: Nil).

- ## Inter-bank Participation with risk sharing

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

- ## Concentration of deposits, advances, exposures and NPAs

a) Concentration of deposits

(₹ crore, except percentages)

Particulars	March 31, 2022	March 31, 2021
Total deposits of twenty largest depositors	61,578.97	54,551.06
Percentage of deposits of twenty largest depositors to total deposits of the Bank	3.9%	4.1%

b) Concentration of advances

(₹ crore, except percentages)

Particulars	March 31, 2022	March 31, 2021
Total advances to twenty largest borrowers	295,918.84	225,412.82
Percentage of advances of twenty largest borrowers to total advances of the Bank	13.8%	12.9%

Advances comprise credit exposure (funded and non-funded credit limits) including derivative transactions computed as per current exposure method in accordance with RBI guidelines.

c) Concentration of exposure

(₹ crore, except percentages)

Particulars	March 31, 2022	March 31, 2021
Total exposure to twenty largest borrowers / customers	319,497.99	252,112.93
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	14.4%	13.7%

Exposures comprise credit exposure (funded and non-funded credit limits) including derivative transactions and investment exposure in accordance with RBI guidelines.

d) Concentration of NPAs

(₹ crore, except percentages)

Particulars	March 31, 2022	March 31, 2021
Total gross exposure to top twenty NPA accounts	2,306.92	2,930.96
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	14.3%	19.4%

e) Sector-wise advances

(₹ crore)

Sr. No.	Sector	As at March 31, 2022			As at March 31, 2021		
		Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector	Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector
A	**Priority sector**						
1	Agriculture and allied activities	102,210.34	4,157.29	4.07%	92,904.27	3,409.52	3.67%
2	Advances to industries eligible as priority sector lending	130,568.43	772.65	0.59%	66,235.29	384.89	0.58%

Sr. No.	Sector	As at March 31, 2022			As at March 31, 2021		
		Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector	Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector
3	Services	126,753.53	2,584.04	2.04%	69,688.06	1,347.39	1.93%
4	Personal loans	35,235.05	523.70	1.49%	32,616.87	337.72	1.04%
	Sub-total (A)	**394,767.35**	**8,037.68**	**2.04%**	**261,444.49**	**5,479.52**	**2.10%**
B	**Non-Priority sector**						
1	Agriculture and allied activities	3,408.11	421.79	12.38%	3,399.43	410.75	12.08%
2	Industry	295,034.46	1,927.23	0.65%	265,490.84	2,064.11	0.78%
3	Services	327,552.74	2,758.63	0.84%	294,532.37	3,806.07	1.29%
4	Personal loans	359,751.56	2,995.63	0.83%	318,441.52	3,325.55	1.04%
	Sub-total (B)	**985,746.87**	**8,103.28**	**0.82%**	**881,864.16**	**9,606.48**	**1.09%**
	Total (A) + (B)	**1,380,514.22**	**16,140.96**	**1.17%**	**1,143,308.65**	**15,086.00**	**1.32%**

- ## Details of Priority Sector Lending Certificates (PSLCs)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets in such transactions. The details of purchase / sale of PSLC during the year are as under:

(₹ crore)

Type of PSLCs	For the year ended March 31, 2022		For the year ended March 31, 2021	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	726.00	-	3,030.00	-
Small and Marginal farmers	887.25	-	625.00	-
Micro Enterprises	31,280.00	-	18,830.00	-
General	67,707.50	-	61,842.50	2,000.00
Total	**100,600.75**	**-**	**84,327.50**	**2,000.00**

15. Other fixed assets

Other fixed assets include amount capitalised relating to software having useful life of five years. Details regarding the same are tabulated below:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Cost		
As at March 31 of the previous year	3,566.70	3,236.57
Additions during the year	806.03	330.13
Deductions during the year	(0.01)	-
Total (a)	**4,372.72**	**3,566.70**
Depreciation		
As at March 31 of the previous year	2,822.87	2,473.76
Charge for the year	443.58	349.11
On deductions during the year	(0.01)	-
Total (b)	**3,266.44**	**2,822.87**
Net value (a-b)	**1,106.28**	**743.83**

16. Other assets

- Other assets include deferred tax asset (net) of ₹ 6,229.67 crore (previous year: ₹ 4,937.76 crore). The break-up of the same is as follows:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Deferred tax asset arising out of:		
Loan loss and contingencies	5,745.11	4,441.48
Employee benefits	58.41	67.14
Depreciation	66.90	53.02
Others	359.25	376.12
Total (a)	**6,229.67**	**4,937.76**
Deferred tax liability (b)	**-**	**-**
Deferred tax asset (net) (a-b)	**6,229.67**	**4,937.76**

- Key items under "Others" in Other assets are as under:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Deposit with NABARD / SIDBI / NHB - PSL shortfall	44,738.08	9,320.37
Unrealised gain on foreign exchange and derivative contracts*	7,923.90	8,472.31
Deferred tax assets	6,229.67	4,937.76
Accounts receivable	4,129.31	3,139.47
Deposits & amounts paid in advance	3,297.55	3,134.56
Advances for capital assets	1,067.48	766.70
Residual items	3.64	5.72
Total	**67,389.63**	**29,776.89**

* *The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities.*

17. Maturity pattern of key assets and liabilities

Assets and liabilities are classified in the maturity buckets as per the guidelines issued by the RBI.

(₹ crore)

As at March 31, 2022	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances*	15,887.52	21,695.65	15,157.80	45,647.16	51,173.80	53,279.34	90,228.96	101,559.82	560,217.39	185,260.82	228,712.67	1,368,820.93
Investments*	102,260.15	22,936.74	4,113.47	7,045.41	9,643.29	8,324.59	23,635.54	27,984.84	159,398.09	12,542.99	77,650.58	455,535.69
Deposits*	32,342.12	70,543.76	30,158.67	37,703.12	50,207.34	35,555.31	75,054.08	103,905.16	669,179.97	15,077.04	439,490.87	1,559,217.44
Borrowings*	542.63	16,504.77	3,177.86	15,036.59	20,313.02	8,153.04	15,073.47	26,803.05	48,219.53	17,993.25	13,000.00	184,817.21
Foreign currency assets	14,259.58	12,976.59	6,209.09	18,737.58	9,202.72	6,337.86	14,212.97	3,628.29	4,974.93	1,722.78	759.90	93,022.29
Foreign currency liabilities	2,494.86	2,843.35	4,739.94	9,502.37	13,118.28	8,912.00	10,304.04	9,451.62	9,134.10	8,555.93	3,420.55	82,477.04

* *The amounts represented include Foreign Currency Balances.*
Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.
Maturity profile of foreign currency assets and liabilities excludes off-balance sheet items.

(₹ crore)

As at March 31, 2021	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances*	9,900.05	20,452.08	10,506.09	44,857.71	49,736.96	48,183.51	96,978.08	109,238.00	483,407.07	123,428.17	136,148.91	1,132,836.63
Investments*	112,341.38	43,161.08	4,382.04	5,714.46	9,820.26	9,528.83	16,545.14	23,695.50	144,222.12	9,065.84	65,251.65	443,728.30
Deposits*	13,684.11	70,664.28	40,914.97	30,083.61	50,474.48	36,695.33	78,391.96	91,952.08	532,038.94	14,701.27	375,459.19	1,335,060.22
Borrowings*	258.26	36,992.20	1,207.28	4,011.50	7,153.92	2,751.16	11,238.59	10,202.85	38,696.56	8,275.00	14,700.00	135,487.32
Foreign currency assets	13,495.91	12,932.26	2,992.89	13,794.28	4,609.15	5,091.85	11,792.57	4,328.34	6,159.55	1,009.88	262.38	76,469.06
Foreign currency liabilities	1,708.83	2,839.29	1,998.94	4,627.61	4,122.61	3,216.50	7,835.14	6,589.03	7,514.11	872.68	7,042.73	48,367.47

* *The amounts represented include Foreign Currency Balances.*
Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.
Maturity profile of foreign currency assets and liabilities excludes off-balance sheet items.

18. Provisions and contingent liabilities

Given below is the movement in provisions and a brief description of the nature of contingent liabilities recognised by the Bank.

a) Provision for credit card and debit card reward points

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening provision for reward points	638.79	734.15
Provision for reward points made during the year	465.13	375.21
Utilisation / write-back of provision for reward points	(468.01)	(470.57)
Closing provision for reward points	635.91	638.79

b) Provision for legal and other contingencies

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening provision	503.55	445.35
Movement during the year (net)	32.54	58.20
Closing provision	536.09	503.55

c) Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Bank not acknowledged as debts - taxation	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favorable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and taxation laws.
2	Claims against the Bank not acknowledged as debts - others	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
3	Partly paid investments	This represents amount remaining unpaid towards liability for partly paid investments.
4	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments such as 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 derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms.
5	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
6	Other items for which the Bank is contingently liable	These include: a) Credit enhancements in respect of securitised-out loans; b) Bills rediscounted by the Bank; c) Capital commitments; d) Underwriting commitments; e) Investment purchases pending settlement; f) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF).

**Also refer Schedule 12 - Contingent liabilities*

19. Business ratios / information

Particulars	March 31, 2022	March 31, 2021
Interest income as a percentage to working funds[1]	7.03%	7.64%
Net interest income as a percentage to working funds	3.96%	4.10%
Net interest income as a percentage to average interest earning assets	4.20%	4.34%
Non-interest income as a percentage to working funds	1.62%	1.59%
Cost of Deposits[2]	3.56%	4.15%
Operating profit[3] as a percentage to working funds	3.53%	3.62%
Return on assets (average)	2.03%	1.97%
Business[4] per employee (₹ in crore)	20.25	19.30
Profit per employee[5] (₹ in crore)	0.28	0.26
Debt-Equity Ratio[6]	0.33	0.30
Return on Equity Ratio[7]	16.90%	16.60%

Definitions of certain items in Business ratios / information:
1. Working funds is the daily average of total assets during the year.
2. Cost of Deposits is the ratio of interest expense on deposits to daily average of total deposits.
3. Operating profit is profit for the year before provisions and contingencies and profit / (loss) on sale of building and other fixed assets (net).
4. Business is the total of quarterly average of net advances and deposits (net of inter-bank deposits).
5. Productivity ratios are based on average employee numbers.
6. Debt represents borrowings with residual maturity of more than one year.
7. Return on Equity represents net profit after tax to average equity share capital and reserves.

20. Interest income

Interest income under the sub-head Income from Investments includes dividend on units of mutual funds and equity and preference shares received during the year ended March 31, 2022 amounting to ₹ 1,623.48 crore (previous year: ₹ 453.82 crore).

21. Other income

- **Commission, exchange and brokerage income**

  ✓ Commission, exchange and brokerage income is net of correspondent bank charges.

  ✓ Bancassurance business

  Commission income for the year ended March 31, 2022 includes fees of ₹ 1,556.51 crore (previous year: ₹ 1,481.36 crore) in respect of life insurance business and ₹ 266.11 crore (previous year: ₹ 279.05 crore) in respect of general insurance and health insurance business.

  ✓ Marketing and distribution

  Commission income for the year ended March 31, 2022 includes income from marketing and distribution of ₹ 3,059.05 crore (previous year: ₹ 2,112.67 crore), which comprises of income for displaying publicity materials at the Bank's branches / ATMs, commission on mutual funds, pension and other investment / saving products and sourcing and referral income.

- **Miscellaneous income**

  Miscellaneous income includes recoveries from written-off accounts amounting to ₹ 2,765.13 crore (previous year: ₹ 2,148.42 crore).

22. Other expenditure

Other expenditure includes commission paid to sales agents amounting to ₹ 3,718.81 crore (previous year: ₹ 2,611.72 crore), exceeding 1% of the total income of the Bank.

23. Provisions and contingencies

The break-up of ‘Provisions and Contingencies’ included in the Profit and Loss Account is given below:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Provision for income tax - Current	13,346.03	11,644.77
- Deferred	(1,291.91)	(1,102.31)
Provision for NPAs[1]	10,119.38	11,450.19
Provision for diminution in value of non-performing investments	(14.52)	(16.82)
Provision for standard assets	1,257.85	866.63
Other provisions and contingencies[2]	3,699.12	3,402.85
Total	**27,115.95**	**26,245.31**

1. *Includes loss on sale of NPAs / stressed assets.*
2. *Includes provisions for tax, legal and other contingencies ₹ 3,704.83 crore (previous year: ₹ 3,401.29 crore), provisions / (write-back) for securitised-out assets ₹ 0.14 crore (previous year: ₹ (2.21) crore) and standard restructured assets ₹ (5.85) crore (previous year: ₹ 3.77 crore).*

24 Employee benefits

Gratuity

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	**857.58**	**725.87**
Interest cost	56.41	45.94
Current service cost	109.39	100.50
Benefits paid	(56.13)	(38.21)
Actuarial (gain) / loss on obligation:		
Experience adjustment	(65.14)	26.48
Assumption change	8.32	(3.00)
Present value of obligation as at March 31	**910.43**	**857.58**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	**743.24**	**514.93**
Expected return on plan assets	53.26	40.89
Contributions	131.14	104.45
Benefits paid	(56.13)	(38.21)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	21.96	105.74
Assumption change	1.97	15.44
Fair value of plan assets as at March 31	**895.44**	**743.24**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	895.44	743.24
Present value of obligation as at March 31	(910.43)	(857.58)
Asset / (liability) as at March 31	**(14.99)**	**(114.34)**
Expenses recognised in Profit and Loss Account		
Interest cost	56.41	45.94
Current service cost	109.39	100.50
Expected return on plan assets	(53.26)	(40.89)
Net actuarial (gain) / loss recognised in the year	(80.75)	(97.70)
Net cost	**31.79**	**7.85**
Actual return on plan assets	77.19	162.07
Estimated contribution for the next year	148.57	131.14

Particulars	March 31, 2022	March 31, 2021
Assumptions		
Discount rate	6.80% per annum	6.50% per annum
Expected return on plan assets	6.50% per annum	6.50% per annum
Salary escalation rate	7.00% per annum	7.00% per annum

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

Expected rate of return on investments is determined based on the assessment made by the Bank at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets are given below:

Category of plan assets	% of fair value to total plan assets	
	as at March 31, 2022	as at March 31, 2021
Government securities	28.80%	27.90%
Debenture and bonds	24.52%	26.04%
Equity shares	40.40%	41.23%
Others	6.28%	4.83%
Total	100.00%	100.00%

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2022	2021	2020	2019	2018
Plan assets	895.44	743.24	514.93	501.71	416.40
Defined benefit obligation	910.43	857.58	725.87	617.96	542.97
Surplus / (deficit)	(14.99)	(114.34)	(210.94)	(116.25)	(126.57)
Experience adjustment gain / (loss) on plan assets	21.96	105.74	(64.41)	11.70	0.13
Experience adjustment (gain) / loss on plan liabilities	(65.14)	26.48	(8.46)	7.12	10.44

Pension

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	**89.99**	**64.15**
Interest cost	5.19	3.79
Current service cost	1.40	1.37
Past service cost	7.69	-
Benefits paid	(20.43)	(11.63)
Actuarial (gain) / loss on obligation:		
Experience adjustment	6.44	31.41
Assumption change	(2.26)	0.90
Present value of obligation as at March 31	**88.02**	**89.99**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	**0.33**	**9.51**
Expected return on plan assets	0.04	0.32
Contributions	20.70	2.30
Benefits paid	(20.43)	(11.63)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	0.39	(0.20)

Particulars	March 31, 2022	March 31, 2021
Assumption change	(0.15)	0.03
Fair value of plan assets as at March 31	**0.88**	**0.33**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	0.88	0.33
Present value of obligation as at March 31	(88.02)	(89.99)
Asset / (liability) as at March 31	**(87.14)**	**(89.66)**
Expenses recognised in Profit and Loss Account		
Interest cost	5.19	3.79
Current service cost	1.40	1.37
Past service cost	7.69	-
Expected return on plan assets	(0.04)	(0.32)
Net actuarial (gain) / loss recognised in the year	3.95	32.48
Net cost	18.19	37.32
Actual return on plan assets	0.27	0.15
Estimated contribution for the next year	18.86	13.09
Assumptions		
Discount rate	6.80% per annum	6.50% per annum
Expected return on plan assets	6.50% per annum	6.50% per annum
Salary escalation rate	7.00% per annum	7.00% per annum

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

Expected rate of return on investments is determined based on the assessment made by the Bank at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets are given below:

Category of plan assets	% of fair value to total plan assets as at March 31, 2022	% of fair value to total plan assets as at March 31, 2021
Government securities	34.17%	42.87%
Debenture and bonds	3.58%	35.11%
Others	62.25%	22.02%
Total	100.00%	100.00%

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2022	2021	2020	2019	2018
Plan assets	0.88	0.33	9.51	21.95	31.30
Defined benefit obligation	88.02	89.99	64.15	69.54	73.06
Surplus / (deficit)	(87.14)	(89.66)	(54.64)	(47.59)	(41.76)
Experience adjustment gain / (loss) on plan assets	0.39	(0.20)	0.28	0.48	0.59
Experience adjustment (gain) / loss on plan liabilities	6.44	31.41	9.06	3.32	3.95

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

The Reserve Bank of India, vide its notification dated October 04, 2021 granted Banks an option to amortise the expenditure on account of enhancement of family pension, over a period not exceeding five years beginning with the financial year ending March 31, 2022, subject to a minimum of one-fifth of the total amount involved being expensed every year. The Bank has not availed the said option and has recognised the entire expenditure on account of enhancement of family pension in financial year ended March 31, 2022.

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The Institute of Actuaries of India (IAI) has issued a guidance note on valuation of interest rate guarantees on exempt provident funds. The actuary has accordingly valued the same and the Bank held a provision of Nil as at March 31, 2022 (previous year: Nil), towards the present value of the guaranteed interest benefit obligation. The actuary has followed the deterministic approach as prescribed by the guidance note.

Assumptions

Particulars	March 31, 2022	March 31, 2021
Discount rate (GOI security yield)	6.80% per annum	6.50% per annum
Expected guaranteed interest rate	8.10% per annum	8.50% per annum

The Bank does not have any unfunded defined benefit plan. The Bank contributed ₹ 420.98 crore (previous year: ₹ 370.13 crore) to the provident fund, ₹ 5.72 crore (previous year: ₹ 4.63 crore) to the National Pension Scheme (for employees who opted) and ₹ 76.37 crore (previous year: ₹ 75.64 crore) to the superannuation plan.

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. The effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are not yet issued. The Bank will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

25. Disclosures on remuneration

Qualitative Disclosures

A. Information relating to the bodies that oversee remuneration

Name and composition

The Board of Directors of the Bank has constituted the Nomination and Remuneration Committee (hereinafter, the 'NRC') for overseeing and governing the compensation policies of the Bank. The NRC is comprised of five non-executive directors as of March 31, 2022. Further, four members of the NRC are also members of the Risk Policy and Monitoring Committee (hereinafter, the 'RPMC') of the Board.

As of March 31, 2022, the NRC is comprised of Mr. Umesh Chandra Sarangi, Mr. Sanjiv Sachar, Mr. Sandeep Parekh, Mr. M.D. Ranganath and Mr. Atanu Chakraborty. Further, Mr. Sanjiv Sachar, Mr. M.D. Ranganath, Mr. Sandeep Parekh and Mr. Atanu Chakraborty are also the members of the RPMC. Mr. Sanjiv Sachar is the chairperson of the NRC.

Mandate of the NRC

The primary mandate of the NRC is to oversee and review the implementation of compensation policies of the Bank. The NRC periodically reviews the overall Remuneration Policy of the Bank with a view to attract, retain and motivate employees. In this capacity it is required to review and approve the design of the total compensation framework, including compensation strategy programs and plans, on behalf of the Board of Directors. The compensation structure and pay revision for the Group Heads, Material Risk Takers, Senior Management, Risk and Control Staff, Key Management Personnel and Whole Time Directors (who are also Material Risk Takers) of the Bank is approved by the NRC and subsequently approved by the Board of Directors. The compensation of the Whole Time Directors requires the additional approval of the Reserve Bank of India. The NRC co-ordinates with the RPMC to ensure that compensation is aligned with prudent risk taking. Further the NRC also reviews the appointments of individuals at the levels of Group Heads, Key Management Personnel, Senior Management and Whole Time Directors of the Bank.

External Consultants:

The Bank engaged with the following consultants during the year ended March 31, 2022:

1. AON Consulting Private Limited - in respect of the Bank's annual salary market benchmarking exercise.
2. Deloitte Touche Tohmatsu India LLP - in respect of the Bank's benchmarking exercise pertaining to executive compensation.
3. Mercer Consulting (India) Private Limited - in the area of job evaluation.

Scope of the Bank's Remuneration Policy:

The Remuneration Policy of the Bank includes within its scope all business lines and functions, and all permanent staff in the Bank's domestic as well as international offices. The principles articulated in the compensation policy are applicable uniformly across the Bank. However any statutory / regulatory provisions applicable in overseas locations take precedence over the Remuneration Policy of the Bank.

All permanent employees of the Bank except those covered under the long term wage agreement are covered by the said Remuneration Policy. The number of employees covered under the compensation policy was 1,41,349 as at March 31, 2022 (previous year: 1,19,858).

B. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy

I. Key Features and Objectives of Remuneration Policy

The Bank's Remuneration Policy (the 'Policy') is aligned to business strategy, market dynamics, internal characteristics and complexities within the Bank. The ultimate objective of the Policy is to provide a fair and transparent structure that helps in acquiring and retaining the talent pool critical to build competitive advantage and brand equity. The Policy has been designed basis the principles for sound compensation practices in accordance with regulatory requirements and provides a framework to create, modify and maintain appropriate compensation programs and processes with adequate supervision and control.

The Bank's performance management system provides a sound basis for assessing employee performance holistically. The Bank's compensation framework is aligned with the performance management system and differentiates pay appropriately amongst its employees based on degree of contribution, performance, skill, experience, grade and availability of talent owing to competitive market forces. Further, the Bank also considers compliance to processes, regulatory compliance and risk management as an integral part of its performance appraisal process. These factors are given due weightage for the purposes of the final performance rating of employees for a given performance year.

The NRC considers the aforementioned principles enunciated in the Bank's compensation policy and ensures that:

(a) the compensation is adjusted for all types of prudent risk taking;

(b) compensation outcomes are symmetric with risk outcomes;

(c) compensation payouts are sensitive to the time horizon of risk; and

(d) the mix of cash, equity and other forms of compensation are aligned with risk.

Review of Remuneration Policy of the Bank

The Remuneration Policy of the Bank was reviewed by the NRC during the year ended March 31, 2021 and changes were made to the policy in accordance with the revised guidelines on compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff issued on dated November 4, 2019. These guidelines are applicable for the performance year commencing on April 1, 2020 and shall govern all remuneration payouts subsequent to March 31, 2021.

II. Design and Structure of Remuneration

The design and structure of remuneration in accordance with the RBI guidelines dated November 4, 2019, pertaining to the performance year 2020-2021 and the related payouts made in the financial year ended March 31, 2022 are as follows:

a) Fixed Pay

The Remuneration Policy ensures that the fixed component of the compensation is reasonable, taking into account all relevant factors including industry practice.

Elements of Fixed Pay:

The fixed pay component of the Bank's compensation structure typically consists of elements such as base salary, allowances, perquisites and retirement benefits. Perquisites extended are in the nature of company car, company leased accommodation, club membership and such other benefits or allowances in lieu of such perquisites / benefits. Retirement benefits include contributions to Provident Fund, Superannuation Fund (for employees above certain job bands), National Pension Scheme and Gratuity. The Bank also provides pension to certain employees of the erstwhile Lord Krishna Bank (eLKB) under the Indian Banks' Association ('IBA') structure.

Determinants of Fixed Pay:

The fixed pay is primarily determined by taking into account factors such as the job size, performance, experience, location, market competitiveness of pay and is designed to meet the following key objectives of:

(a) fair compensation given the role complexity and size;
(b) fair compensation given the individual's skill, competence, experience and market pay position;
(c) contribution to post retirement benefits; and
(d) compliance with all statutory obligations.

The quantum of fixed pay for the Senior Management i.e. Employees in Executive Vice President and above grades, Material Risk Takers other than Whole Time Directors, Risk and Control Staff and Key Management Personnel are approved by the NRC and the Board.

The quantum of fixed pay for Whole Time Directors is approved by the NRC and the Board, and is subject to the approval of the RBI.

b) Variable Pay - For Senior Management and Material Risk Takers

The performance management system forms the basis for variable pay allocation of the Bank. The Remuneration Policy of the Bank ensures that the performance management system is comprehensive and considers both, quantitative and qualitative performance measures.

(i) Composition of Variable pay

The variable pay will be in the form of share linked instruments or a mix of cash and share linked instruments. The share linked instrument used in the financial year 2021-22 was the Employee Stock Options. All plans for grant of options are framed in accordance with the SEBI guidelines, 1999 as amended from time to time and are approved by the shareholders of the Bank. These plans provide for the grant of options post approval by the NRC. For Whole Time Directors the variable pay is approved by the NRC, Board and the Reserve Bank of India.

The Bank will ensure that there is a proper balance between Fixed Pay and Variable Pay. In cases where compensation by way of share-linked instruments is not permitted by law / regulations, the entire variable pay will be in cash.

(ii) Limits on Variable pay

A substantial portion of compensation i.e. at least 50% will be variable and paid on the basis of individual, business unit and organization performance. This will be in line with the principle that, at higher levels of responsibility, the proportion of variable pay will be higher. The total variable pay shall be limited to a maximum of 300% of the fixed pay (for the relative performance period).

In case the variable pay is upto 200% of the fixed pay, a minimum of 50% of the variable pay; and in case the variable pay is above 200%, a minimum of 67% of the variable pay shall be via non-cash instruments. The non-cash component in 2021-22 comprised of Employee Stock Options.

In the event that the employee is barred by statute or regulation from grant of share-linked instruments, his / her variable pay will be capped at 150% of fixed pay but shall not be less than 50% of the fixed pay.

(iii) Deferral of Variable pay

For senior management including Whole Time Directors (WTDs) and Material Risk Takers (MRTs), deferral arrangements exists for the variable pay. A minimum of 60% of total variable pay is under deferral arrangements. If cash component is a part of the variable pay, at least 50% of the cash bonus is deferred. In cases where cash component of the bonus is under Rs 25 lakh, deferral arrangements is not necessary.

The deferral period is a minimum of three years and is applicable to both cash and non-cash components of variable pay. The deferral period for share linked instruments / ESOPs is governed by the ESOP Scheme Rules which is approved by the Nomination and Remuneration Committee and the Board. In 2021-22, the deferment of cash variable pay, where applicable, was 3 years in the case of cash variable pay and 4 years (vesting period) in the case of Employee Stock Options.

(iv) Vesting of Variable Pay

The deferred portion of the remuneration vests at the end of deferral period and is spread out over the course of the deferral period. The first vesting is not before one year from the commencement of the deferral period. The vesting is no faster than on a pro rata basis and the frequency of the vesting is more than a year in order to ensure appropriate assessment of risk.

(v) Malus / Clawback Arrangement

The Bank believes in sustained business performance in tandem with prudent risk taking. The Bank, therefore, has devised appropriate deterrents in order to institutionalize the aforementioned commitment.

Malus Arrangement: The provision of a Malus arrangement would entail cancellation of payout for the deferred portion of reward (cash variable pay / long term incentive (LTI) i.e. any Share Linked Instrument). The RBI guidelines define Malus thus "A Malus arrangement permits the bank to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred".

Clawback Arrangement: The provision of Clawback arrangement would entail return of payout of reward (cash variable pay / long term incentive (LTI) i.e. any Share Linked Instrument) made in the previous years attributable to a given reference year wherein the incident has occurred. The return would be in terms of net amount. The RBI guidelines define Clawback thus "A Clawback is a contractual agreement between the employee and the bank in which the employee agrees to return previously paid or vested remuneration to the bank under certain circumstances".

The Malus and Clawback clause will be actioned when the employee demonstrates behaviour involving fraudulent behaviour, moral turpitude, lack of integrity, flagrant breach of company policies and statutory norms resulting in financial or non-financial losses. Manifestation of behaviour listed above is presumed to have a malafide intent. Illustrative list of conditions are enumerated below. The occurrence of any / some / all of the following conditions / events shall trigger a review by the Nomination and Remuneration Committee for the application of the Malus or the Clawback arrangement:

a) Substantial Financial Deterioration in profitability or risk parameters
b) Reckless, negligent or willful actions or exhibited inappropriate values and behavior
c) Fraud that requires a financial restatement
d) Reputational harm
e) Exposing the bank to substantial risk
f) Such other conditions or events, of similar nature as above, as determined by NRC for triggering review by NRC for the purpose of application of the Malus or the Clawback arrangement.

In determining the causes for deterioration in financial performance under (a), the Nomination and Remuneration Committee may take into consideration and have due regard to the fact whether the deterioration was for factors within control or whether it was on account of conditions like global market headwinds, industry performance, changes in legal / regulatory regime, force majeure events like occurrence of natural disasters, pandemic, other socio-economic conditions, etc.

While undertaking the review for the concerned person for the application of the Malus or the Clawback arrangement based on any trigger events, when determining accountability of the concerned person, the Nomination and Remuneration Committee shall be guided by the principles of proportionality, culpability or proximity or nexus to the event or misconduct.

In accordance with the RBI guidelines, wherever the assessed divergence in bank's provisioning for Non-Performing Assets (NPAs) or asset classification exceeds the prescribed threshold for public disclosure, the bank shall not pay the unvested portion of the variable compensation for the assessment year under 'Malus' arrangement. Further, in such situations, no proposal for increase in variable pay (for the assessment year) shall be entertained. In case the bank's post assessment Gross NPAs are less than 2.0%, these restrictions will apply only if criteria for public disclosure are triggered either on account of divergence in provisioning or both provisioning and asset classification.

The NRC may decide to apply Malus on part, or all of the variable pay. The time horizon for the application of Malus / Clawback clause shall be four years from the date of reward.

The Nomination and Remuneration Committee shall review the act of misconduct / incident to ascertain the degree of accountability attributable to a Whole Time Director / Material Risk Taker / Senior Management (Job Bands C1 and above) prior to applying the Malus or Clawback arrangement.

The criteria for Malus / Clawback will be reviewed by the Nomination and Remuneration Committee annually.

(vi) Approval Process:
The Variable Pay for Senior Management, Material Risk Takers other than Whole Time Directors, Risk and control staff is approved by the NRC and the Board. For Whole Time Directors the variable pay is approved by the NRC, Board and the Reserve Bank of India.

Employees other than Senior Management, Material Risk Takers, Whole Time Directors

The Bank has formulated the following variable pay plans:

(i) Annual Bonus Plan
The quantum of variable payout is a function of the performance of the Bank, performance of the business unit, performance of the individual employee, job band of the employee and the functional category. Basis these key determinants and due adjustment for risk alignment, a payout matrix for variable pay is developed. Market trends for specific businesses / functions along with inputs from compensation surveys may also be used in finalising the payout.

Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay.

(ii) Performance-Linked Plans (PLPs)
PLPs are formulated for employees in sales, collections, customer service and relationship roles who are given business / service targets but have limited impact on risk since credit decisions are exercised independent of these functions. All PLP payouts are based on a balanced scorecard framework which factors not just quantitative, but also qualitative measures, and are subject to achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. Employees who are on the PLPs are excluded from the Annual Bonus Plan.

(iii) Employee Stock Option Plan (ESOPs)

Employees in Job Bands D3 and above also receive ESOPs as a vehicle to create a balance between short term rewards and long term sustainable value creation. ESOPs play a key role in the attraction and retention of key talent.

The NRC grants options after considering parameters such as the incumbent's grade and performance rating, and such other factors as may be deemed appropriate by the NRC.

All plans for grant of options are framed in accordance with the SEBI guidelines, 1999 as amended from time to time and are approved by the shareholders of the Bank. These plans provide for the grant of options post approval by the NRC.

The Bank grants ESOPs to eligible employees. Such ESOPs vest over four tranches spread over a period of 48 months.

In accordance with the RBI guidelines, Employee Stock Options is included as part of Variable Pay.

Risk, Control and Compliance Staff

The Bank has separated the Risk, Control and Compliance functions from the Business functions in order to create a strong culture of checks and balances and to eliminate any possible conflict of interest between revenue generation and risk management and control. Accordingly, the overall variable pay as well as the annual salary increment of the employees in the Risk, Control and Compliance functions is based on their performance, functional objectives and goals. The Bank ensures that the mix of fixed to variable compensation for these functions is weighted in favour of fixed compensation.

Guaranteed Bonus

Guaranteed Bonuses are not consistent with sound risk management or pay for performance principles of the Bank and therefore do not form an integral part of the general compensation practice.

For critical hiring for some select strategic roles, the Bank may consider granting of bonus, based on the performance rating upon confirmation, as a prudent way to avoid loading the entire cost of attraction into the fixed component of the compensation which could have a long term cost implication for the Bank. For such hiring, the said bonus is generally decided by taking into account appropriate risk factors and market conditions.

For hiring at levels of Whole Time Directors / Managing Director / Material Risk Takers and certain employees in select strategic roles, a signon bonus, if any, is limited to the first year only and would be in the form of Employee Stock Options.

Severance Pay

The Bank does not grant severance pay other than accrued benefits (such as gratuity, pension) except in cases where it is mandated by any statute.

Hedging

The Bank does not provide any facility or fund or permit its Whole Time Directors and employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

Statutory Bonus

Some employees are also paid statutory bonus as per the Payment of Bonus Act, 1965 as amended from time to time.

III. Remuneration Processes

Fitment at the time of Hire

Pay scales at the Bank are set basis the job size, experience, location and the academic and professional credentials of the incumbent.

The compensation of new hires is in line with the existing pay ranges and consistent with the compensation levels of the existing employees of the Bank at similar profiles. The pay ranges are subject to change basis market trends and the Bank's talent management priorities. While the Bank believes in the internal equity and parity as a key determinant of pay, it does acknowledge the external competitive pressures of the talent market. Accordingly, there could be certain key profiles with critical competencies which may be hired at a premium and treated as an exception to the overall pay philosophy. Any deviation from the defined pay ranges is treated as a hiring exception requiring approval with appropriate justification.

Pay Increment / Pay Revision

The Bank strives to ensure external competitiveness as well as internal equity without diluting the overall focus on optimising cost. In order to enhance the Bank's external competitiveness, it participates in an annual salary survey of the banking sector to understand key market trends as well as get insights on relative market pay position compared to peers. The Bank endeavors to ensure that most employees progress to the median of the market in terms of fixed pay over time. This coupled with key internal data indicators like performance score, job family, experience, job grade and salary budget form the basis of decision making on revisions in fixed pay.

Increments in fixed pay for majority of the employee population are generally undertaken once every financial year. However, promotions, confirmations and change in job dimensions could also lead to a change in the fixed pay during other times of the financial year.

The Bank also makes salary corrections and adjustments during the financial year for competitive pay positioning for the purpose of retention of critical skills in the domain of Information Technology, Digital, Information Security, Data Science as well as business segments that are strategic focus areas of the bank. However, such pay revisions are done on an exception basis.

The Fixed Pay for the Material Risk Takers (other than Whole Time Directors), Senior Management, Key Management Personnel is approved by the NRC and the Board. The Fixed Pay for the Whole Time Directors is approved by the NRC, Board and the Reserve Bank of India.

C. Description of the ways in which current and future risks are taken into account in the remuneration processes, including the nature and type of the key measures used to take account of these risks

The Bank takes into account various types of risks in its remuneration processes. The Bank follows a comprehensive framework that includes within its ambit the key dimensions of remuneration such as fixed pay, variable pay and long term incentives (i.e. Employee Stock Options).

Fixed pay: The Bank conducts a comprehensive market benchmarking study to ensure that employees are competitively positioned in terms of fixed pay. The Bank follows a robust salary review process wherein revisions in fixed compensation are based on performance. The Bank also makes salary adjustments taking into consideration pay positioning of employees vis-à-vis market reference points. Through this approach the Bank endeavors to ensure that the talent risk due to attrition is mitigated. Fixed pay could be revised downwards as well, in the event of certain proven cases of misconduct by an employee.

Variable pay: The Bank has distinct types of variable pay plans as given below:

(a) Quarterly / monthly performance-linked pay (PLP) plans:

All quarterly / monthly PLP plans are based on the principle of balanced scorecard framework that includes within its ambit both quantitative and qualitative factors including key strategic objectives that ensure future competitive advantage for the Bank. PLP plans, by design, have deterrents that play a role of moderating payouts based on the non-fulfillment of established quantitative / qualitative risk factors. Deterrents also include risks arising out of non-compliance, mis-sell etc. Further, a portion of all payouts under the PLP plans is deferred till the end of the financial year to provide for any unforeseen performance risks. Employees who are part of the PLP plans are excluded from the Annual Bonus Plan.

(b) Variable Pay:

The Bank takes into consideration the fact that a portion of the Bank's profits are directly attributable to various types of risks the Bank is exposed to such as credit risk and market risk.

The framework developed by the Bank in order to arrive at the quantum of bonus pool is based on the performance of the Bank and profitability. The annual variable pay is distributed based on business unit and individual performance and job band and role of the individual for non-business functions. The business unit performance is based on factors such as growth in revenue, growth in profit, cost to income ratio and achievement vis-à-vis plans and key objectives. Bonus pay out for an individual employee in a particular grade is linked to the performance rating of the employee and subject to meeting the Bank's standards of ethical conduct.

The Bank has devised appropriate Malus and Clawback clauses as a risk mitigant for Whole Time Directors, Material Risk Takers, Senior Management (i.e. Employees in the job Bands of Executive Vice President and above). Under the Malus clause the incumbent could forego the vesting of the deferred variable pay in full or in part. Under the Clawback clause the incumbent is obligated to return all the tranches of variable pay payout pertaining to the reference performance year. The deferred variable pay is paid out post review and approval by the NRC and the Board.

D. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

The Bank has a robust performance management system for evaluating the performance of its Whole Time Directors. The performance appraisal system is based on a Balanced Scorecard Framework and considers qualitative as well as quantitative factors of performance which includes the following parameters:

1. **Business Performance** - This includes business growth, profitability, asset quality and shareholder value
2. **Stakeholder Relationship** - This includes net promoter score and corporate social responsibility
3. **Audit and Compliance** - This includes internal audit reports and compliance with the regulations and inspection reports
4. **Digital Transformation** - This includes performance on initiatives required to run the bank and grow the bank
5. **Organizational Excellence** - This includes succession planning and employee engagement

While the above parameters form the core evaluation parameters for the Bank and the remuneration of its Whole Time Directors, each of the business units are measured on the following from a remuneration standpoint:

a) Increase in plan over the previous year;
b) Actual growth in revenue over previous year;
c) Growth in net revenue (%);
d) Achievement of net revenue against plan (%);
e) Actual profit before tax;
f) Growth in profit before tax compared to the previous year;
g) Improvement in cost to income over the previous year; and
h) Achievement of key strategic objectives.

The process by which levels of remuneration in the Bank are aligned to the performance of the Bank, business unit and individual employees is articulated below:

Fixed Pay

The Bank reviews the fixed pay portion of the compensation structure basis merit-based increments and market corrections. These are based on a combination of performance rating, job band and the functional category of the individual employee. For a given job band, the merit increment is directly related to the performance rating. The Bank strives to ensure that most employees progress to the median of the market in terms of fixed pay over time. All other things remaining equal, the correction percentage is directly related to the performance rating of the individual.

Variable Pay

Basis the performance of the business unit, individual performance and role, the Bank has formulated the following variable pay plans:

- **Variable Pay Plans:**
  For Employees in Job Bands of Vice President and above (includes employees in Senior Management, Material Risk Takers, Whole Time Directors) the variable Pay intends to reward short term as well as long term sustained performance of the bank and shareholder value creation.

Short term Performance: Short term performance is realised in the form of cash variable pay. The cash variable pay is based on performance rating and the job band of the individual and is further enhanced or moderated by the business performance multiplier and role. The cash variable pay is computed on the gross salary.

Long term Performance: Employee Stock options are granted to employees based on their performance rating and Job band and the value of the same is realised vide long term performance of the bank and creation of shareholder value.

For Employees in Job Bands below Vice President:
At these levels the variable pay is in the form of Cash variable pay only and is based on the Annual performance. The Bank's annual bonus is computed as a percentage of the gross salary for every job band. The bonus multiple is based on performance of the business unit (based on the parameters above), performance rating, job band and the functional category of the individual employee. The business performance category determines the multiplier for the bonus. All other things remaining equal, for a given job band, the bonus is directly related to the performance rating. Employees who are part of the annual cash Variable Pay plan are not part of the Performance Linked Plans mentioned below.

- **Performance-linked Plans (PLPs)**
  The Bank has formulated PLPs for its sales, collections, customer service and relationship roles who are given sales, collections and service targets basis a balanced scorecard methodology. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees and moderated by qualitative parameters. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. All PLPs are based on a balanced scorecard framework and, depending on the plan, could be paid out monthly or quarterly.

E. Description of the ways in which the Bank seeks to adjust remuneration to take account of the longer term performance

For employees in Senior Management, Material Risk Takers and Whole Time Directors the Bank seeks to adjust remuneration to take account of the longer term performance in the following way.

(i) **Limits on variable pay**

A substantial portion of compensation i.e. at least 50% will be variable and paid on the basis of individual, business unit and organization performance. This will be in line with the principle that, at higher levels of responsibility, the proportion of variable pay will be higher. The total variable pay shall be limited to a maximum of 300% of the fixed pay.

In case the variable pay is upto 200% of the fixed pay, a minimum of 50% of the variable pay; and in case the variable pay is above 200%, a minimum of 67% of the variable pay shall be via non-cash instruments. The non-cash component in 2021-22 comprised of Employee Stock Options.

In the event that the employee is barred by statute or regulation from grant of share-linked instruments, his / her variable pay will be capped at 150% of fixed pay but shall not be less than 50% of the fixed pay.

(ii) **Deferral of variable pay**

For senior management including Whole Time Directors (WTDs) and Material Risk Takers (MRTs), deferral arrangements will exist for the variable pay. A minimum of 60% of total variable pay will be under deferral arrangements. If cash component is a part of the variable pay, at least 50% of the cash bonus shall be deferred. In cases where cash component of the bonus is under Rs 25 lakh, deferral arrangements would not be necessary.

The deferral period would be a minimum of three years and will be applicable to both cash and non-cash components of variable pay. The deferral period for share linked instruments / ESOPs will be governed by the ESOP Scheme Rules which will be approved by the Nomination and Remuneration Committee and the Board. In 2021-22 the deferment of cash variable pay, where applicable, was 3 years in the case of cash variable pay and 4 years (vesting period) in the case of Employee Stock Options.

(iii) **Vesting of Variable Pay**

The deferred portion of the remuneration will vest at the end of deferral period and will be spread out over the course of the deferral period. The first vesting would not be before one year from the commencement of the deferral period.

The vesting would be no faster than on a pro rata basis and the frequency of the vesting would be more than a year in order to ensure appropriate assessment of risk.

(iv) **Malus / Clawback Arrangement**:

The Bank believes in sustained business performance in tandem with prudent risk taking. The Bank, therefore, has devised appropriate deterrents in order to institutionalize the aforementioned commitment.

Malus Arrangement: The provision of a Malus arrangement would entail cancellation of payout for the deferred portion of reward (cash variable pay / long term incentive (LTI) i.e. any Share Linked Instrument). The RBI guidelines define Malus thus "A **Malus** arrangement permits the bank to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred".

Clawback Arrangement: The provision of Clawback arrangement would entail return of payout of reward (cash variable pay / long term incentive (LTI) i.e. any Share Linked Instrument) made in the previous years attributable to a given reference year wherein the incident has occurred. The return would be in terms of net amount. The RBI guidelines define Clawback thus "A **Clawback** is a contractual agreement between the employee and the bank in which the employee agrees to return previously paid or vested remuneration to the bank under certain circumstances".

The Malus and Clawback clause will be actioned when the employee demonstrates behaviour involving fraudulent behaviour, moral turpitude, lack of integrity, flagrant breach of company policies and statutory norms resulting in financial or non-financial losses. Manifestation of behaviour listed above is presumed to have a malafide intent. Illustrative list of conditions are enumerated below. The occurrence of any / some / all of the following conditions / events shall trigger a review by the Nomination and Remuneration Committee for the application of the Malus or the Clawback arrangement:

a) Substantial Financial Deterioration in profitability or risk parameters
b) Reckless, negligent or willful actions or exhibited inappropriate values and behavior
c) Fraud that requires a financial restatement
d) Reputational harm
e) Exposing the bank to substantial risk
f) Such other conditions or events, of similar nature as above, as determined by NRC for triggering review by NRC for the purpose of application of the Malus or the Clawback arrangement.

In determining the causes for deterioration in financial performance under (a), the Nomination and Remuneration Committee may take into consideration and have due regard to the fact whether the deterioration was for factors within control or whether it was on account of conditions like global market headwinds, industry performance, changes in legal / regulatory regime, force majeure events like occurrence of natural disasters, pandemic, other socio-economic conditions etc.

While undertaking the review for the concerned person for the application of the Malus or the Clawback arrangement based on any trigger events, when determining accountability of the concerned person, the Nomination and Remuneration Committee shall be guided by the principles of proportionality, culpability or proximity or nexus to the event or misconduct.

In accordance with the RBI guidelines, wherever the assessed divergence in bank's provisioning for Non-Performing Assets (NPAs) or asset classification exceeds the prescribed threshold for public disclosure, the bank shall not pay the unvested portion of the variable compensation for the assessment year under 'Malus' arrangement. Further, in such situations, no proposal for increase in variable pay (for the assessment year) shall be entertained. In case the bank's post assessment Gross NPAs are less than 2.0%, these restrictions will apply only if criteria for public disclosure are triggered either on account of divergence in provisioning or both provisioning and asset classification.

The NRC may decide to apply Malus on part, or all of the unvested deferred Variable pay. The time horizon for the application of Malus / Clawback clause shall be four years from the date of reward.

The Nomination and Remuneration Committee shall review the act of misconduct / incident to ascertain the degree of accountability attributable to a Whole Time Director / Material Risk Taker / Senior Management (C1 and above) prior to applying the Malus or Clawback arrangement.

The criteria for Malus / Clawback will be reviewed by the Nomination and Remuneration Committee annually.

Employees other than Whole Time Directors, Material Risk Takers and Senior Management

The Bank has formulated the following variable pay plans:

- **Annual Cash Variable Pay plan**:

  The quantum of variable payout is a function of the performance of the Bank, performance of the individual employee, job band of the employee and the functional category. Basis these key determinants and due adjustment for risk alignment, a payout matrix for variable pay is developed. Market trends for specific businesses / functions along with inputs from compensation surveys may also be used in finalising the payout.

  Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay.

  For Employees in Job Bands of Vice President and above the variable Pay intends to reward short term as well as long term sustained performance of the bank and shareholder value creation.

  Short term Performance: Short term performance is realised in the form of cash variable pay. The cash variable pay is based on performance rating and the job band of the individual and is further enhanced or moderated by the business performance multiplier and role. The cash variable pay is computed on the gross salary.

  Long term Performance: Employee Stock options are granted to employees based on their performance rating and Job band and the value of the same is realised vide long term performance of the Bank and creation of shareholder value. The vesting period for Employee Stock Option is 4 years.

- **Performance-linked Plans (PLPs)**

  The Bank has formulated PLPs for its sales, collections, customer service and relationship roles who are given sales, collections and service targets basis a balanced scorecard methodology. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees and moderated by qualitative parameters. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. All PLPs are based on a balanced scorecard framework and, depending on the plan, could be paid out monthly or quarterly.

F. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms

The Bank recognises the importance of variable pay in reinforcing a pay for performance culture. Variable pay stimulates employees to stretch their abilities to exceed expectations.

- **Annual Cash Variable Pay**

  These are paid to reward performance for a given financial year. This covers all employees (excluding employees under PLPs). This is based on performance of the business unit, performance rating, job band and functional category of the individual. For higher job bands the proportion of variable pay to total compensation tends to be higher. For Material Risk Takers, Senior Management and Whole Time Directors 50% of the cash variable pay is deferred over 3 years in the event the cash variable pay exceeds 25 lakhs.

- **Performance-linked Plans (PLPs)**

  The Bank has formulated PLPs for its sales, collections, customer service and relationship roles who are given sales, collections and service targets basis a balanced scorecard methodology. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees and moderated by qualitative parameters. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. All PLPs are based on a balanced scorecard framework and, depending on the plan, could be paid out monthly or quarterly.

- **Employee Stock Option Plan (ESOP)**

  This is to reward for contribution of employees in creating a long term, sustainable earnings and enhancing shareholder value. Only employees in a certain job band and with a specific performance rating are eligible for stock options. Performance is the key criteria for granting stock options.

Quantitative disclosures

The quantitative disclosures for the financial year ended March 31, 2022 cover the Bank's Whole Time Directors and Material Risk Takers. The Material Risk Takers are identified in accordance with the revised guidelines on remuneration issued by the RBI on November 4, 2019. Hitherto, the quantitative disclosures would cover the Bank's Whole Time Directors and Key Risk Takers as per the erstwhile guidelines on remuneration dated January 13, 2012.

Sr. No.	Subject	March 31, 2022	March 31, 2021
(a)	Number of meetings held by the Nomination and Remuneration Committee (NRC) during the financial year and sitting fees paid to its members	Number of meetings: 13 Sitting fees paid: ₹ 0.61 crore	Number of meetings: 28 Sitting fees paid: ₹ 0.57 crore
(b) (i)	Number of employees having received a variable remuneration award during the financial year	75	76
(b) (ii)	Number and total amount of sign-on awards made during the financial year	25,000 ESOPs granted as sign-on awards	No stock options granted as sign-on awards
(b) (iii)	Number and total amount of guaranteed bonuses awarded during the financial year	None	None
(b) (iv)	Details of severance pay, in addition to accrued benefits, if any	None	None
(c) (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	1.Deferred Cash variable pay - ₹ 18.53 crore 2.^Employee Stock Options (ESOP) - 31,66,000 Options	Cash bonus - ₹ 3.91 crore.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	₹ 2.44 crore	₹ 2.68 crore
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	₹ 118.35 crore (Fixed*) ₹ 3.84 crore (variable pay pertaining to financial year ended March 31, 2021, in relation to employees where there was no deferment of cash variable pay). The same category of employees were granted 4,07,900 ESOPs. ₹ 35.50 crore (variable pay pertaining to financial year ended March 31, 2021, in relation to employees where there was a deferment of cash variable pay) of which ₹ 17.75 crore was non-deferred variable pay and ₹ 17.75 crore was deferred variable pay. The same category of employees were granted 27,58,100 ESOPs. Number of stock options granted during the financial year: 31,66,000 Mr. Kaizad Bharucha was awarded cash variable pay ₹ 2.08 crore for the performance year 2019 - 2020 paid out in the F.Y. 2022 basis RBI letter dated – April 29, 2021. The above amount is not included in the variable pay awarded this year as it pertains to the previous year.	₹ 117.73 crore (Fixed*) ₹ 29.85 crore (variable pay pertaining to financial year ended March 31, 2020, in relation to employees where there was no deferment of pay) ₹ 1.67 crore (variable pay pertaining to financial year ended March 31, 2020, in relation to employees where there was a deferment of pay), of which ₹ 1.00 crore was non-deferred variable pay and ₹ 0.67 crore was deferred variable pay. The Bank's erstwhile managing director, Mr. Aditya Puri, was paid a one-time lump sum payment of ₹ 3.50 crore on retirement in accordance with the approval received from the RBI. The approval of the RBI on the fixed pay revision effective April 1, 2020 and the variable pay of the Bank's Whole Time Directors for the financial year ended March 31, 2020 is awaited. Number of stock options granted during the financial year: 85,42,800 The approval of the RBI in relation to grant of stock options to the Bank's Whole Time Directors for the year ended March 31, 2020 is awaited.
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	1.Cash bonus - ₹ 18.53 crore 2.^Employee Stock Options (ESOP) - 31,66,000 Options	Cash bonus - ₹ 3.91 crore.

Sr. No.	Subject	March 31, 2022	March 31, 2021
(e) (ii)	Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
(e) (iii)	Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil
(f)	Number of MRTs (Material Risk Takers) identified.	79	78
(g) (i)	Number of cases where Malus has been exercised.	None	None
(g) (ii)	Number of cases where Clawback has been exercised.	None	None
(g) (iii)	Number of cases where both Malus and Clawback have been exercised.	None	None
General Quantitative Disclosure	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	The mean pay for the Bank as a whole is ₹ 0.07 crore as of March 31, 2022. The ratio of the fixed pay of the managing director to the mean pay of the Bank as a whole is 94:1 as of March 31, 2022. The ratio of the fixed pay of the other whole time director to the mean pay of the Bank as a whole is 87:1 as of March 31, 2022.	The mean pay for the Bank as a whole is ₹ 0.07 crore as of March 31, 2021. The ratio of the fixed pay of the managing director to the mean pay of the Bank as a whole is 90:1 as of March 31, 2021. The ratio of the fixed pay of the other whole time director to the mean pay of the Bank as a whole is 77:1 as of March 31, 2021.

* *Excludes gratuity benefits, since the same is computed at Bank level.*

^ *In accordance with the RBI guidelines, Employee Stock Options are to be included as part of variable pay. The number of options reported as part of deferred remuneration comprise of Employee Stock Options granted during the financial year 2021-22 (as part of non cash variable pay) and are yet to be vested. The first pay out in line with the extant RBI guidelines came into force effective April 01, 2021.*

26. Segment reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

b) Retail banking

The retail banking segment serves retail customers through the Bank's branch network and other channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products, etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

c) **Wholesale banking**

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest / fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

d) **Other banking business**

This segment includes income from parabanking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs.

e) **Unallocated**

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier 1 or Tier 2 capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as domestic operations and foreign operations. Domestic operations comprise branches in India and foreign operations comprise branches outside India.

Segment reporting for the year ended March 31, 2022 is given below:

Business segments:

(₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	34,385.12	115,189.91	66,482.93	21,496.22	237,554.18
2	Unallocated revenue					(12.18)
3	Less: Inter-segment revenue					80,278.99
4	Income from operations (1) + (2) - (3)					157,263.01
5	Segment results	8,939.51	9,223.24	25,053.01	7,386.51	50,602.27
6	Unallocated expenses					1,586.79
7	Income tax expense (including deferred tax)					12,054.12
8	Net profit (5) - (6) - (7)					36,961.36
9	Segment assets	551,767.34	619,468.20	808,136.61	76,591.09	2,055,963.24
10	Unallocated assets					12,571.81
11	Total assets (9) + (10)					2,068,535.05
12	Segment liabilities	77,273.63	1,292,339.74	413,825.31	5,994.76	1,789,433.44
13	Unallocated liabilities					39,008.67
14	Total liabilities (12) + (13)					1,828,442.11

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	474,493.71	(672,871.54)	394,311.30	70,596.33	266,529.80
16	Unallocated (10) - (13)					(26,436.86)
17	Total (15) + (16)					240,092.94
18	Capital expenditure	24.69	2,393.81	229.00	148.63	2,796.13
19	Depreciation	40.48	1,295.47	149.27	114.58	1,599.80
20	Provisions for non - performing assets / others*	(14.52)	9,932.56	1,954.52	3,180.87	15,053.43
21	Unallocated other provisions*					8.40

* *Represents material non-cash charge other than depreciation and taxation.*

Geographic segments:

(₹ crore)

Particulars	Domestic	International
Revenue	156,402.92	860.09
Assets	2,010,500.52	58,034.53
Capital expenditure	2,795.71	0.42

Segment reporting for the year ended March 31, 2021 is given below:

Business segments:

(₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	32,337.67	110,210.21	57,154.30	19,937.53	219,639.71
2	Unallocated revenue					30.82
3	Less: Inter-segment revenue					73,607.41
4	Income from operations (1) + (2) - (3)					146,063.12
5	Segment results	9,030.50	10,574.80	17,437.54	6,207.14	43,249.98
6	Unallocated expenses					1,590.99
7	Income tax expense (including deferred tax)					10,542.46
8	Net profit (5) - (6) - (7)					31,116.53
9	Segment assets	519,641.74	521,997.22	628,731.57	67,116.08	1,737,486.61
10	Unallocated assets					9,383.91
11	Total assets (9) + (10)					1,746,870.52
12	Segment liabilities	76,276.60	1,096,217.82	338,115.31	5,857.65	1,516,467.38
13	Unallocated liabilities					26,682.31
14	Total liabilities (12) + (13)					1,543,149.69
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	443,365.14	(574,220.60)	290,616.26	61,258.43	221,019.23
16	Unallocated (10) - (13)					(17,298.40)
17	Total (15) + (16)					203,720.83
18	Capital expenditure	24.93	1,527.55	139.94	99.72	1,792.14
19	Depreciation	36.74	1,047.40	118.18	100.09	1,302.41
20	Provisions for non - performing assets / others*	(16.82)	10,157.54	2,279.02	3,251.95	15,671.69
21	Unallocated other provisions*					31.16

* *Represents material non-cash charge other than depreciation and taxation.*

Geographic segments:

(₹ crore)

Particulars	Domestic	International
Revenue	145,131.15	931.97
Assets	1,703,283.63	43,586.89
Capital expenditure	1,791.73	0.41

27. Liquidity coverage ratio

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2022 is given below:

(₹ crore)

	Particulars	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)*
1	Total High Quality Liquid Assets (HQLA)		**385,997.51**		**417,489.13**		**400,953.88**		**373,545.17**
2	Retail deposits and deposits from small business customers, of which:	**954,490.24**	**80,092.58**	**927,566.77**	**77,673.10**	**896,814.72**	**75,284.44**	**852,277.84**	**71,135.40**
(i)	Stable deposits	307,128.86	15,356.44	301,671.49	15,083.57	287,940.72	14,397.04	281,847.60	14,092.38
(ii)	Less stable deposits	647,361.38	64,736.14	625,895.28	62,589.53	608,874.00	60,887.40	570,430.24	57,043.02
3	Unsecured wholesale funding, of which:	**427,179.99**	**236,495.87**	**425,733.31**	**238,454.69**	**404,540.27**	**227,410.53**	**396,313.06**	**217,872.62**
(i)	Operational deposits (all counterparties)	50,091.34	12,318.56	49,151.99	12,082.10	41,056.81	10,080.72	47,120.53	11,571.41
(ii)	Non-operational deposits (all counterparties)	361,773.31	208,861.97	364,778.87	214,570.14	356,351.20	210,197.55	342,691.41	199,800.09
(iii)	Unsecured debt	15,315.34	15,315.34	11,802.45	11,802.45	7,132.26	7,132.26	6,501.12	6,501.12
4	Secured wholesale funding		**1,809.17**		**553.04**		**1,691.00**		**1,702.72**
5	Additional requirements, of which	**167,534.97**	**96,527.73**	**155,825.60**	**87,313.27**	**147,989.01**	**80,983.14**	**140,451.24**	**74,898.54**
(i)	Outflows related to derivative exposures and other collateral requirement	84,702.91	84,702.91	75,933.90	75,933.90	69,165.62	69,165.62	63,937.12	63,937.12
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	82,832.06	11,824.82	79,891.70	11,379.37	78,823.39	11,817.52	76,514.12	10,961.42
6	Other contractual funding obligation	27,141.50	27,141.50	24,854.04	24,854.04	23,514.45	23,514.45	22,135.84	22,135.84
7	Other contingent funding obligations	634,305.56	29,445.82	603,961.91	28,113.35	595,276.29	27,817.78	437,391.84	19,917.22
8	**Total Cash Outflows**		**471,512.67**		**456,961.49**		**436,701.34**		**407,662.34**
9	Secured lending (e.g. reverse repo)		-		-		-		-
10	Inflows from fully performing exposures	63,853.06	33,587.93	60,426.04	32,280.13	59,397.24	31,440.06	59,738.94	31,638.73
11	Other cash inflows	99,723.29	92,944.16	90,398.02	84,455.97	85,086.16	78,694.00	83,566.17	78,654.93
12	**Total Cash Inflows**	**163,576.35**	**126,532.09**	**150,824.06**	**116,736.10**	**144,483.40**	**110,134.06**	**143,305.11**	**110,293.66**
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**		**385,997.51**		**417,489.13**		**400,953.88**		**373,545.17**
14	**Total Net Cash Outflows**		**344,980.58**		**340,225.39**		**326,567.28**		**297,368.68**
15	**Liquidity Coverage Ratio (%)**		**111.89%**		**122.71%**		**122.78%**		**125.62%**

* *The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.*

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2021 is given below:

(₹ crore)

	Particulars	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)*
1	Total High Quality Liquid Assets (HQLA)		**387,444.92**		**383,674.38**		**388,794.58**		**340,377.99**
2	Retail deposits and deposits from small business customers, of which:	**832,171.74**	**69,590.69**	**796,241.80**	**66,593.38**	**773,039.10**	**64,459.71**	**732,384.63**	**60,916.81**
(i)	Stable deposits	272,529.72	13,626.49	260,616.12	13,030.81	256,883.89	12,844.19	246,433.05	12,321.65
(ii)	Less stable deposits	559,642.02	55,964.20	535,625.68	53,562.57	516,155.21	51,615.52	485,951.58	48,595.16
3	Unsecured wholesale funding, of which:	**392,556.47**	**220,016.76**	**374,118.11**	**209,243.16**	**363,230.65**	**204,604.77**	**356,330.51**	**202,266.13**
(i)	Operational deposits (all counterparties)	46,724.00	11,468.76	42,642.99	10,451.53	39,434.73	9,616.05	43,335.91	10,570.42
(ii)	Non-operational deposits (all counterparties)	337,592.54	200,308.07	322,278.94	189,595.45	314,152.61	185,345.41	300,405.14	179,106.25
(iii)	Unsecured debt	8,239.93	8,239.93	9,196.18	9,196.18	9,643.31	9,643.31	12,589.46	12,589.46
4	Secured wholesale funding		**1,468.48**		**136.02**		**572.08**		**2,536.01**
5	Additional requirements, of which	**129,797.30**	**74,882.62**	**100,431.39**	**60,570.72**	**109,923.16**	**69,254.65**	**94,309.70**	**55,993.92**
(i)	Outflows related to derivative exposures and other collateral requirement	65,257.51	65,257.51	53,502.98	53,502.98	62,084.76	62,084.76	48,942.70	48,942.70
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	64,539.79	9,625.11	46,928.41	7,067.74	47,838.40	7,169.89	45,367.00	7,051.22
6	Other contractual funding obligation	25,016.62	25,016.62	22,110.23	22,110.23	19,704.76	19,704.76	17,620.62	17,620.62
7	Other contingent funding obligations	86,122.40	2,583.67	80,291.75	2,408.75	75,154.22	2,757.85	78,620.58	2,358.62
8	**Total Cash Outflows**		**393,558.84**		**361,062.26**		**361,353.82**		**341,692.11**
9	Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	57,894.78	30,583.31	54,243.72	28,833.52	54,736.54	29,395.55	58,619.17	31,164.09
11	Other cash inflows	86,460.73	80,668.22	71,902.59	66,534.28	83,850.84	76,900.67	73,670.94	66,790.62
12	**Total Cash Inflows**	**144,355.51**	**111,251.53**	**126,146.31**	**95,367.80**	**138,587.38**	**106,296.22**	**132,290.11**	**97,954.71**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**TOTAL HQLA**		**387,444.92**		**383,674.38**		**388,794.58**		**340,377.99**
14	**Total Net Cash Outflows**		**282,307.31**		**265,694.46**		**255,057.60**		**243,737.40**
15	**Liquidity Coverage Ratio (%)**		**137.24%**		**144.40%**		**152.43%**		**139.65%**

* *The average weighted and unweighted amounts are calculated taking simple average based on daily observation for the respective quarters.*

Qualitative disclosure on LCR

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key reforms to develop a more resilient banking sector. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks. It does this by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet their liquidity needs for a 30 calendar day liquidity stress scenario. The LCR is expected to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

The Liquidity Risk Management of the Bank is governed by the Asset Liability Management (ALM) Policy approved by the Board. The Asset Liability Committee (ALCO) is a decision making unit responsible for implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance / limits set by the Board. In order to determine cash outflows, the Bank segregates its deposits into various customer segments, viz. Retail (which include deposits from individuals), Small Business Customers (those with deposits upto ₹ 7.5 crore), and Wholesale (which would cover all residual deposits). Within Wholesale, deposits that are attributable to clearing, custody, and cash management services are classified as Operational Deposits. Other contractual funding, including a portion of other liabilities which are expected to run down in a 30 day time frame are included in the cash outflows. These classifications, based on extant regulatory guidelines, are part of the Bank's LCR framework, and are also submitted to the RBI.

The LCR is calculated by dividing a Bank's stock of HQLA by its total net cash outflows over a 30 day stress period. The guidelines for LCR were effective January 1, 2015, with the minimum requirement at 60% which have risen in equal annual steps to reach 100% on January 1, 2019. This graduated approach was designed to ensure that the LCR could be introduced without material disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity. The present requirement, as on March 31, 2022 is 100%.

In the Indian context, the run-off factors for the stressed scenarios are prescribed by the RBI, for various categories of liabilities (viz., deposits, unsecured and secured wholesale borrowings), undrawn commitments, derivative-related exposures, and offset with inflows emanating from assets maturing within the same time period. Given below is a table of run-off factors and the average LCR maintained by the Bank quarter-wise over the past two years:

Particulars	Run-off factors
Retail Deposits	5% - 10%
Small Business Customers	5% - 10%
Operational deposits	5% - 25%
Non-financial corporates, sovereigns, central banks, multilateral development banks, and PSEs	40%
Other legal entities	100%

Quarter ended	LCR Maintained (Average)	LCR Required
March 31, 2022	111.89%	100.00%
December 31, 2021	122.71%	100.00%
September 30, 2021	122.78%	100.00%
June 30, 2021	125.62%	100.00%
March 31, 2021	137.24%	90.00%
December 31, 2020	144.40%	90.00%
September 30, 2020	152.43%	80.00%
June 30, 2020	139.65%	80.00%

The average LCR for the quarter ended March 31, 2022 was at 111.89% as against 137.24% for the quarter ended March 31, 2021, and above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31, 2022 was ₹ 385,997.51 crore, as against ₹ 387,444.92 crore for the quarter ended March 31, 2021. During the same period the composition of government securities and treasury bills in the HQLA was at 89.04% as compared to 89.49% in the previous year.

For the quarter ended March 31, 2022, derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted just about 0.58% and 2.51% respectively of average cash outflow. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits. As of March 31, 2022 the top 20 depositors comprised of 4% of total deposits indicating a healthy and stable deposit profile.

28. Related party disclosures

As per AS-18, Related Party Disclosures read with RBI Master Direction on Financial Statements - Presentation and Disclosures, the Bank's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Subsidiaries

HDFC Securities Limited
HDB Financial Services Limited

Welfare trust of the Bank

HDB Employees Welfare Trust

Key management personnel

Sashidhar Jagdishan, Managing Director and Chief Executive Officer
Kaizad Bharucha, Executive Director

Relatives of key management personnel and their interested entities

Nagsri Sashidhar, Jagdishan Chandrasekharan, Dhruv Sashidhar, Mythra Mahesh, Mahesh Babu Ramamurthy, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha, Dilnaaz D Bharucha, Nagsri - Creating Special Memories.

The significant transactions between the Bank and related parties for year ended March 31, 2022 are given below. A specific related party transaction is a significant transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: HDB Financial Services Limited ₹ 5.47 crore (previous year: ₹ 12.78 crore); Housing Development Finance Corporation Limited ₹ 20.43 crore (previous year: ₹ 10.80 crore).
- Interest received: HDB Financial Services Limited ₹ 498.75 crore (previous year: ₹ 439.87 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 463.93 crore (previous year: ₹ 324.65 crore).
- Receiving of services: HDB Financial Services Limited ₹ 2,749.25 crore (previous year: ₹ 2,346.93 crore); Housing Development Finance Corporation Limited ₹ 720.16 crore (previous year: ₹ 589.87 crore).
- Dividend paid: Housing Development Finance Corporation Limited ₹ 562.00 crore (previous year: Nil).
- Dividend received: HDFC Securities Limited ₹ 830.90 crore (previous year: ₹ 483.04 crore).

The Bank's related party balances and transactions for the year ended March 31, 2022 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Deposits taken	2,741.49	1,195.53	4.54	1.43	3,942.99
	(5,132.37)	(1,668.62)	(23.02)	(1.43)	(6,825.44)
Deposits placed	0.32	10.62	-	-	10.94
	(0.32)	(10.62)	-	-	(10.94)
Advances given	-	6,067.14	0.55	#	6,067.69
	-	(6,067.14)	(0.73)	(0.01)	(6,067.88)
Fixed assets purchased from	-	-	-	-	-
Fixed assets sold to	-	-	-	-	-
Interest paid to	20.43	5.61	0.98	0.04	27.06
Interest received from	-	498.75	0.02	-	498.77
Income from services rendered to	463.93	72.23	#	#	536.16
Expenses for receiving services from	720.16	2,774.86	-	-	3,495.02
Equity investments	-	3,826.49	-	-	3,826.49
	-	(3,826.49)	-	-	(3,826.49)
Other investments	-	5,105.62	-	-	5,105.62
	-	(5,105.62)	-	-	(5,105.62)

Items / Related party	Promoter	Subsidiaries	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Dividend paid to	562.00	-	2.50	#	564.50
Dividend received from	-	830.90	-	-	830.90
Receivable from	65.33	1.19	-	-	66.52
	(135.56)	(7.78)	-	-	(143.34)
Payable to	64.14	96.01	-	-	160.15
	(64.14)	(101.83)	-	-	(165.97)
Guarantees given	0.39	-	-	-	0.39
	(0.40)	-	-	-	(0.40)
Remuneration paid	-	-	17.16	-	17.16
Loans purchased from	28,205.24	-	-	-	28,205.24

Denotes amount less than ₹ 1 lakh.

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2022, approved unpaid deferred bonus in respect of earlier years was ₹ 2.09 crore.*

The Bank being an authorised dealer, deals in foreign exchange and derivative transactions with parties which include its promoter. The foreign exchange and derivative transactions are undertaken in line with the RBI guidelines. The notional principal amount of foreign exchange and derivative contracts transacted with the promoter that were outstanding as on March 31, 2022 is ₹11,178.71 crore (previous year: ₹ 7,757.49 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms was ₹ 236.68 crore (previous year: ₹ 166.45 crore).

During the year ended March 31, 2022, the Bank purchased debt securities from HDB Financial Services Limited ₹ 1,316.88 crore (previous year: ₹ 3,146.57 crore) issued by it.

During the year ended March 31, 2022, the Bank made investment of Nil (previous year: ₹ 473.06 crore) in pass through certificates in respect of assets securitised out by HDB Financial Services Limited.

The deposit outstanding from HDB Employees Welfare Trust as at March 31, 2022 was ₹ 20.35 crore (previous year: ₹ 51.02 crore). The Bank also paid interest on deposit from HDB Employees Welfare Trust aggregating to ₹ 2.41 crore (previous year: ₹ 3.13 crore).

The Bank's related party balances and transactions for the year ended March 31, 2021 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Deposits taken	3,560.67	1,300.08	60.07	1.00	4,921.82
	(3,560.67)	(2,231.42)	(717.55)	(18.84)	(6,528.48)
Deposits placed	0.32	10.62	-	-	10.94
	(0.47)	(10.62)	(0.76)	(3.50)	(15.35)
Advances given	-	5,572.73	0.99	#	5,573.72
	-	(6,032.37)	(2.32)	(0.02)	(6,034.71)
Fixed assets purchased from	-	-	-	-	-
Fixed assets sold to	-	-	-	-	-
Interest paid to	10.80	14.16	8.22	0.59	33.77
Interest received from	-	440.03	0.05	-	440.08
Income from services rendered to	324.65	66.62	#	#	391.27
Expenses for receiving services from	589.87	2,395.60	0.14	0.38	2,985.99

Items / Related party	Promoter	Subsidiaries	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Equity investments	-	3,826.49	-	-	3,826.49
	-	(3,826.49)	-	-	(3,826.49)
Other investments	-	3,138.89	-	-	3,138.89
	-	(3,138.89)	-	-	(3,138.89)
Dividend paid to	-	-	-	-	-
Dividend received from	-	483.04	-	-	483.04
Receivable from	138.77	6.27	-	-	145.04
	(138.77)	(10.96)	-	-	(149.73)
Payable to	111.05	86.08	-	-	197.13
	(199.27)	(171.13)	-	-	(370.40)
Guarantees given	0.40	-	-	-	0.40
	(0.41)	-	-	(0.05)	(0.46)
Remuneration paid	-	-	22.48	-	22.48
Loans purchased from	18,979.78	-	-	-	18,979.78

\# *Denotes amount less than ₹ 1 lakh.*

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2021, approved unpaid deferred bonus in respect of earlier years was ₹ 2.90 crore.*
- *Related parties are in accordance with AS-18 Related Party Disclosures.*

29 Leases

Operating leases primarily comprise office premises, staff residences and Automated Teller Machines (‘ATM’s), which are renewable at the option of the Bank. The details of maturity profile of future operating lease payments are given below:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Not later than one year	1,261.61	1,163.33
Later than one year and not later than five years	4,384.36	3,943.95
Later than five years	5,410.34	5,207.95
Total	**11,056.31**	**10,315.23**
The total of minimum lease payments recognised in the Profit and Loss Account for the year	1,347.58	1,390.04
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	55.67	56.94
Sub-lease amounts recognised in the Profit and Loss Account for the year	10.85	9.92
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	321.96	324.07

The Bank has sub-leased certain of its properties taken on lease.

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

30. Transfers to Depositor Education and Awareness Fund (DEAF)

The details of amount transferred during the respective year to DEAF are as under:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening balance of amounts transferred to DEAF	783.99	617.69
Add: Amounts transferred to DEAF during the year	154.94	169.93
Less: Amounts reimbursed by DEAF towards claims	(7.93)	(3.63)
Closing balance of amounts transferred to DEAF	931.00	783.99

31. Penalties levied by the RBI

During the year ended March 31, 2022, RBI by an order dated May 27, 2021, levied a penalty of ₹ 10 crore for marketing and sale of third-party non-financial products to the Bank's auto loan customers, arising from a whistle blower complaint, which revealed, inter alia, contravention of Section 6(2) and Section 8 of the Banking Regulation Act, 1949. The Bank has discontinued the sale of said third-party non-financial product since October 2019.

During the year ended March 31, 2021, RBI imposed a penalty of ₹ 0.10 crore for bouncing of Subsidiary General Ledger which led to shortage of balance in certain securities in the Bank's Constituent Subsidiary General Ledger account.

32. Disclosure for complaints and grievance redress

Summary information on complaints received by the Bank from the customers and from the OBOs (Office of Banking Ombudsman)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	6,263	5,057
2	Number of complaints received during the year	3,68,291	4,67,453
3	Number of complaints disposed during the year	3,67,676	4,66,247
3.1	Of which, number of complaints rejected by the bank	78,383	87,073
4	Number of complaints pending at the end of the year	6,878	6,263
	Maintainable complaints received by the bank from OBOs		
5	Number of maintainable complaints received by the bank from OBOs	10,499	25,777
5.1	Of 5, number of complaints resolved in favour of the bank by BOs	4,494	7,593
5.2	Of 5, number of complaints resolved through conciliation / mediation / advisories issued by BOs	6,005	18,184
5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	Nil	Nil
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

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

Pursuant to the RBI guidance, number of complaints for the previous year have been restated.

Overall Complaints Summary for the financial years:

	Description	March 31, 2022	March 31, 2021
A	Total Number of Complaints	4,35,152	4,80,667
B	Complaints redressed by the bank within one working Day	66,861	13,214
C	Net Reportable complaints (A - B)	3,68,291	4,67,453

Top five grounds of complaints received by the Bank from the customers for the year ended March 31, 2022:

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
ATM / Debit Cards	2,790	1,46,532	(22%)	2,299	28
Credit Cards	991	76,874	(52%)	731	-
Internet / Mobile / Electronic Banking	1,603	68,518	21%	2,559	9
Loans and advances	533	37,738	14%	625	14
Account opening / difficulty in operation of accounts	80	13,361	49%	146	-
Others	266	25,268	16%	518	7
Total	**6,263**	**3,68,291**	**(21%)**	**6,878**	**58**

Top five grounds of complaints received by the Bank from the customers for the year ended March 31, 2021:

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
ATM / Debit Cards	2,651	1,86,775	(29%)	2,790	16
Credit Cards	540	1,60,288	(9%)	991	-
Internet / Mobile / Electronic Banking	1,315	56,422	64%	1,603	-
Loans and advances	297	33,167	7%	533	1
Account opening / difficulty in operation of accounts	20	8,990	(23%)	80	-
Others	234	21,811	(10%)	266	6
Total	**5,057**	**4,67,453**	**(14%)**	**6,263**	**23**

* *All these cases were pending within the stipulated turnaround time (TAT) of the Bank.*

33. Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 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 during the years ended March 31, 2022 and March 31, 2021. The above is based on the information available with the Bank which has been relied upon by the auditors.

34. Overseas assets, NPAs and revenue

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Total Assets	58,034.53	43,586.89
Total NPAs	195.26	188.35
Total Revenue	860.09	931.97

35. Corporate social responsibility

The details of Corporate Social Responsibility (CSR) activities are given below:

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Amount required to be spent by the Bank during the year	733.86	627.86
2	Amount of expenditure incurred	736.87	634.90
3	Shortfall at the end of the year	-	-
4	Details of unspent CSR amount for the preceding three financial years	-	-
5	Reason for shortfall	-	-
6	Nature of CSR activities	- Rural Development - Promotion of Education - Skill Training & Livelihood Enhancement - Financial Literacy & Inclusion - Healthcare & Hygiene	- Rural Development - Promotion of Education - Skill Training & Livelihood Enhancement - Financial Literacy & Inclusion - Healthcare & Hygiene
7	Details of related party transactions, e.g. contribution to a trust controlled by the Bank in relation to CSR expenditure as per relevant Accounting Standard	-	-
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

36. 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 during the years ended March 31, 2022 and March 31, 2021.

37. Disclosure on remuneration to Non-Executive Directors

Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees during the year ended March 31, 2022 amounted to ₹ 4.48 crore (previous year: ₹ 3.73 crore).

Further, in accordance with RBI guidelines, remuneration to all Non-Executive Directors other than the Chairperson for the year ended March 31, 2022 amounted to ₹ 1.65 crore (previous year: ₹ 0.70 crore).

38. Payment of DICGC Insurance Premium

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Payment of DICGC Insurance Premium (excluding GST)	1,636.66	1,413.97
2	Arrears in payment of DICGC Premium	-	-

39. Implementation of IFRS converged Indian Accounting Standards

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, had issued a roadmap for implementation of Indian Accounting Standards (IND-AS) for scheduled commercial banks, insurers / insurance companies and non-banking financial companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. This roadmap required these institutions to prepare IND-AS based financial statements for the accounting periods beginning April 1, 2018 with comparatives for the periods beginning April 1, 2017. The implementation of IND-AS by banks requires certain legislative changes in the format of financial statements to comply with the disclosures required under IND-AS. In April 2018, the RBI deferred the implementation of IND-AS by a year by when the necessary legislative amendments were expected. The legislative amendments recommended by the RBI are under consideration by the Government of India. Accordingly, the RBI, through its circular dated March 22, 2019, deferred the implementation of IND-AS until further notice.

The Bank, being an associate of Housing Development Finance Corporation Limited (the 'Corporation'), submits its consolidated financial information ('fit for consolidation information'), prepared in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, to the Corporation for the purposes of the consolidated financial statements / results of the Corporation. The results of the Bank upon its first time adoption of and transition to IND-AS, based on the updated regulations and accounting standards / guidance and business strategy at the date of actual transition, could differ from those reported in the fit for consolidation information.

40. COVID-19

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. Since then India experienced two waves of the COVID-19 pandemic following the discovery of mutant coronavirus variants, leading to the reimposition of regional lockdowns which were subsequently lifted.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The disruptions following the outbreak, impacted loan originations, the sale of third party products, the use of credit and debit cards by customers and the efficiency in collection efforts resulting in increase in customer defaults and consequent increase in provisions there against.

India is emerging from the COVID-19 pandemic. The extent to which any new wave of COVID-19 will impact the Bank's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

41. Refund / Adjustment of 'interest on interest'

In accordance with the instructions in the paragraph 5 of the RBI circular dated April 07, 2021, the Bank refunded / adjusted 'interest on interest' of ₹ 268.09 crore to all eligible borrowers during the year ended March 31, 2022.

42. Disclosure under Rule 11 (e) of the Companies (Audit and Auditors) Rules, 2014

The Bank, as part of its normal banking business, grants loans and advances to its constituents including foreign entities with permission to lend / invest / provide guarantee or security or the like in other entities identified by such constituents. Similarly, the Bank accepts deposits from its constituents, who may instruct the Bank to lend / invest / provide guarantee or security or the like against such deposit in other entities identified by such constituents.

These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines as applicable in respective jurisdiction.

Other than the nature of transactions described above, the Bank has not advanced / lent / invested / provided guarantee or security to or in any other person with an understanding to lend / invest / provide guarantee or security or the like to or in any other person. Similarly, other than the nature of transactions described above, the Bank has not received any funds from any other person with an understanding that the Bank shall lend / invest / provide guarantee or security or the like to or in any other person.

43. Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation. The previous year comparative numbers were audited by MSKA & Associates, Chartered Accountants.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number: 107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577

Mumbai, April 16, 2022

For and on behalf of the Board

Atanu Chakraborty
Part Time Chairman of the Board

M. D. Ranganath
Independent Director

Lily Vadera
Independent Director

Kaizad Bharucha
Executive Director

Santosh Haldankar
Company Secretary

Umesh Chandra Sarangi
Independent Director

Malay Patel
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Srinivasan Vaidyanathan
Chief Financial Officer

Independent Auditor's Report

To the Members of HDFC Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of HDFC Bank Limited (hereinafter referred to as the "Bank") and its subsidiaries (the Bank and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2022, the Consolidated Profit and Loss Account, the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, the aforesaid consolidated 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 and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2022, of consolidated profit and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification of Non - Performing advances (NPA) and provision on advances

Key Audit Matter	How our audit addressed the key audit matter
The Reserve Bank of India's ("RBI") guidelines on Income recognition, asset classification and provisioning ("IRACP") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets. The Bank is required to have Board approved policy as per IRACP guidelines for NPA identification and provision. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision on NPA is estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard. Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances to certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions. The Management of the Bank also makes an assessment of the impact on borrowers' accounts which were restructured as per RBI Circulars issued to provide relief to the borrowers. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring and recovery of loans, monitoring overdue / stressed accounts, identification of NPA, provision for NPA and valuation of security including collateral. Testing of Application controls include testing of automated controls, reports and system reconciliations. Evaluated the governance process and tested controls over calculations of provision on non-performing advances, basis of provisioning in accordance with the Board approved policy. Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRACP norms and Bank policy. Performed other substantive procedures including but not limited to the following: • Selected samples of performing loans and assessed independently as to whether those should be classified as NPA; • For samples selected examined the security valuation, financial statements and other qualitative information; • Considered 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; • For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts; • Performed 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 particular loan account or any product category which needed to be considered as NPA; • Held specific discussions with the management of the Bank on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors; • Selected and tested samples of accounts which were restructured under MSME restructuring circular and Resolution Framework for COVID-19 related stress circular for their compliance with the RBI directions; • Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Evaluation of litigations included in contingent liabilities

Key Audit Matter	How our audit addressed the key audit matter
The Bank has material open tax litigations which involve significant judgement to determine the possible outcome of these disputes. Significant management judgement is needed in determining whether an obligation exists and whether a provision should be recognised as at the reporting date, in accordance with the accounting criteria set under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets ('AS 29'), or whether it needs to be disclosed as a contingent liability. Further significant judgements are also involved in measuring such obligations, the most significant of which are: • Assessment of liability: Judgement is involved in the determination of whether an outflow in respect of identified material matters are probable and can be estimated reliably; • Adequacy of provisions: The appropriateness of assumptions and judgements used in the estimation of significant provisions; and • Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities. The Bank's assessment is supported by the facts of matter, their own judgement, experience, and advices from legal and independent tax consultants wherever considered necessary. Since the assessment of these open tax litigations requires significant level of judgement in interpretation of law, we have included this as a key audit matter.	Our Audit procedures with respect to this matter included: Testing the design and operating effectiveness of the Bank's key controls over the estimation, monitoring and disclosure of provisions and contingent liabilities. Our substantive audit procedures included and were not limited to the following: • Obtained an understanding of the Bank's process for determining tax liabilities, tax provisions and contingent liabilities pertaining to legal matters and taxation matters; • Obtained list of cases/matters in respect of which litigations were outstanding as at reporting date; • For significant legal matters, we sought external confirmations and also corroborated with management's documented conclusions on the assessment of outstanding litigations against the Bank; • For significant taxation matters, we involved our tax specialist to gain an understanding of the current status of the litigations, including understanding of various orders / notices received by the Bank and the management's grounds of appeals before the relevant appellate authorities; • Evaluated the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice; and • Agreed underlying tax balances to supporting documentation, including correspondence with tax authorities. • Assessed the disclosures in the consolidated financial statements.

Information Technology ("IT") Systems and Controls	
Key Audit Matter	**How our audit addressed the key audit matter**
The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions are processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	Our Audit procedures with respect to this matter included: For testing the IT general controls, application controls and IT dependent manual controls, we involved specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. Obtained a comprehensive understanding of IT applications implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to Backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our test. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Basel III - Pillar 3 disclosures and graphical representation of financial highlights (but does not include the financial statements and our auditor's reports thereon), which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

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

The Bank's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India from time to time (the "RBI Guidelines") as applicable to the Bank. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI Guidelines for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Bank, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the respective entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the respective entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's 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 Matter

- We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 7,226,709 Lacs as at March 31, 2022, total revenues of ₹ 1,346,577 Lacs and net cash flows amounting to ₹ 45,344 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

  Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

- The audit of consolidated financial statements for the year ended March 31, 2021 was conducted by MSKA & Associates, Chartered Accountants, the statutory auditor of the Bank, who had expressed an unmodified opinion on those financial statements. Accordingly, we, M M Nissim & Co LLP, Chartered Accountants, do not express any opinion on the figures reported in the consolidated financial statements for the year ended / as at March 31, 2021.

  Our opinion on the consolidated financial statement is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and the consideration of the report of the other auditors on separate financial statements as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements;

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c. The Consolidated Balance Sheet, the Consolidated Profit and Loss Account and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

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

e. On the basis of the written representations received from the directors of the Bank as on March 31, 2022 taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;

f. With respect to the adequacy of internal financial controls with reference to the consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in “Annexure A”;

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

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Schedule 12, Schedule 17(D)(17) and Schedule 18(12)(d)(1) & (2) to the consolidated financial statements;

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Schedule 17(D)(7) & 17(D)(17) and Schedule 18(12)(d) to the consolidated financial statements in respect of such items as it relates to the Group; and

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank and its subsidiary companies incorporated in India.

   iv. 1. The Management of the Bank has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, 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 and its subsidiary companies to or in any other persons / entities, including foreign entities (‘Intermediaries’), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank, and its subsidiary companies (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      2. The Management of the Bank has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been received by the Bank and its subsidiary companies from any persons / entities, including foreign entities, that the Bank and its subsidiary companies have directly or indirectly, lend or invest in other persons or entities identified 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;

      3. Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management of Bank in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management of Bank under sub-clause (1) and (2) contain any material misstatement.

   v. The Bank and its subsidiary companies has paid dividend during the year which is in compliance with section 123 of the Act and the Banking Regulation Act, 1949.

h. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditors of subsidiary companies, the remuneration paid by the subsidiary companies to its directors is within the limit laid down under Section 197 of the Act and the rules thereunder. Further, the Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply to the Bank.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812AHEKRY1875

Mumbai,
April 16, 2022

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577
UDIN: 22044577AHEOTN5398

Mumbai,
April 16, 2022

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HDFC BANK LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of HDFC Bank limited on the consolidated Financial Statements for the year ended March 31, 2022]

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

In conjunction with our audit of the consolidated financial statements of the Bank as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of HDFC Bank Limited (hereinafter referred to as "the Bank") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Bank, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of internal financial controls with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 internal financial controls with reference to consolidated financial statements of the Bank, its subsidiary companies, which are companies incorporated in India, 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") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 internal financial controls with reference to consolidated financial statements 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 internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Bank, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A Bank's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to consolidated financial statements 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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, and to the best of our information and according to the explanations given to us, the Bank, its subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 22117812AHEKRY1875

Mumbai,
April 16, 2022

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577
UDIN: 22044577AHEOTN5398

Mumbai,
April 16, 2022

Consolidated Balance Sheet

As at March 31, 2022

₹ in crore

	Schedule	As at March 31, 2022	As at March 31, 2021
CAPITAL AND LIABILITIES			
Capital	1	554.55	551.28
Reserves and surplus	2	246,771.62	209,258.90
Minority interest	2A	720.41	632.76
Deposits	3	1,558,003.03	1,333,720.87
Borrowings	4	226,966.50	177,696.75
Other liabilities and provisions	5	89,918.19	77,646.07
Total		**2,122,934.30**	**1,799,506.63**
ASSETS			
Cash and balances with Reserve Bank of India	6	130,030.71	97,370.35
Balances with banks and money at call and short notice	7	25,355.02	23,902.16
Investments	8	449,263.86	438,823.11
Advances	9	1,420,942.28	1,185,283.52
Fixed assets	10	6,283.28	5,099.56
Other assets	11	90,910.36	48,879.14
Goodwill on Consolidation		148.79	148.79
Total		**2,122,934.30**	**1,799,506.63**
Contingent liabilities	12	1,400,197.64	975,280.66
Bills for collection		56,968.05	44,748.14
Significant accounting policies and notes to the Consolidated financial statements The schedules referred to above form an integral part of the Consolidated Balance Sheet.	17 & 18		

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number:
105047W

Swapnil Kale
Partner
Membership Number: 117812

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577

Mumbai, April 16, 2022

For and on behalf of the Board

Atanu Chakraborty
Part Time Chairman of the Board

Umesh Chandra Sarangi
Independent Director

M. D. Ranganath
Independent Director

Malay Patel
Independent Director

Lily Vadera
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Consolidated Profit and Loss Account

For the year ended March 31, 2022

₹ in crore

	Schedule	Year ended March 31, 2022	Year ended March 31, 2021
I INCOME			
Interest earned	13	135,936.41	128,552.40
Other income	14	31,758.99	27,332.88
Total		**167,695.40**	**155,885.28**
II EXPENDITURE			
Interest expended	15	58,584.33	59,247.59
Operating expenses	16	40,312.43	35,001.26
Provisions and contingencies [Refer Schedule 18 (12)]		30,647.74	29,779.66
Total		**129,544.50**	**124,028.51**
III PROFIT			
Consolidated Net Profit for the year before minorities' interest		38,150.90	31,856.77
Less : Minorities' Interest		98.15	23.56
Consolidated Net Profit for the year attributable to the group		38,052.75	31,833.21
Add: Brought forward consolidated profit attributable to the group		78,594.20	61,817.68
Total		**116,646.95**	**93,650.89**
IV APPROPRIATIONS			
Transfer to Statutory Reserve		9,444.38	7,879.70
Dividend pertaining to previous year paid during the year		3,592.40	-
Transfer to General Reserve		3,696.14	3,111.65
Transfer to Capital Reserve		666.47	2,291.68
Transfer to / (from) Investment Reserve Account		233.13	61.66
Transfer to / (from) Investment Fluctuation Reserve		-	1,712.00
Transfer to / (from) Minority Interest (opening adjustment)		(48.34)	-
Balance carried over to consolidated balance sheet		99,062.77	78,594.20
Total		**116,646.95**	**93,650.89**
V EARNINGS PER EQUITY SHARE (FACE VALUE ₹ 1 PER SHARE)		₹	₹
Basic		68.77	57.88
Diluted		68.31	57.61
Significant accounting policies and notes to the Consolidated financial statements The schedules referred to above form an integral part of the Consolidated Profit and Loss Account.	17 & 18		

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number:
105047W

Swapnil Kale
Partner
Membership Number: 117812

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577

Mumbai, April 16, 2022

For and on behalf of the Board

Atanu Chakraborty
Part Time Chairman of the Board

Umesh Chandra Sarangi
Independent Director

M. D. Ranganath
Independent Director

Malay Patel
Independent Director

Lily Vadera
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Consolidated Cash Flow Statement

For the year ended March 31, 2022

₹ in crore

	Year ended March 31, 2022	Year ended March 31, 2021
Cash flows from operating activities:		
Consolidated profit before income tax	50,775.24	42,772.58
Adjustments for:		
Depreciation on fixed assets	1,680.73	1,385.01
(Profit) / loss on revaluation of investments	(1,546.40)	1,485.32
Amortisation of premium on held to maturity investments	821.32	765.47
(Profit) / loss on sale of fixed assets	3.25	0.29
Provision / charge for non performing assets	13,286.95	13,927.01
Provision for standard assets and contingencies	5,418.21	5,283.07
Employee Stock Options Expense	341.24	-
	70,780.55	**65,618.75**
Adjustments for:		
Increase in investments	(10,849.22)	(50,156.64)
Increase in advances	(248,946.13)	(155,681.07)
Increase in deposits	224,282.15	187,513.74
(Increase) / decrease in other assets	(40,044.70)	8,307.68
Increase / (decrease) in other liabilities and provisions	7,655.94	(104.56)
	2,878.59	**55,497.90**
Direct taxes paid (net of refunds)	(14,838.16)	(13,021.45)
Net cash flow (used in) / from operating activities	**(11,959.57)**	**42,476.45**
Cash flows from investing activities:		
Purchase of fixed assets	(2,236.24)	(1,696.15)
Proceeds from sale of fixed assets	19.91	15.28
Net cash flow used in investing activities	**(2,216.33)**	**(1,680.87)**
Cash flows from financing activities:		
Increase in minority interest	135.83	56.12
Proceeds from issue of share capital, net of issue expenses	2,609.76	1,760.10
Proceeds from issue of Additional Tier I and Tier II capital bonds	8,312.75	356.50
Redemption of Tier II capital bonds	(3,650.00)	(1,105.00)
Net proceeds / (repayments) in other borrowings	44,308.08	(8,389.07)
Dividend paid during the year	(3,592.40)	-
Net cash flow from / (used in) financing activities	**48,124.02**	**(7,321.35)**
Effect of exchange fluctuation on translation reserve	**165.10**	**(141.83)**
Net increase in cash and cash equivalents	**34,113.22**	**33,332.40**
Cash and cash equivalents as at April 1st	**121,272.51**	**87,940.11**
Cash and cash equivalents as at March 31st	**155,385.73**	**121,272.51**

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number:
105047W

Swapnil Kale
Partner
Membership Number: 117812

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577

Mumbai, April 16, 2022

For and on behalf of the Board

Atanu Chakraborty
Part Time Chairman of the Board

Umesh Chandra Sarangi
Independent Director

M. D. Ranganath
Independent Director

Malay Patel
Independent Director

Lily Vadera
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary

Schedules to the Consolidated Financial Statements

As at March 31, 2022

SCHEDULE 1 - CAPITAL

₹ in crore

	As at March 31, 2022	As at March 31, 2021
Authorised capital		
6,50,00,00,000 (31 March, 2021 : 6,50,00,00,000) Equity Shares of ₹ 1/- each	650.00	650.00
Issued, subscribed and paid-up capital		
5,54,55,40,976 (31 March, 2021 : 5,51,27,76,482) Equity Shares of ₹ 1/- each	554.55	551.28
Total	**554.55**	**551.28**

SCHEDULE 2 - RESERVES AND SURPLUS

₹ in crore

		As at March 31, 2022	As at March 31, 2021
I	**Statutory reserve**		
	Opening balance	43,483.53	35,603.83
	Additions during the year	9,444.38	7,879.70
	Total	**52,927.91**	**43,483.53**
II	**General reserve**		
	Opening balance	16,785.79	13,674.14
	Additions during the year	3,696.14	3,111.65
	Total	**20,481.93**	**16,785.79**
III	**Balance in profit and loss account**	**99,062.77**	**78,594.20**
IV	**Share premium account**		
	Opening balance	60,512.68	58,755.53
	Additions during the year	2,606.48	1,757.15
	Total	**63,119.16**	**60,512.68**
V	**Amalgamation reserve**		
	Opening balance	1,063.56	1,063.56
	Additions during the year	-	-
	Total	**1,063.56**	**1,063.56**
VI	**Capital reserve**		
	Opening balance	4,956.45	2,664.77
	Additions during the year	666.47	2,291.68
	Total	**5,622.92**	**4,956.45**
VII	**Investment reserve**		
	Opening balance	61.66	-
	Additions during the year	239.87	61.66
	Deductions during the year	(6.74)	-
	Total	**294.79**	**61.66**
VIII	**Investment fluctuation reserve**		
	Opening balance	3,619.00	1,907.00
	Additions during the year	-	1,712.00
	Total	**3,619.00**	**3,619.00**
IX	**Foreign currency translation account**		
	Opening balance	182.03	323.86
	Additions / (deductions) during the year	165.12	(141.83)
	Total	**347.15**	**182.03**
X	**Cash flow hedge reserve**		
	Opening balance	-	-
	Additions / (deductions) during the year	(108.09)	-
	Total	**(108.09)**	**-**

₹ in crore

		As at March 31, 2022	As at March 31, 2021
XI	**Employees stock options reserve**		
	Opening balance	-	-
	Additions / (deductions) during the year	340.52	-
	Total	**340.52**	**-**
	Total	**246,771.62**	**209,258.90**

SCHEDULE 2A - MINORITY INTEREST

₹ in crore

	As at March 31, 2022	As at March 31, 2021
Minority interest at the date on which parent subsidiary relationship came into existence	27.60	27.60
Subsequent increase	692.81	605.16
Total	**720.41**	**632.76**

Includes reserves of Employee Welfare Trust of ₹ 158.86 crore (previous year : ₹ 150.12 crore)

SCHEDULE 3 - DEPOSITS

₹ in crore

			As at March 31, 2022	As at March 31, 2021
A	**I**	**Demand deposits**		
		(i) From banks	5,550.83	3,870.19
		(ii) From others	232,654.39	207,206.05
	Total		**238,205.22**	**211,076.24**
	II	**Savings bank deposits**	**511,737.21**	**403,492.47**
	III	**Term deposits**		
		(i) From banks	9,801.89	10,645.84
		(ii) From others	798,258.71	708,506.32
	Total		**808,060.60**	**719,152.16**
	Total		**1,558,003.03**	**1,333,720.87**
B	**I**	**Deposits of branches in India**	**1,547,880.73**	**1,327,832.43**
	II	**Deposits of branches outside India**	**10,122.30**	**5,888.44**
	Total		**1,558,003.03**	**1,333,720.87**

SCHEDULE 4 - BORROWINGS

₹ in crore

		As at March 31, 2022	As at March 31, 2021
I	**Borrowings in India**		
	(i) Reserve Bank of India	9,020.00	9,020.00
	(ii) Other banks	9,975.09	11,504.27
	(iii) Other institutions and agencies	88,651.96	69,351.56
	(iv) Upper and lower tier II capital and innovative perpetual debts	17,627.00	21,127.00
	(v) Bonds and Debentures (excluding subordinated debt)	43,986.21	38,975.21
	Total	**169,260.26**	**149,978.04**
II	**Borrowings outside India**	**57,706.24**	**27,718.71**
	Total	**226,966.50**	**177,696.75**

Secured borrowings included in I & II above:₹ 32,519.01 crore (previous year : ₹ 35,132.83 crore) except borrowings of ₹ 24,204.49 crore (previous year: ₹ 44,625.92 crore) under repurchase transactions (including tri-party repo) and transactions under Liquidity Adjustment Facility.

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

₹ in crore

		As at March 31, 2022	As at March 31, 2021
I	Bills payable	13,093.74	12,424.19
II	Interest accrued	8,241.11	8,123.58
III	Others (including provisions)	61,792.07	51,572.44
IV	Contingent provisions against standard assets	6,791.27	5,525.86
	Total	**89,918.19**	**77,646.07**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

₹ in crore

		As at March 31, 2022	As at March 31, 2021
I	Cash in hand *(including foreign currency notes)*	11,239.51	10,722.18
II	Balances with Reserve Bank of India:		
	(a) In current accounts	81,777.20	59,442.17
	(b) In other accounts	37,014.00	27,206.00
	Total	**118,791.20**	**86,648.17**
	Total	**130,030.71**	**97,370.35**

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

₹ in crore

		As at March 31, 2022	As at March 31, 2021
I	**In India**		
	(i) Balances with banks:		
	(a) In current accounts	627.61	989.78
	(b) In other deposit accounts	2,730.83	1,617.09
	Total	**3,358.44**	**2,606.87**
	(ii) Money at call and short notice:		
	(a) With banks	-	-
	(b) With other institutions	491.33	-
	Total	**491.33**	**-**
	Total	**3,849.77**	**2,606.87**
II	**Outside India**		
	(i) In current accounts	7,362.22	11,034.48
	(ii) In deposit accounts	2,020.43	390.96
	(iii) Money at call and short notice	12,122.60	9,869.85
	Total	**21,505.25**	**21,295.29**
	Total	**25,355.02**	**23,902.16**

SCHEDULE 8 - INVESTMENTS

₹ in crore

		As at March 31, 2022	As at March 31, 2021
A	**Investments in India in**		
	(i) Government securities	367,723.10	352,015.86
	(ii) Other approved securities	-	-
	(iii) Shares	513.89	449.44
	(iv) Debentures and bonds	59,628.36	58,674.72
	(v) Others (Units, CDs, CPs, PTCs and security receipts)	18,776.09	25,314.97
	Total	**446,641.44**	**436,454.99**
B	**Investments outside India in**		
	(i) Government securities (including Local Authorities)	227.58	593.61
	(ii) Other investments		
	(a) Shares	2.64	3.50
	(b) Debentures and bonds	2,392.20	1,771.01
	Total	**2,622.42**	**2,368.12**
	Total	**449,263.86**	**438,823.11**
C	**Investments**		
I	**Investments in India**		
	(i) Gross value of investments	447,049.34	437,300.54
	(ii) Aggregate of provisions for depreciation	(407.90)	(845.56)
	(iii) Net investment	**446,641.44**	**436,454.98**
II	**Investments outside India**		
	(i) Gross value of investments	2,625.15	2,375.21
	(ii) Aggregate of provisions for depreciation	(2.73)	(7.08)
	(iii) Net investment	**2,622.42**	**2,368.13**
	Total	**449,263.86**	**438,823.11**

SCHEDULE 9 - ADVANCES

₹ in crore

			As at March 31, 2022	As at March 31, 2021
A	(i)	Bills purchased and discounted	29,052.42	34,542.78
	(ii)	Cash credits, overdrafts and loans repayable on demand	433,411.25	255,977.82
	(iii)	Term loans	958,478.61	894,762.92
	Total		**1,420,942.28**	**1,185,283.52**
B	(i)	Secured by tangible assets*	940,971.29	800,068.60
	(ii)	Covered by bank / government guarantees	48,387.03	39,375.84
	(iii)	Unsecured	431,583.96	345,839.08
	Total		**1,420,942.28**	**1,185,283.52**
	** Includes advances against stock and book debts of ₹ 175,547.78 crore (previous year: ₹ 131,211.86 crore)*			
C	**I**	**Advances in India**		
		(i) Priority sector	390,181.51	258,611.15
		(ii) Public sector	135,693.81	119,908.27
		(iii) Banks	6,886.30	8,538.39
		(iv) Others	845,365.56	766,615.86
	Total		**1,378,127.18**	**1,153,673.67**
C	**II**	**Advances outside India**		
		(i) Due from banks	4,909.88	5,527.65
		(ii) Due from others		
		(a) Bills purchased and discounted	254.83	6.35
		(b) Syndicated loans	541.89	834.79
		(c) Others	37,108.50	25,241.06
	Total		**42,815.10**	**31,609.85**
	Total		**1,420,942.28**	**1,185,283.52**

(Advances are net of provisions)

SCHEDULE 10 - FIXED ASSETS

₹ in crore

		As at March 31, 2022	As at March 31, 2021
A	**Premises** *(including land)*		
	Gross block		
	At cost on 31 March of the preceding year	2,055.77	1,891.07
	Additions during the year	166.72	174.52
	Deductions during the year	(13.02)	(9.82)
	Total	**2,209.47**	**2,055.77**
	Depreciation		
	As at 31 March of the preceding year	694.75	637.60
	Charge for the year	72.07	66.48
	On deductions during the year	(11.31)	(9.33)
	Total	**755.51**	**694.75**
	Net block	**1,453.96**	**1,361.02**
B	**Other fixed assets** *(including furniture and fixtures)*		
	Gross block		
	At cost on 31 March of the preceding year	13,110.25	11,701.61
	Additions during the year	2,721.22	1,698.51
	Deductions during the year	(512.42)	(289.87)
	Total	**15,319.05**	**13,110.25**
	Depreciation		
	As at 31 March of the preceding year	9,371.71	8,328.23
	Charge for the year	1,609.02	1,318.27
	On deductions during the year	(491.00)	(274.79)
	Total	**10,489.73**	**9,371.71**
	Net block	**4,829.32**	**3,738.54**
C	**Assets on lease** *(plant and machinery)*		
	Gross block		
	At cost on 31 March of the preceding year	454.69	454.69
	Additions during the year	-	-
	Total	**454.69**	**454.69**
	Depreciation		
	As at 31 March of the preceding year	410.45	410.45
	Charge for the year	-	-
	Total	**410.45**	**410.45**
	Lease adjustment account		
	As at 31 March of the preceding year	44.24	44.24
	Charge for the year	-	-
	Total	**44.24**	**44.24**
	Unamortised cost of assets on lease	-	-
	Total	**6,283.28**	**5,099.56**

SCHEDULE 11 - OTHER ASSETS

₹ in crore

		As at March 31, 2022	As at March 31, 2021
I	Interest accrued	13,470.33	11,892.89
II	Advance tax / tax deducted at source (net of provisions)	4,289.17	3,526.95
III	Stationery and stamps	42.08	43.49
IV	Non banking assets acquired in satisfaction of claims	51.22	51.26
V	Bond and share application money pending allotment	-	22.50
VI	Security deposit for commercial and residential property	592.37	568.79
VII	Deferred Tax Assets	7,143.82	5,541.64
VIII	Others*	65,321.37	27,231.62
	Total	**90,910.36**	**48,879.14**

Includes deposits placed with NABARD / SIDBI / NHB on account of shortfall in lending to priority sector of ₹ 44,738.08 crore (previous year: ₹ 9,320.37 crore)

SCHEDULE 12 - CONTINGENT LIABILITIES

₹ in crore

		As at March 31, 2022	As at March 31, 2021
I	Claims against the bank not acknowledged as debts - taxation	1,343.95	1,272.71
II	Claims against the bank not acknowledged as debts - others	218.90	318.09
III	Liability for partly paid investments	-	-
IV	Liability on account of outstanding forward exchange contracts	655,187.18	496,472.67
V	Liability on account of outstanding derivative contracts	593,778.58	361,579.46
VI	Guarantees given on behalf of constituents - in India	83,391.03	75,119.53
	- outside India	352.43	180.09
VII	Acceptances, endorsements and other obligations	61,563.97	37,653.63
VIII	Other items for which the bank is contingently liable	4,361.59	2,684.48
	Total	**1,400,197.63**	**975,280.66**

SCHEDULE 13 - INTEREST EARNED

₹ in crore

		Year ended March 31, 2022	Year ended March 31, 2021
I	Interest / discount on advances / bills	106,295.34	102,299.13
II	Income from investments	25,907.06	23,211.62
III	Interest on balance with RBI and other inter-bank funds	2,630.78	2,414.30
IV	Others	1,103.23	627.35
	Total	**135,936.41**	**128,552.40**

SCHEDULE 14 - OTHER INCOME

₹ in crore

		Year ended March 31, 2022	Year ended March 31, 2021
I	Commission, exchange and brokerage	21,875.50	18,024.59
II	Profit / (loss) on sale of investments (net)	785.20	5,389.01
III	Profit / (loss) on revaluation of investments (net)	1,546.40	(1,485.32)
IV	Profit / (loss) on sale of building and other assets (net)	70.76	46.57
V	Profit / (loss) on exchange / derivative transactions (net)	3,907.91	2,438.41
VI	Miscellaneous income	3,573.22	2,919.62
	Total	**31,758.99**	**27,332.88**

SCHEDULE 15 - INTEREST EXPENDED

₹ in crore

		Year ended March 31, 2022	Year ended March 31, 2021
I	Interest on deposits	48,901.00	50,126.03
II	Interest on RBI / inter-bank borrowings	9,518.48	9,064.43
III	Other interest	164.85	57.13
	Total	**58,584.33**	**59,247.59**

SCHEDULE 16 - OPERATING EXPENSES

(₹ crore)

		Year ended March 31, 2022	Year ended March 31, 2021
I	Payments to and provisions for employees	15,897.03	13,676.67
II	Rent, taxes and lighting	1,760.26	1,808.88
III	Printing and stationery	548.06	444.83
IV	Advertisement and publicity	262.54	102.25
V	Depreciation on bank's property	1,680.73	1,385.01
VI	Directors' fees / remuneration, allowances and expenses	7.78	5.68
VII	Auditors' fees and expenses	6.26	4.63
VIII	Law charges	282.35	154.80
IX	Postage, telegram, telephone etc.	636.87	540.24
X	Repairs and maintenance	1,772.27	1,649.11
XI	Insurance	1,910.45	1,724.91
XII	Other expenditure*	15,547.83	13,504.25
	Total	**40,312.43**	**35,001.26**

**Includes professional fees, commission to sales agents, card and merchant acquiring expenses and system management fees.*

Schedule 17 - Significant accounting policies appended to and forming part of the consolidated financial statements for the year ended March 31, 2022

A BACKGROUND

HDFC Bank Limited ('HDFC Bank' or 'the Bank'), incorporated in Mumbai, India is a publicly held banking company engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The Bank has overseas branch operations in Bahrain, Hong Kong, Dubai and Offshore Banking Unit at International Financial Service Centre (IFSC), GIFT City, India. The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches of the Bank.

HDB Financial Services Limited (HDBFSL) and HDFC Securities Limited (HSL) are subsidiaries of the Bank. HDBFSL is a non-deposit taking non-banking finance company. HSL is a financial services provider along with broking as a core product.

B PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries constituting the 'Group'. The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements, specified under Section 133 of the Companies Act, 2013, on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. Capital reserve / Goodwill on consolidation represent the difference between the Bank's share in the net worth of the subsidiary and the cost of acquisition at the time of making the investment in the subsidiary.

C BASIS OF PREPARATION

The consolidated financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021, in so far as they apply to banks.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires the management to make estimates and necessary assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting year. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

Basis of consolidation

The consolidated financial statements present the accounts of HDFC Bank Limited with its following subsidiaries:

Name	Relation	Country of incorporation	Ownership interest**
HDFC Securities Limited	Subsidiary	India	95.96%
HDB Financial Services Limited	Subsidiary	India	94.96%
HDB Employee Welfare Trust	*	India	

The financial statements of HDBFSL and HSL have been prepared in accordance with notified Indian Accounting Standards ('Ind-AS') with effect from April 1, 2018. The financial statements used for consolidation are special purpose financial statements prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') specified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021.

* The accounts of HDB Employee Welfare Trust, a trust established for providing general welfare measures such as medical relief and educational assistance to the employees of the Bank and their dependents has been entirely consolidated.

** Denotes HDFC Bank's direct interest.

During the year ended March 31, 2022 the Bank's shareholding in HDB Financial Services Limited decreased from 95.1% to 94.9% on account of the stock options exercised by minority stakeholders.

During the year ended March 31, 2022 the Bank's shareholding in HDFC Securities Limited decreased from 96.3% to 95.9% on account of the stock options exercised by minority stakeholders.

The audited financial statements of the subsidiary companies, entity controlled by the Bank have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2022.

D PRINCIPAL ACCOUNTING POLICIES

1 Investments

HDFC Bank Limited

Classification:

In accordance with the RBI guidelines, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories (hereinafter called "categories"). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines. 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.

Purchase and sale transactions in securities are accounted on settlement date except in the case of equity shares which are accounted on trade date.

Basis of classification:

Investments that are held for resale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified under HTM category. Investments in the equity of subsidiaries / joint ventures are categorised as HTM. Investments which are not classified in either of the above categories are classified under AFS category.

Acquisition cost:

Brokerage, commission, etc. and broken period interest on debt instruments are recognised in the Profit and Loss Account and are not included in the cost of acquisition.

Disposal of investments:

Profit / Loss on sale of investments under the aforesaid three categories is recognised in the Profit and Loss Account. Cost of investments is based on the weighted average cost method. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is appropriated from the Profit and Loss Account to "Capital Reserve".

Short sale:

The Bank undertakes short sale transactions in Central Government dated securities. The short position is categorised under HFT category and netted off from investments. The short position is marked to market and loss, if any, is charged to the Profit and Loss Account while gain, if any, is ignored. Profit / Loss on short sale is recognised on settlement date.

Valuation:

Investments classified under AFS and HFT categories are marked to market individually and depreciation / appreciation is aggregated for each group and net depreciation in each group is provided and net appreciation is ignored.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges or prices published by Financial Benchmarks India Pvt Ltd. (FBIL) with Fixed Income Money Market and Derivatives Association (FIMMDA) as the calculating agent. Investments denominated in foreign currencies are valued based on the prices provided by market information providers such as Bloomberg, Refinitiv, etc.

The market value of unquoted government of India securities, state government securities and special bonds such as oil bonds, fertilizer bonds etc. issued by the government of India, is computed as per the prices published by FBIL with FIMMDA as the calculating agent.

The valuation of other unquoted fixed income securities (viz. other approved securities and bonds and debentures), and preference shares, is done with appropriate mark-up, i.e. applicable FIMMDA published credit spread over the Yield to Maturity (YTM) rates for government of India securities as published by FBIL with FIMMDA as the calculating agent.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at ₹ 1 for each company.

Units of mutual funds are valued at the latest net asset value declared by the respective schemes of the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.

Investments in Security receipts (SR) and unquoted units of Infrastructure Investment Trust (InvIT) are valued as per the net asset value provided by the issuing Asset Reconstruction Company and InvIT trust respectively.

Investments in unquoted Venture Capital Fund (VCF) are categorised, at the discretion of the Bank, under HTM category for an initial period of three years and valued at cost during this period. Such investments are transferred to the AFS category after the said period of three years. Investments in AFS category are valued at NAV shown by the VCF in its financial statements. Units are valued based on the latest audited financials of the VCF if available or at ₹ 1 per VCF as per the RBI guidelines.

Pass Through Certificates (PTC) including Priority Sector-PTCs are valued by using FIMMDA credit spread as applicable for the NBFC category, based on the credit rating of the respective PTC over the YTM rates for government of India securities published by FBIL with FIMMDA as the calculating agent.

Net depreciation, if any, compared to the acquisition cost, in any of the six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation provided earlier. The book value of individual securities is not changed on such revaluation of investments.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. Any diminution, other than temporary, in the value of investments in HTM category is provided for.

Non-performing investments are identified and provision are made thereon based on the RBI guidelines. The provision on such non-performing investments are not set off against the appreciation in respect of other performing investments. Interest on non-performing investments is not recognised until received.

Repurchase and reverse repurchase transactions:

Repurchase (Repo) and reverse repurchase (Reverse Repo) transactions are reflected as borrowing and lending transactions respectively.

Borrowing cost on repo transactions is accounted as interest expense and revenue on reverse repo transactions is accounted as interest income.

HDFC Securities Limited

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

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Investments expected to mature after twelve months are taken as long term / non-current investment and stated at cost. Provision is recognised only in case of diminution, which is other than temporary in nature. Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. All other investments are recognised as short term / current investments and are valued at lower of cost and net realisable value.

2 Advances

HDFC Bank Limited

Classification:

Advances are classified as performing and non-performing based on the RBI guidelines and are stated net of bills rediscounted, inter-bank participation with risk, specific provisions, interest in suspense for non-performing advances, claims received from Credit Guarantors, provisions for funded interest term loan and provision for diminution in the fair value of restructured assets.

Provisioning:

Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of advances, subject to the minimum provisioning prescribed by the RBI.

The specific provision for retail non-performing assets are also based on the nature of product and delinquency levels.

Specific loan loss provisions in respect of non-performing advances are included under Provisions and Contingencies.

Non-performing advances are written-off in accordance with the Bank's policy. Recoveries from bad debts written-off are included under other income.

In relation to derivative contracts, with non-performing borrowers, the Bank makes provision for the entire amount of overdue and future receivables relating to positive marked to market value of the said derivative contracts.

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 and gold. In the case of overseas branches, general provision on standard assets is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. Provision for standard assets is included under other liabilities.

In addition to the above, the Bank on a prudent basis makes provisions on advances or exposures which are not NPAs, but has reasons to believe on the basis of the extant environment or specific information or basis regulatory guidance / instructions, of a possible slippage of a specific advance or a group of advances or exposures or potential exposures. These are classified as contingent provisions and included under other liabilities.

Provisions made in addition to the Bank's policy for specific loan loss provisions for non-performing assets, possible slippage of specific exposures and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors. Floating provisions are used only for contingencies under extraordinary circumstances and for making specific provisions for non-performing accounts. Floating provisions are included under other liabilities.

Further to the provisions required to be held according to the asset classification status, provisions are held for individual country exposures (other than for home country exposure). Countries are categorised into risk categories as per Export Credit Guarantee Corporation of India Ltd. ('ECGC') guidelines and provisioning is done in respect of that country where the net funded exposure is one percent or more of the Bank's total assets. Provision for country risk is included under other liabilities.

In accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution frameworks for COVID-19 related stress and its Board approved policy, the Bank has implemented resolution plans for eligible borrowers. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.

HDB Financial Services Limited

Classification:

Receivables under financing activity are classified as standard, sub-standard and doubtful assets as per the Company policy approved by the Board and as per RBI guidelines. The rates applied for making provisions on non-performing assets (NPA) are higher than those required by the relevant RBI guidelines. Interest on non-performing assets is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received. Receivables under financing activity are recognised on disbursement of loan and in case of new asset financing on the transfer of ownership.

Provisioning:

The Company assesses all receivables for their recoverability and accordingly recognises provision for non-performing and doubtful assets as per approved Company policies and guidelines. The Company ensures provisions made are not lower than as stipulated by RBI guidelines.

The Company provides 0.40% on standard assets as stipulated by RBI guidelines.

Loan origination costs:

Brokerage, commission, incentive to employee, etc. paid at the time of acquisition of loans are charged to expenses.

3 Securitisation and transfer of assets

HDFC Bank Limited

Assets transferred through securitisation and direct assignment of cash flows are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received. Sales / transfers that do not meet true sale criteria are accounted for as borrowings. For a securitisation or direct assignment transaction, the Bank recognises profit upon receipt of the funds and loss is recognised at the time of sale.

On sale of stressed assets, if the sale is at a price below the net book value (i.e., funded outstanding less specific 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 when the sum of cash received by way of initial consideration and / or redemption or transfer of security receipts issued by SC / RC exceeds the net book value of the loan at the time of transfer.

In respect of stressed assets sold under an asset securitisation, where the investment by the bank in security receipts (SRs) backed by the assets sold by it is more than 10 percent of such SRs, provisions held are higher of the provisions required in terms of net asset value declared by the Securitisation Company ('SC') / Reconstruction Company ('RC') and provisions as per the extant norms applicable to the underlying loans, notionally treating the book value of these SRs as the corresponding stressed loans assuming the loans remained in the books of the Bank.

The Bank invests in Pass Through Certificates (PTCs) issued by other Special Purpose Vehicles (SPVs). These are accounted at acquisition cost and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised based on effective interest rate method.

The Bank transfers advances through inter-bank participation with and without risk. In the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances. In case where the Bank is assuming risk by participation, the aggregate amount of the participation is classified under advances. In the case of issue of participation certificate without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is acquiring participation certificate, the aggregate amount of participation acquired is shown as due from banks under advances.

HDB Financial Services Limited

- Prior to Issuance of RBI Circular dated August 21, 2012
    a) On receivables being assigned / securtised, the assets are de-recognised as all the rights, title, future receivables & interest thereof are assigned to the purchaser.

    b) Gains arising on assignment of receivables will be recognised at the end of the tenure of assignment contract as per the RBI guidelines, while loss, if any is recognised upfront.

- Post Issuance of RBI Circular dated August 21, 2012
    a) Securitised receivables are de-recognised in the Balance Sheet when they are sold i.e. they meet true sale criteria.

    b) Gains arising out of securitisation of assets are recognised over the tenure of the securities issued by Special Purpose Vehicle Trust (SPV).

    c) The excess interest spread on the securitisation transactions are recognised in the Profit and Loss Account only when it is redeemed in cash by the SPV after adjusting for overdue receivable for more than 90 days. Losses, if any, are recognised upfront.

4 Fixed assets and depreciation

HDFC Bank Limited

Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. 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	Estimated useful life specified under Schedule II of the Companies Act, 2013
Owned Premises	61 years	60 years
Automated Teller Machines (ATMs)	10 years	15 years
Electrical equipments and installations	6 to 10 years	10 years
Office equipments	3 to 6 years	5 years
Computers	3 years	3 years
Modems, routers, switches, servers, network and related IT equipments	3 to 6 years	6 years
Motor cars	4 years	8 years
Furniture and fittings	16 years	10 years

- Improvements to lease hold premises are amortised over the remaining primary period of lease.
- Software and system development expenditure is depreciated over a period of 5 years.
- Point of sales terminals are depreciated over a period of 4 years.
- For assets purchased and sold during the year, depreciation is provided on pro-rata basis.
- Whenever there is a revision of the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.
- Profit on sale of immovable property net of taxes and transfer to statutory reserve, are transferred to capital reserve account.
- Assets (other than POS terminals) costing less than ₹ 5,000 individually, are fully depreciated in the year of purchase.

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Tangible fixed assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" or "Other Expenses", as the case maybe, in the Profit and Loss Account in the year of disposal or retirement.

Capital work-in-progress are fixed assets which are not yet ready for their intended use. Such assets are carried at cost comprising direct cost and related incidental expenses.

Depreciation is provided on a pro-rata basis to fully depreciate the assets using the straight-line method over the estimated useful lives of the assets.

For the following categories of assets, depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013:

Asset	Estimated useful life
Computer hardware	3 years
Office equipments	5 years
Furniture and fixtures	10 years
Leasehold improvements	Over the remaining period of the lease or estimated life, whichever is shorter
Electricals	10 years
Office premises	60 years

For the following categories of assets, the Company has assessed useful life based on technical advice, taking into account the nature of the asset, the estimates usage of asset, the operating condition of asset, anticipated technological changes and utility in the business, as below:

Asset	Estimated useful life
Vehicles	4 years
Network & servers	4 years

- All tangible and intangible assets costing less than ₹ 5,000 individually are fully depreciated in the year of purchase.
- Useful lives are reviewed at each financial year end and adjusted if required.
- Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.
- Cost of an intangible asset includes purchase price, non-refundable taxes and duties and any other directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is charged to the Profit and Loss Account as an expense unless it is probable that such expenditure will enable the intangible asset increase the future benefits from the existing asset beyond its previously assessed standard of performance and such expenditure can be measured and attributed to the intangible asset reliably, in which case, such expenditure is capitalised.
- Expenditure on software development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.
- Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.
- Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Profit and Loss Account in the year of disposal.

The estimated useful lives of intangible assets used for amortisation are:

Asset	Estimated useful life
Computer software licenses	5 years
Electronic trading platform (Website)	5 years
Bombay Stock Exchange card	10 years

HDB Financial Services Limited

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed assets on a straight line basis in the manner prescribed in Schedule II of the Companies Act, 2013. The estimated lives used and differences from the lives prescribed under Schedule II are noted in the table below:

Asset	Estimated useful life as assessed by the Company	Estimated useful life under Schedule II of Companies Act, 2013
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements
Motor cars	4 years	8 years
Computers	2-5 years	3 years
Furniture and fixtures	3-7 years	10 years
Office equipments	3 years	5 years

- Improvements to lease hold premises are charged off over the primary period of lease or its useful life, whichever is lower.
- Items costing less than ₹ 5,000 are fully depreciated in the year of purchase.
- The Company has estimated Nil residual value at the end of the useful life for all block of assets.
- For assets purchased and sold during the year, depreciation is being provided on pro-rata basis by the Company.

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated of 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the Profit and Loss Account.

5 Impairment of assets

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their estimated recoverable amount.

6 Translation of foreign currency items

HDFC Bank Limited

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at the weekly average closing rates and of non-integral foreign operations (foreign branches and offshore banking units) at the monthly average closing rates.

Foreign currency monetary items of domestic and integral foreign operations are translated at the closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) as at the Balance Sheet date and the resulting net revaluation profit or loss arising due to a net open position in any foreign currency is recognised in the Profit and Loss Account.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until disposal of the non-integral foreign operations in accordance with AS - 11, The Effects of Changes in Foreign Exchange Rates and the extant RBI guidelines.

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

HDFC Securities Limited

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the Profit and Loss Account and related assets and liabilities are accordingly restated in the Balance Sheet.

7 Foreign exchange and derivative contracts

HDFC Bank Limited

Foreign exchange spot and forward contracts, both deliverable and non-deliverable, outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities.

The USD-INR exchange rate for valuation of contracts having longer maturities i.e. greater than one year, is derived using the USD-INR spot rate as well as relevant INR yield curve and USD yield curve. For other currency pairs, the forward points (for rates / tenors not published by FEDAI) are obtained from Refinitiv or Bloomberg for valuation of the forex deals. Valuation is considered on present value basis. For this purpose, the forward profit or loss on the deals are discounted till the valuation date using the discounting yields. The resulting profit or loss on valuation is recognised in the Profit and Loss Account. Foreign exchange contracts are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

Foreign exchange forward contracts not intended for trading, that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction and are outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

The Bank recognises 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 date. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value).

The Bank as part of its risk management strategy, makes use of financial derivative instruments, including foreign exchange forward contracts, for hedging the risk embedded in some of its financial assets or liabilities recognised on the balance sheet. The Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge effectiveness is ascertained at the time of the inception of the hedge and at the reporting date thereafter.

In case of a fair value hedge, the changes in the fair value of the hedging instruments and hedged items are recognised in the Profit and Loss Account and in case of cash flow hedges, the changes in fair value of effective portion are recognised in Reserves and Surplus under 'Cash flow hedge reserve' and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. The accumulated balance in the cash flow hedge reserve, in an effective hedging relationship, is recycled in the Profit and Loss Account at the same time that the impact from the hedged item is recognised in the Profit and Loss Account.

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Derivative contracts are designated as cash flow hedges, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognised within equity i.e., Cash flow Hedge Reserve. Amounts recognised in equity are transferred to the Profit and Loss Account in the same period as the cash flows of hedged items affect the Profit and Loss Account. When a derivative contract expires or is sold or if a hedge no longer meets the criteria for hedge accounting, any cumulative profit or loss in the Cash Flow Hedge Reserve is retained in equity until the hedged cash flow is recognised in the Profit and Loss Account. However, if hedged cash flows are no longer expected to occur, the profit or loss against the corresponding derivative contract, accumulated in the Cash Flow Hedge Reserve, is immediately released through the Profit and Loss Account. Changes in the fair values of derivative instruments that do not qualify for hedge accounting are recognised immediately in the Profit and Loss Account.

8 Revenue recognition

HDFC Bank Limited

- Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of non-performing assets and overdue interest on retail EMI based performing advances, which are recognised when realised. In case of domestic advances, where interest is collected on rear end basis, such interest is accounted on receipt basis in accordance with the RBI communication.
- Interest income on investments in PTCs and loans bought out through the direct assignment route is recognised at their effective interest rate.
- Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant yield basis.
- Loan processing fee is recognised as income when due. Syndication / Arranger fee is recognised as income when a significant act / milestone is completed.
- Gain / loss on sell down of loans is recognised in line with the extant RBI guidelines.
- Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.
- Guarantee commission, commission on letter of credit, annual locker rent fees and annual fees for credit cards are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, where the Bank is reasonably certain of ultimate collection.
- Fees paid / received for priority sector lending certificates (PSLC) is recognised on straight-line basis over the period of the certificate.

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- Income from services rendered as a broker is recognised upon rendering of the services.
- Fees for subscription based services are received periodically but are recognised as earned on a pro-rata basis over the term of the contract.
- Commissions from distribution of financial products are recognised upon allotment of the securities to the applicant or as the case may be, issue of the insurance policy to the applicant.
- Commissions and fees recognised as aforesaid are exclusive of goods and service tax, securities transaction tax, stamp duties and other levies by SEBI and stock exchanges.
- Interest is earned on delayed payments from clients and amounts funded to them as well as term deposits with banks.
- Interest income is recognised on a time proportion basis taking into account the amount outstanding from customers or on the financial instrument and the rate applicable.
- Dividend income is recognised when the right to receive the dividend is established.

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- Interest income is recognised in the Profit and Loss Account on an accrual basis. In case of Non-Performing Assets (NPA), interest income is recognised upon realisation as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed and credited to the interest suspense account.
- Income from BPO services and other financial charges are recognised on an accrual basis, except in case of cheque bouncing charges, late payment charges, foreclosure charges and application money, which are accounted as and when received.
- Upfront / processing fees are recovered and recognised at the time of disbursement of loan.

9 Employee benefits

HDFC Bank Limited

Employee Stock Option Scheme (ESOS):

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Bank to its employees and whole time directors. The options granted to employees vest as per their vesting schedule and these may be exercised by the employees within a specified period.

The Bank follows the intrinsic value method to account for its stock-based employee compensation plans in respect of options granted up to March 31, 2021. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any is amortised over the vesting period.

Effective April 01, 2021, the fair value of share-linked instruments on the date of grant for all instruments granted after March 31, 2021 is recognised as an expense in accordance with the RBI guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff. The fair value of the stock-based employee compensation is estimated using Black-Scholes model. The compensation cost is amortised on a straight-line basis over the vesting period of the option with a corresponding credit to Employee Stock Options Reserve. On exercise of the stock options, corresponding balance in Employee Stock Options Reserve is transferred to Share Premium. In respect of the options which expire unexercised, the balance standing to the credit of Employee Stock Options Reserve is transferred to General Reserve.

Gratuity:

The Bank has an obligation towards gratuity, a defined benefit retirement plan covering all eligible employees. The plan benefit vests upon completion of five years of service and is in the form of lump sum amount, without an upper limit, equivalent to 15 days' basic salary payable for each completed year of service to all eligible employees on resignation, retirement, death while in employment or on termination of employment. The Bank makes contributions to a recognised Gratuity Trust administered by trustees and whose funds are managed by insurance companies. In respect of erstwhile Lord Krishna Bank (eLKB) employees, the Bank makes contribution to a fund set up by eLKB and administered by the Board of Trustees.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15, Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. The actuarial calculations entails assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss Account.

Superannuation:

The Bank has a Superannuation Plan under which employees of the Bank, above a prescribed grade, are entitled to receive retirement benefits either through salary or under a defined contribution plan. For those opting for a defined contribution plan, the Bank contributes a sum equivalent to 13% of the employee's eligible annual basic salary (15% for the whole time directors and for certain eligible employees of the erstwhile Centurion Bank of Punjab (eCBoP staff) to a Trust administered by trustees and whose funds are managed by insurance companies. The Bank has no liability towards future superannuation fund benefits other than its contribution, and recognises such contribution as an expense in the year incurred.

Provident fund:

The Bank is covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and accordingly all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 15,000/- per month, to the Pension Scheme administered by the Regional Provident Fund Office. The balance amount of the 12% employer's share is contributed to an exempted Trust set up by the Bank and administered by a Board of Trustees. The Bank recognises such contributions as an expense in the year in which it is incurred. Interest payable to the members of the exempted trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Bank.

The guidance note on implementing AS-15, Employee Benefits, states that benefits involving employer established provident funds, which require interest shortfalls to be provided, are to be considered as defined benefit plans. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability is made.

The overseas branches of the Bank make contribution to the respective applicable government social security scheme calculated as a percentage of the employees' salaries. The Bank's obligations are limited to these contributions, which are expensed when due, as such contribution is in the nature of defined contribution.

Pension:

In respect of pension payable to certain eLKB employees under the Lord Krishna Bank (Employees) Pension Scheme, which is a defined benefit scheme, the Bank contributes 10% of basic salary to a pension trust set up by the Bank and administered by the Board of Trustees and an additional amount towards the liability shortfall based on an independent actuarial valuation as at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases and interest rates.

In respect of certain eLKB employees who had moved to a Cost to Company (CTC) based compensation structure and had completed less than 15 years of service, the contribution which was made until then, is maintained as a fund and will be converted into annuity on separation after a lock-in-period of two years. For this category of employees, liability stands frozen and no additional provision is required except for interest as applicable to Provident Fund, which is provided for.

In respect of certain eLKB employees who moved to a CTC structure and had completed service of more than 15 years, pension would be paid on separation based on salary applicable as on the date of movement to CTC structure. Provision thereto is made based on an independent actuarial valuation as at the Balance Sheet date.

National Pension Scheme (NPS):

In respect of employees who opt for contribution to the NPS, the Bank contributes certain percentage of the basic salary of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies. The Bank has no liability other than its contribution, and recognises such contributions as an expense in the year incurred.

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Short term

Short term employee benefits include salaries and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or target based incentives if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Profit and Loss Account at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

Post-employment

The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the National Pension Scheme, Employees' Provident Fund, Family Pension Fund and Superannuation Fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Defined-benefit plans

Expenses for defined-benefit gratuity plan are calculated as at the Balance Sheet date by an independent actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceeds the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of reductions in future contributions to the plan.

Actuarial losses or gains are recognised in the Profit and Loss Account in the year in which they arise.

Other long term employee benefits

Compensated absences which accrue to employees and which can be carried to future periods and are expected to be availed in more than twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

Share-based payment transactions

a. The cost of equity-settled instrument is determined by the fair value at the date when the grant is made using an appropriate valuation model.

b. That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and / or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

c. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counter-party, any remaining element of the fair value of the award is expensed immediately through the Profit and Loss Account.

HDB Financial Services Limited

Gratuity

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to fund administered by trustees and managed by insurance companies. The defined benefit plan are valued by an independent external actuary as at the Balance Sheet date using the projected unit credit method to determine the present value of defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss Account.

Provident fund

In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. The Company contributes an amount, on a monthly basis, at a determined rate to the Pension Scheme administered by the Regional Provident Fund Commissioner ('RPFC') and the Company has no liability for future provident fund benefits other than its annual contribution. Since it is a defined contribution plan, the contributions are accounted for on an accrual basis and recognised in the Profit and Loss Account.

Employee Stock Option Plan

The Company has adopted fair value method for options granted post March 31, 2021. All the options granted if any prior to March 31, 2021 are valued at intrinsic value method. Compensation cost is measured by the excess, if any, of the fair value of the underlying stock over the exercise price as determined under the option plan. The fair value of options have been estimated on the dates of each grant using the Black-Scholes model.

10 Debit and credit card reward points

HDFC Bank Limited

The Bank estimates the probable redemption of debit and credit card reward points and cost per point using an actuarial method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends. Provisions for liabilities on the outstanding reward points are made based on an independent actuarial valuation as at the Balance Sheet date and included in other liabilities and provisions.

11 Bullion

HDFC Bank Limited

The Bank imports bullion including precious metal bars on a consignment basis. The imports are typically on a back-to-back basis and are priced to the customer based on the price quoted by the supplier. The difference between the price recovered from customers and cost of bullion is accounted at the time of sale to the customers and reported as "Other Income''.

The Bank also deals in bullion on a borrowing and lending basis and the interest thereon is accounted as interest expense / income respectively.

12 Lease accounting

Lease payments including cost escalation for assets taken on operating lease are recognised in the Profit and Loss Account over the lease term on a straight-line basis in accordance with the AS-19, Leases.

13 Income tax

Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards) and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carried forward, if any. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates as at the Balance Sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the entity has a legal right to off-set and when the entity intends to settle on a net basis.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised.

14 Earnings per share

The Group reports basic and diluted earnings per equity share in accordance with AS-20, Earnings per Share. Basic earnings per equity share has been computed by dividing net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted to equity during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and the dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

15 Share issue expenses

HDFC Bank Limited

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

16 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

17 Accounting for provisions, contingent liabilities and contingent assets

In accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets, the Group recognises provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

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 the occurrence or non-occurrence of one or more uncertain future events not within the control of the Group; or
- a present obligation arising from a past event which is not recognised 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 recognised in the financial statements since this may result in the recognition of income that may never be realised.

18 Cash and cash equivalents

Cash and cash equivalents include cash including foreign currency notes and gold in hand, balances with RBI, balances with other banks and money at call and short notice.

19 Corporate social responsibility

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

SCHEDULE 18 - Notes forming part of the consolidated financial statements for the year ended March 31, 2022

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

1 Dividend

The Reserve Bank of India (RBI), vide its notification dated April 22, 2021 mentioned that banks may pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty per cent of the amount determined as per the dividend payout ratio prescribed by RBI. Accordingly, the Bank has paid dividend of ₹ 6.50 per equity share of ₹ 1/- each aggregating to ₹ 3,592.40 crore, for the financial year ended March 31, 2021.

2 Proposed scheme of amalgamation

The Board of Directors at its meeting held on April 04, 2022, approved a composite Scheme of amalgamation ("Scheme"), for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, into and with Housing Development Finance Corporation Limited ("HDFC Limited"); and thereafter (ii) HDFC Limited into HDFC Bank Limited, and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws including the rules and regulations. The share exchange ratio shall be 42 equity shares of face value of ₹ 1/- each of the Bank for every 25 equity shares of face value of ₹ 2/- each of HDFC Limited. The Scheme is subject to the receipt of requisite approvals from statutory and regulatory authorities, and the respective shareholders and creditors, under applicable law.

As per the scheme, the appointed date for the amalgamation of HDFC Limited with and into the Bank shall be the effective date of the scheme. Upon the scheme becoming effective, the Bank will issue equity shares to the shareholders of HDFC Limited as on the record date. The equity shares held by HDFC Limited in the Bank will be extinguished as per the scheme.

3 Change in accounting policy

The RBI, vide its clarification dated August 30, 2021 on Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff, advised Banks that the fair value of share-linked instruments on the date of grant should be recognised as an expense for all instruments granted after the accounting period ending March 31, 2021. Accordingly, the Group has changed its accounting policy from the intrinsic value method to the fair value method for all employee stock options granted after March 31, 2021. The fair value is estimated on the date of grant using Black-Scholes model and is recognised as compensation expense over the vesting period. As a result, 'Employees cost' for the year ended March 31, 2022 is higher by ₹ 341.24 crore with a consequent reduction in profit after tax by the said amount.

4 Capital infusion

During the year ended March 31, 2022, the Bank has allotted 3,27,64,494 equity shares (previous year: 2,94,90,022 equity shares) aggregating to face value of ₹ 3.27 crore (previous year: ₹ 2.95 crore) on exercise of stock options. Accordingly, the share capital increased by ₹ 3.27 crore (previous year: ₹ 2.95 crore) and the share premium increased by ₹ 2,606.48 crore (previous year: ₹ 1,757.15 crore).

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

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening balance	551.28	548.33
Addition pursuant to stock options exercised	3.27	2.95
Closing balance	554.55	551.28

5 Earnings per equity share

Basic and diluted earnings per equity share have been calculated based on the consolidated net profit after tax attributable to the Group of ₹ 38,052.75 crore (previous year: ₹ 31,833.21 crore) and the weighted average number of equity shares outstanding during the year of 5,53,32,03,566 (previous year: 5,49,96,68,151).

Following is the reconciliation between the basic and diluted earnings per equity share:

Particulars	For the years ended	
	March 31, 2022	March 31, 2021
Nominal value per share (₹)	1.00	1.00
Basic earnings per share (₹)	68.77	57.88
Effect of potential equity shares (per share) (₹)	(0.46)	(0.27)
Diluted earnings per share (₹)	68.31	57.61

Basic earnings per equity share has been computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share has been computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive. The dilutive impact is on account of stock options granted to employees by the Bank. There is no impact of dilution on the profits in the current year and previous year.

Following is the reconciliation of the weighted average number of equity shares used in the computation of basic and diluted earnings per share:

Particulars	For the years ended	
	March 31, 2022	March 31, 2021
Weighted average number of equity shares used in computing basic earnings per equity share	5,53,32,03,566	5,49,96,68,151
Effect of potential equity shares outstanding	3,77,30,419	2,57,50,092
Weighted average number of equity shares used in computing diluted earnings per equity share	5,57,09,33,985	5,52,54,18,243

6 Reserves and Surplus

Statutory Reserve

The Bank and a subsidiary have made an appropriation of ₹ 9,444.38 crore (previous year: ₹ 7,879.70 crore) out of profits for the year ended March 31, 2022 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

General Reserve

The Bank has made an appropriation of ₹ 3,696.14 crore (previous year: ₹ 3,111.65 crore) out of profits for the year ended March 31, 2022 to the General Reserve.

Capital Reserve

During the year ended March 31, 2022, the Bank has appropriated ₹ 666.47 crore (previous year: ₹ 2,291.68 crore), being the profit from sale of investments under HTM category and profit on sale of immovable properties, net of taxes and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve.

Investment Reserve Account

During the year ended March 31, 2022, the Bank has appropriated ₹ 233.13 crore (net) (previous year: ₹ 61.66 crore (net)) from Profit and Loss Account to Investment Reserve Account as per the RBI guidelines.

Investment Fluctuation Reserve

During the year ended March 31, 2022, the Bank made transfer of Nil (previous year: ₹ 1,712.00 crore) to Investment Fluctuation Reserve. As per RBI guidelines, banks were required to create an Investment Fluctuation Reserve (IFR) equivalent to 2.00% of their HFT and AFS investment portfolios by March 31, 2021. The balance in the IFR as at March 31, 2022 is 2.28% (previous year: 2.00%) of the Bank's HFT and AFS investment portfolios.

Cash Flow Hedge Reserve

During the year ended March 31, 2022, the Bank and a subsidiary has recognised ₹ (108.09) crore (previous year: Nil) as Cash Flow Hedge Reserve on derivative contracts designated as cash flow hedge.

Employee Stock Option Reserve

During the year ended March 31, 2022, the Group has recognised ₹ 340.52 crore (previous year: Nil) as Employee Stock Option Reserve on account of fair valuation of share-linked instruments.

Draw down from Reserves

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2022 and March 31, 2021.

7 Accounting for employee share based payments

HDFC Bank Limited

The shareholders of the Bank approved the grant of equity share options under Plan "C" in June 2005, Plan "D" in June 2007, Plan "E" in June 2010, Plan "F" in June 2013 and Plan "G" in July 2016. Under the terms of each of these Plans, the Bank may issue to its employees and Whole Time Directors, Equity Stock Options ('ESOPs') each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweaty Equity) Regulations, 2021 and RBI guidelines to the extent applicable.

Plans C, D, E, F and G provide for the issuance of options at the recommendation of the Nomination and Remuneration Committee of the Board ('NRC') at the closing price on the working day immediately preceding the date when options are granted. This closing price is the closing price of the Bank's equity share on an Indian stock exchange with the highest trading volume as of the working day preceding the date of grant.

The vesting conditions applicable to the options are at the discretion of the NRC. These options are exercisable on vesting, for a period as set forth by the NRC at the time of the grant. The period in which the options may be exercised cannot exceed five years from date of expiry of vesting period. During the financial year 2021-22, certain modifications were made in the subsisting ESOP Plans pursuant to the approval of the shareholders of the Bank as to allow any employee of the Bank moving / getting transferred to a subsidiary company, to be so entitled to the stock options already granted to such an employee as continuity of service for Long Term Incentives earned during the course of his / her service with the Bank.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2022:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	16,81,68,760	1,063.79
Granted during the year	2,56,28,600	1,427.29
Exercised during the year	3,27,64,494	796.52
Forfeited / Lapsed during the year	29,26,850	1,196.30
Options outstanding, end of year	15,81,06,016	1,175.65
Options exercisable	6,53,21,116	1,036.49

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	14,28,65,602	899.03
Granted during the year	5,74,66,600	1,235.80
Exercised during the year	2,94,90,022	596.85
Forfeited / Lapsed during the year	26,73,420	1,107.22
Options outstanding, end of year	16,81,68,760	1,063.79
Options exercisable	6,44,53,260	834.48

- The following table summarises the information about stock options outstanding as at March 31, 2022:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan F	417.75 to 731.08	1,75,64,766	1.07	666.77
Plan G	882.85 to 1,516.95	14,05,41,250	2.70	1,239.25

- The following table summarises the information about stock options outstanding as at March 31, 2021:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	417.75	9,700	0.32	417.75
Plan F	417.75 to 731.08	3,49,74,270	1.48	610.67
Plan G	882.85 to 1,235.80	13,31,84,790	3.18	1,182.83

In accordance with the RBI clarification dated August 30, 2021, the Bank has estimated the fair value of the options granted after March 31, 2021 using Black-Scholes model. This is recognised as compensation expense over the vesting period of the options with effect from April 01, 2021.

The assumptions considered in the model for valuing the ESOPs granted during the year ended March 31, 2022 are given below:

Particulars	March 31, 2022
Dividend yield	0.21% to 0.52%
Expected volatility	23.86% to 38.70%
Risk - free interest rate	4.38% to 6.07%
Expected life of the options	1 to 6 Years

HDFC Securities Limited

The Shareholders of the Company approved a stock option scheme (viz. ESOS - II) in February 2017 (“Company Options”). Under the terms of the scheme, the Company issues stock options to employees, whole time director, managing director and directors (excluding Independent Directors) of the Company, each of which is convertible into one equity share.

Scheme ESOS - II provides for the issuance of options at the recommendation of the Compensation Committee of the Board of Directors (the “Compensation Committee”) in February 2017 at a price of ₹ 1,136/- per share, in June 2019 at a price of ₹ 4,844/- per share, in December 2020 at a price of ₹ 5,458/- per share, in September 2021 at a price of ₹ 6,098/- per share and later in January 2022 at a price of ₹ 8,051/- per share, being the fair market value of the share arrived by considering the average price of the two independent valuation reports. Method of settlement of these options are equity shares of the Company.

Such options vest at definitive dates, save for specific incidents, prescribed in the scheme as framed / approved by the Compensation Committee. Such options are exercisable for a period following the vesting at the discretion of the Compensation Committee.

Method used for accounting for shared based payment plan

The company uses fair value to account for the compensation cost of stock options to employees of the company.

Activity in the options outstanding under the Employee Stock Options Plan

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2022:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of the year	2,28,650	5,237
Granted during the year	1,10,500	6,858
Exercised during the year	62,400	5,017
Forfeited / Lapsed during the year	23,250	5,445
Options outstanding, end of the year	2,53,500	5,979
Options exercisable	3,500	5,344

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

Particulars	Company options	Weighted average exercise price (₹)
Options outstanding, beginning of the year	1,10,000	4,254
Granted during the year	1,67,500	5,458
Exercised during the year	36,600	3,375
Forfeited / Lapsed during the year	12,250	4,994
Options outstanding, end of the year	2,28,650	5,237
Options exercisable	3,950	2,028

- The following table summarises the information about stock options outstanding as at March 31, 2022:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
Company Options	1,136 - 8,051	2,53,500	6.62	5,979

- The following table summarises the information about stock options outstanding as at March 31, 2021:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
Company Options	1,136 - 5,458	2,28,650	6.70	5,237

Fair value methodology

The fair value of options used to compute *proforma* net income and earnings per equity share have been estimated on dates of each grant using the Black-Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of the Company's stock price as an average of the historical volatility of similar listed enterprises for the purpose of calculating the fair value to reduce any Company specific variations. The various assumptions considered in the pricing model for the stock options granted by the Company.

Particulars	March 31, 2022	March 31, 2021
Dividend yield	4.91%	2.28%
Expected volatility	45.00%	45.00%
Risk-free interest rate	5.22% to 6.24%	4.47% to 5.64%
Expected life of the options	3 to 6 years	3 to 6 years

HDB Financial Services Limited

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through ESOP scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved stock option schemes ESOP-10 on October 13, 2017, ESOP-11 on January 15, 2019, ESOP-12 on October 5, 2020, ESOP-13 on January 14, 2021, ESOP-13A on August 31, 2021 and ESOP-14 on October 27, 2021. Under the term of the schemes, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed / approved by the NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of four years from the date of vesting.

Method used for accounting for shared based payment plan

The company uses fair value to account for the compensation cost of stock options to employees of the company.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2022:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	31,76,650	313.22
Granted during the year	22,94,730	432.48
Exercised during the year	12,54,815	301.93
Forfeited / Lapsed during the year	1,47,250	317.09
Options outstanding, end of year	40,69,315	383.81
Options exercisable, end of year	4,13,245	300.52

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2021:

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	21,51,580	237.62
Granted during the year	27,79,450	320.33
Exercised during the year	16,05,560	229.62
Forfeited / Lapsed during the year	1,48,820	255.07
Options outstanding, end of year	31,76,650	313.22
Options exercisable, end of year	1,19,430	249.41

- The following table summarises the information about stock options outstanding as at March 31, 2022:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOP-10	213.00	42,000	2.53	213.00
ESOP-11	274.00	1,06,430	3.79	274.00
ESOP-12	300.00	7,02,910	4.52	300.00
ESOP-13	348.00	9,33,155	5.64	348.00
ESOP-13A	409.00	50,000	6.42	409.00
ESOP-14	433.00	22,34,820	6.58	433.00

- The following table summarises the information about stock options outstanding as at March 31, 2021:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (₹)
ESOP-10	213.00	48,150	3.59	213.00
ESOP-11	274.00	3,94,000	4.58	274.00
ESOP-12	300.00	15,58,900	5.07	300.00
ESOP-13	348.00	11,75,600	5.94	348.00

Fair value methodology

The fair value of options has been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	ESOP-13A	ESOP-14
Dividend yield	0.00%	0.00%
Expected volatility	59.89%	56.24%
Risk-free interest rate	5.35%	5.41%
Expected life of the option	4.10 years	4.10 years

8 Other liabilities

The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other liabilities as at March 31, 2022 include unrealised loss on foreign exchange and derivative contracts of ₹ 7,464.74 crore (previous year: ₹ 8,127.65 crore).

9 Investments

HDFC Bank Limited

The details of securities that are kept as margin are as under:

(₹ crore)

Sr. No.	Particulars	Face value as at March 31, 2022	2021
I.	Securities kept as margin with Clearing Corporation of India towards:		
	a) Collateral and funds management - Securities segment	5,300.00	2,120.00
	b) Collateral and funds management - Tri-party Repo	59,013.79	62,361.84
	c) Default fund - Forex Forward segment	235.10	150.00
	d) Default fund - Forex Settlement segment	51.05	51.05
	e) Default fund - Rupee Derivatives (Guaranteed Settlement) segment	65.65	48.00
	f) Default fund - Securities segment	65.00	65.00
	g) Default fund - Tri-party repo segment	55.00	50.00
II.	Securities kept as margin with the RBI towards:		
	a) Real Time Gross Settlement (RTGS)	50,539.64	51,725.77
	b) Repo transactions	49,971.80	49,959.91
III.	Securities kept as margin with National Securities Clearing Corporation of India (NSCCIL) towards NSE Currency Derivatives segment.	107.72	107.72
IV.	Securities kept as margin with Indian Clearing Corporation Limited towards BSE Currency Derivatives segment.	161.00	161.00
V.	Securities kept as margin with Metropolitan Clearing Corporation of India towards MCX Currency Derivatives segment.	13.00	13.00

HDFC Securities Limited

(₹ crore)

Sr. No.	Particulars	Face value as at March 31, 2022	2021
I.	Mutual funds marked as lien with stock exchange for margin requirement	200.00	200.00

HDB Financial Services Limited

The Company has not placed any securities as margin during the year (previous year: Nil).

10 Other fixed assets

Other fixed assets include amount capitalised relating to software, Bombay Stock Exchange card and electronic trading platform. Details regarding the same are tabulated below:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Cost		
As at March 31 of the previous year	3,673.81	3,329.61
Additions during the year	829.99	344.20
Deductions during the year	(0.01)	-
Total (a)	**4,503.79**	**3,673.81**
Depreciation		
As at March 31 of the previous year	2,905.62	2,542.30
Charge for the year	460.21	363.32
On deductions during the year	(0.01)	-
Total (b)	**3,365.83**	**2,905.62**
Net value (a-b)	**1,137.96**	**768.19**

11 Other assets

Other assets include deferred tax asset (net) of ₹ 7,143.82 crore (previous year: ₹ 5,541.64 crore). The break-up of the same is as follows:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Deferred tax asset arising out of:		
Loan loss and contingencies	6,611.16	5,008.70
Employee benefits	74.34	79.15
Depreciation	87.73	72.96
Others	370.59	380.83
Total (a)	**7,143.82**	**5,541.64**
Deferred tax liability (b)	**-**	**-**
Deferred tax asset (net) (a-b)	**7,143.82**	**5,541.64**

- The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other assets as at March 31, 2022 include unrealised gain on foreign exchange and derivative contracts of ₹ 7,923.90 crore (previous year: ₹ 8,472.31 crore).

12 Provisions and contingent liabilities

Given below is the movement in provisions and a brief description of the nature of contingent liabilities recognised by the Bank.

a) Provision for credit card and debit card reward points

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening provision for reward points	638.79	734.15
Provision for reward points made during the year	465.13	375.21
Utilisation / write-back of provision for reward points	(468.01)	(470.57)
Closing provision for reward points	635.91	638.79

b) Provision for legal and other contingencies

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Opening provision	503.55	445.35
Movement during the year (net)	32.54	58.20
Closing provision	536.09	503.55

c) Provision pertaining to fraud accounts reported during the year

Particulars	March 31, 2022	March 31, 2021
No. of frauds reported	6,543	5,232
Amount involved in fraud (₹ crore)	505.86	1,640.80
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	231.74	1,321.08
Provisions held as at the end of the year (₹ crore)	231.74	1,321.08
Amount of unamortised provision debited from "other reserves" as at the end of the year (₹ crore)	-	-

Above table represents all frauds reported during the year.
The information on frauds for the financial year ended March 31, 2021 includes certain large value credits which were already reckoned as NPAs in the prior years and these were fully provided for.

d) Description of contingent liabilities

Sr. No.	Contingent liability*	Brief description
1	Claims against the Group not acknowledged as debts - taxation	The Group is a party to various taxation matters in respect of which appeals are pending. The Group expects the outcome of the appeals to be favorable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and taxation laws.
2	Claims against the Group not acknowledged as debts - others	The Group is a party to various legal proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows.
3	Partly paid investments	This represents amount remaining unpaid towards liability for partly paid investments.
4	Liability on account of forward exchange and derivative contracts	The Group enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with inter-bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest / principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments such as 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 derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms.
5	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
6	Other items for which the Group is contingently liable	These include: a) Credit enhancements in respect of securitised-out loans; b) Bills rediscounted by the Bank; c) Capital commitments; d) Underwriting commitments; e) Investment purchases pending settlement; f) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF).

** Also refer Schedule 12 - Contingent liabilities*

13 Disclosure of resolution plan implemented

HDFC Bank Limited

Details of resolution plan implemented under the 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 are given below:

(₹ 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 i.e. September 30, 2021 (A)*	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A), amount written off during the half-year#	Of (A), amount paid by the borrowers during the half-year**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year i.e. March 31, 2022^
Personal Loans	11,588.80	1,594.28	620.09	212.96	9,781.56
Corporate persons	1,834.34	128.64	1.61	193.29	1,512.41
Of which, MSMEs	159.92	5.71	0.58	0.03	154.18
Others	2,457.43	303.17	21.97	58.19	2,096.07
Total	**15,880.57**	**2,026.09**	**643.67**	**464.44**	**13,390.04**

* Includes restructuring done in respect of requests received as of September 30, 2021 processed subsequently.
# Represents debt that slipped into NPA and was subsequently written-off during the half-year ended March 31, 2022.
** Amount paid by the borrower during the half-year is net of additions in the borrower account including additions due to interest capitalisation.
^ Excludes other facilities to the borrowers aggregating to ₹ 2,307.65 crore which have not been restructured.

Details of accounts restructured under Micro, Small and Medium Enterprises (MSME) sector under RBI guidelines issued in January 2019:

(₹ in crore except number of accounts)

March 31, 2022		March 31, 2021	
No. of accounts restructured	Amount outstanding	No. of accounts restructured	Amount outstanding
2,87,562	6,874.39	2,82,589	3,391.35

HDB Financial Services Limited

Disclosure pursuant to Reserve Bank of India Circular dated August 06, 2020 pertaining to Resolution Framework for COVID-19-related Stress read with RBI circular dated May 05, 2021 pursuant to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) and Disclosure pursuant to Reserve Bank of India Circular dated May 05, 2021 pertaining to Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses.

Details of resolution plan implemented as at March 31, 2022 are given below:

(₹ crore)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during six month period ended March 31, 2022	Of (A), amount written off during six month ended March 31, 2022	Of (A), amount paid by the borrowers during the six month ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of March 31, 2022
Personal Loans	327.79	49.19	-	21.58	257.02
Corporate persons*	53.38	-	-	7.57	45.81
Of which, MSMEs	53.38	-	-	7.57	45.81
Others	0.33	-	-	0.02	0.31
Total	**381.50**	**49.19**	**-**	**29.17**	**303.14**

** As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.*

Disclosure pursuant to Reserve Bank of India Circular Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) - Revision in the threshold for aggregate exposure issued vide circular dated June 04, 2021 read with circular dated January 01, 2019.

(₹ in crore except number of accounts)

Type of borrower	Year	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	Current Year	49,823	3,711.08
	Previous Year	56,950	3,619.06

14 Disclosure on transfer of assets and securitisation transactions

Transfer of Assets

HDFC Bank Limited

- **Details of non-performing assets (NPAs) transferred during the financial year 2021-2022:**

(₹ in crore except number of accounts)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	70,921	65,704	-
Aggregate principal outstanding of loans transferred	2,187.81	449.46	-
Weighted average residual tenor of the loans transferred (in years)	3.01	2.01	-
Net book value of loans transferred (at the time of transfer)	992.38	188.86	-
Aggregate consideration	1,093.10	35.94	-
Additional consideration realised in respect of accounts transferred in earlier years	2.67	-	-

No excess provisions were reversed to the Profit and Loss Account on account of sale of NPAs.

- **Details of stressed loan (Non-performing asset and Special Mention Account) transferred during the financial year 2020-2021:**

(₹ in crore except number of accounts)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	1,67,197	-	-
Aggregate principal outstanding of loans transferred	4,107.60	-	-
Weighted average residual tenor of the loans transferred (in years)	2.70	-	-
Net book value of loans transferred (at the time of transfer)*	3,164.66	-	-
Aggregate consideration	2,051.06	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

**If accounts had been classified as NPA during the period of operation of the Interim Order dated September 03, 2020, of the Hon'ble SC, specific provision would have been made for the accounts sold. Accordingly, the net book value would have been ₹ 2,419.41 crore.*
No excess provisions were reversed to the Profit and Loss Account on account of sale of NPAs.

- Pursuant to RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, Banks are required to disclose transfer of "loans not in default and Special Mention Accounts" respectively. The Bank has not transferred any loans not in default / Special Mention Accounts during the period from September 24, 2021 to March 31, 2022.

HDB Financial Services Limited

- **Details of non-performing assets (NPAs) transferred during the financial year 2021-2022:**

(₹ in crore except number of accounts)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	80	-	-
Aggregate principal outstanding of loans transferred	14.41	-	-
Weighted average residual tenor of the loans transferred (in years)	6.73	-	-
Net book value of loans transferred (at the time of transfer)	8.76	-	-
Aggregate consideration	7.50	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

During the year excess provisions of ₹ 5.65 crore reversed to the Profit and Loss Account on account of sale of stressed loans.

- **Details of stressed loans (Non-performing asset and Special Mention Account) transferred during the financial year 2020-2021:**

(₹ in crore except number of accounts)

Particulars	To Asset Reconstruction Companies (ARCs)	To permitted transferees	To other transferees
Number of accounts	28,959	-	-
Aggregate principal outstanding of loans transferred	644.23	-	-
Weighted average residual tenor of the loans transferred (in years)	2.23	-	-
Net book value of loans transferred (at the time of transfer)	97.20	-	-
Aggregate consideration	310.88	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-	-

During the year excess provisions of ₹ 113.47 crore reversed to the Profit and Loss Account on account of sale of stressed loans.

- The company has not transferred any special mention account and loans not in default during the period from September 24, 2021 to March 31, 2022.

Security Receipts (SRs) Ratings

HDFC Bank Limited

- **Details of ratings of SRs outstanding as on March 31, 2022 are given below:**

(₹ crore)

Rating	Rating Agency	Recovery rating	Outstanding as at March 31, 2022
R2	CRISIL	75% - 100%	182.87
NR2	India Ratings	100% - 150%	366.20
NR3	India Ratings	75% - 100%	614.34
NR4	India Ratings	50% - 75%	218.01
NA*			102.30
		Total	**1,483.72**

** Pursuant to regulatory norms, the ARC has time to obtain initial rating of SRs from an approved credit rating agency within a period of six months from the date of acquisition of assets by it.*

- **Details of ratings of SRs outstanding as on March 31, 2021 are given below:**

(₹ crore)

Rating	Rating Agency	Recovery rating	Outstanding as at March 31, 2021
R2	CRISIL	75% - 100%	367.20
NR2	India Ratings	100% - 150%	1,243.49
NR3	India Ratings	75% - 100%	372.77
		Total	**1,983.46**

HDB Financial Services Limited

- **Details of ratings of SRs are given below:**

Particulars	March 31, 2022		March 31, 2021	
	Rating Agency	Rating*	Rating Agency	Rating
EARC TRUST SC - 411 Series I	Indian rating and research	NR3 - (75% - 100%)	NA	unrated

** Rating Band awarded by SEBI approved Ratings agencies to Security Receipts issued by above mentioned trust(s) set up by Edelweiss Asset Reconstruction Company Ltd (EARC).*

Acquisition of Assets

HDFC Bank Limited

- **During the years ended March 31, 2022 and March 31, 2021, no non-performing financial assets were acquired by the Bank.**
- **Pursuant to the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, the details of loans acquired during the period from September 24, 2021 to March 31, 2022 are given below:**
  - **Details of loans not in default acquired through assignment are given below:**

Particulars	Value
Aggregate amount of loans acquired (₹ in crore)	18,094.40
Weighted average residual maturity (in years)	14.99
Weighted average holding period by originator (in years)	1.57
Retention of beneficial economic interest by the originator	10%
Tangible security coverage	100%

The loans acquired are not rated as these are to non-corporate borrowers.

From the above, 58 loans aggregating to ₹ 11.45 crore was re-purchased by the transferor in compliance with paragraph 48 of Master Direction - RBI (Transfer of Loan Exposures) Directions, 2021.

  - The Bank has not acquired any Special Mention Account.
  - The RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 has mandated disclosure of transfer of loan assets. Considering the terms 'loans not in default' and 'special mention account' under this circular vis-a-vis loans termed as 'standard' as hitherto and the separate processes prescribed therein for transfer of such assets, the Bank believes that such disclosure would be more meaningful if disclosed prospectively and therefore transfer of loan exposures prior to September 24, 2021 including comparatives of previous year are not considered relevant for disclosure.

HDB Financial Services Limited

The company has not acquired any stressed loan and loan not in default during the period from September 24, 2021 to March 31, 2022.

Details of securitisation transactions

HDFC Bank Limited

- During the years ended March 31, 2022 and March 31, 2021, there were no standard assets securitised-out by the Bank.
- **Securitised assets as per books of SPVs sponsored by the Bank**

  There are no SPVs sponsored by the Bank as at March 31, 2022 and as at March 31, 2021.

HDB Financial Services Limited

The outstanding amount of securitised assets as per books of the Special Purpose Entities (SPEs) and total amount of exposures retained by the originator as on the date of balance sheet to comply with the Minimum Retention Requirement (MRR) are below:

(₹ in crore except number of accounts)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1.	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	5.00	8.00
2.	Total amount of securitised assets as per books of the SPEs	1,223.15	2,078.13
3.	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	62.64	98.71
	Others	-	-
	b) On-balance sheet exposures		
	First loss	190.47	262.81
	Others	-	-
4.	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures	NIL	NIL
	i) Exposure to own securitisations		
	First loss		
	Others		
	ii) Exposure to third party securitisations		
	First loss		
	Others		
	b) On-balance sheet exposures	NIL	NIL
	i) Exposure to own securitisations		
	First loss		
	Others		
	ii) Exposure to third party securitisations		
	First loss		
	Others		
5.	Sale consideration received for the securitised assets and gain / loss on sale on account of securitisation	NIL	NIL
6.	Form and quantum (outstanding value) of services provided by way of liquidity support, post-securitisation asset servicing, etc.	NIL	NIL
7.	Performance of facility provided - Credit enhancement, liquidity support, servicing agent, etc.		
	Fixed Deposit		
	a) Amount paid	17.12	62.85
	b) Repayment received	17.12	62.85
	c) Outstanding amount	172.96	221.09
	Corporate Guarantee		
	a) Amount paid	-	-
	b) Repayment received	-	-
	c) Outstanding amount ₹ 36.07 crore corporate guarantee is released due to closure of some securitization deals	62.64	98.71
8.	Average default rate of portfolios observed in the past	1.86%	1.42%
9.	Amount and number of additional / top up loan given on same underlying asset	0.09	18.86
10.	Investor complaints		
	(a) Directly / Indirectly received and;	NIL	NIL
	(b) Complaints outstanding	NIL	NIL

15 Commission, exchange and brokerage income

Commission, exchange and brokerage income is net of correspondent bank charges.

16 Provisions and contingencies

The break-up of 'Provisions and Contingencies' included in the Profit and Loss Account is given below:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Provision for income tax - Current	14,324.66	12,336.79
- Deferred	(1,602.18)	(1,397.41)
Provision for NPAs[1]	12,500.86	13,574.54
Provision for diminution in value of non-performing investments	6.18	(17.32)
Provision for standard assets	1,264.03	875.22
Other provisions and contingencies[2]	4,154.19	4,407.85
Total	**30,647.74**	**29,779.67**

1. *Includes loss on sale of NPAs / stressed assets.*
2. *Includes provisions for tax, legal and other contingencies ₹ 4,159.90 crore (previous year: ₹ 4,406.30 crore), provisions / (write back) for securitised-out assets ₹ 0.14 crore (previous year: ₹ (2.21) crore) and standard restructured assets ₹ (5.85) crore (previous year: ₹ 3.77 crore).*

17 Employee benefits

Gratuity

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	**1,017.22**	**851.66**
Interest cost	62.82	52.16
Current service cost	129.44	114.56
Benefits paid	(76.95)	(49.15)
Actuarial (gain) / loss on obligation:		
Experience adjustment	(49.72)	41.30
Assumption change	7.78	6.69
Present value of obligation as at March 31	**1,090.59**	**1,017.22**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	**834.44**	**577.97**
Expected return on plan assets	57.01	44.05
Contributions	163.30	138.48
Benefits paid	(76.95)	(49.15)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	22.14	107.65
Assumption change	1.97	15.44
Fair value of plan assets as at March 31	**1,001.91**	**834.44**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	1,001.91	834.44
Present value of obligation as at March 31	(1,090.59)	(1,017.22)
Asset / (liability) as at March 31	**(88.68)**	**(182.78)**
Expenses recognised in Profit and Loss Account		
Interest cost	62.82	52.16
Current service cost	129.44	114.56
Expected return on plan assets	(57.01)	(44.05)
Net actuarial (gain) / loss recognised in the year	(66.05)	(75.10)

Particulars	March 31, 2022	March 31, 2021
Net cost	**69.20**	**47.57**
Actual return on plan assets	81.12	167.14
Estimated contribution for the next year	182.17	163.64
Assumptions (HDFC Bank Limited)		
Discount rate	6.80% per annum	6.50% per annum
Expected return on plan assets	6.50% per annum	6.50% per annum
Salary escalation rate	7.00% per annum	7.00% per annum
Assumptions (HDFC Securities Limited)		
Discount rate	6.05% per annum	6.20% per annum
Expected return on plan assets	6.05% per annum	6.20% per annum
Salary escalation rate	10.02% per annum	7.86% per annum
Assumptions (HDB Financial Services Limited)		
Discount rate	4.77% per annum	3.86% per annum
Expected return on plan assets	4.77% per annum	3.86% per annum
Salary escalation rate	6.00% - 11.00% per annum	5.00% - 9.00% per annum

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

Expected rate of return on investments is determined based on the assessment made by the Group at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets are given below:

Category of plan assets as at March 31, 2022	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	28.80%	59.00%	51.71%
Debenture and bonds	24.52%	28.00%	34.77%
Equity shares	40.40%	9.00%	-
Others	6.28%	4.00%	13.52%
Total	100.00%	100.00%	100.00%

Category of plan assets as at March 31, 2021	HDFC Bank Limited	HDFC Securities Limited	HDB Financial Services Limited
Government securities	27.90%	57.00%	57.27%
Debenture and bonds	26.04%	30.00%	36.84%
Equity shares	41.23%	9.00%	-
Others	4.83%	4.00%	5.89%
Total	100.00%	100.00%	100.00%

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2022	2021	2020	2019	2018
Plan assets	1,001.91	834.44	577.97	547.75	457.35
Defined benefit obligation	1,090.59	1,017.22	851.66	702.86	614.06
Surplus / (deficit)	(88.68)	(182.78)	(273.69)	(155.11)	(156.71)
Experience adjustment gain / (loss) on plan assets	22.14	107.65	(59.42)	12.04	(2.35)
Experience adjustment (gain) / loss on plan liabilities	(49.72)	41.30	16.69	10.46	13.69

Pension (HDFC Bank Limited)

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	**89.99**	**64.15**
Interest cost	5.19	3.79
Current service cost	1.40	1.37
Past service cost	7.69	-
Benefits paid	(20.43)	(11.63)
Actuarial (gain) / loss on obligation:		
Experience adjustment	6.44	31.41
Assumption change	(2.26)	0.90
Present value of obligation as at March 31	**88.02**	**89.99**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	0.33	9.51
Expected return on plan assets	0.04	0.32
Contributions	20.70	2.30
Benefits paid	(20.43)	(11.63)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	0.39	(0.20)
Assumption change	(0.15)	0.03
Fair value of plan assets as at March 31	**0.88**	**0.33**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	0.88	0.33
Present value of obligation as at March 31	(88.02)	(89.99)
Asset / (liability) as at March 31	**(87.14)**	**(89.66)**
Expenses recognised in Profit and Loss Account		
Interest cost	5.19	3.79
Current service cost	1.40	1.37
Past service cost	7.69	-
Expected return on plan assets	(0.04)	(0.32)
Net actuarial (gain) / loss recognised in the year	3.95	32.48
Net cost	**18.19**	**37.32**
Actual return on plan assets	0.27	0.15
Estimated contribution for the next year	18.86	13.09
Assumptions		
Discount rate	6.80% per annum	6.50% per annum
Expected return on plan assets	6.50% per annum	6.50% per annum
Salary escalation rate	7.00% per annum	7.00% per annum

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

Expected rate of return on investments is determined based on the assessment made by the Bank at the beginning of the year with regard to its existing portfolio. Major categories of plan assets as a percentage of fair value of total plan assets are given below:

Category of plan assets	% of fair value to total plan assets as at March 31, 2022	% of fair value to total plan assets as at March 31, 2021
Government securities	34.17%	42.87%
Debenture and bonds	3.58%	35.11%
Others	62.25%	22.02%
Total	**100.00%**	**100.00%**

Experience adjustment

(₹ crore)

Particulars	Years ended March 31,				
	2022	2021	2020	2019	2018
Plan assets	0.88	0.33	9.51	21.95	31.30
Defined benefit obligation	88.02	89.99	64.15	69.54	73.06
Surplus / (deficit)	(87.14)	(89.66)	(54.64)	(47.59)	(41.76)
Experience adjustment gain / (loss) on plan assets	0.39	(0.20)	0.28	0.48	0.59
Experience adjustment (gain) / loss on plan liabilities	6.44	31.41	9.06	3.32	3.95

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

The Reserve Bank of India, vide its notification dated October 04, 2021 granted Banks an option to amortise the expenditure on account of enhancement of family pension, over a period not exceeding five years beginning with the financial year ending March 31, 2022, subject to a minimum of one-fifth of the total amount involved being expensed every year. The Bank has not availed the said option and has recognised the entire expenditure on account of enhancement of family pension in financial year ended March 31, 2022.

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The Institute of Actuaries of India (IAI) has issued a guidance note on valuation of interest rate guarantees on exempt provident funds. The actuary has accordingly valued the same and the Bank held a provision of Nil as at March 31, 2022 (previous year: Nil), towards the present value of the guaranteed interest benefit obligation. The actuary has followed the deterministic approach as prescribed by the guidance note.

Assumptions:

Particulars	March 31, 2022	March 31, 2021
Discount rate (GOI security yield)	6.80% per annum	6.50% per annum
Expected guaranteed interest rate	8.10% per annum	8.50% per annum

The Group does not have any unfunded defined benefit plan. The Group contributed ₹ 630.61 crore (previous year: ₹ 542.78 crore) to the provident fund and ₹ 6.08 crore (previous year: ₹ 4.96 crore) to the National Pension Scheme (for employees who opted). The Bank contributed ₹ 76.37 crore (previous year: ₹ 75.64 crore) to the superannuation plan.

Leave encashment

HDFC Securities Limited

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the entity is given below:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Privileged leave	6.93	6.16
Sick leave	1.14	1.00
Total actuarial liability	8.07	7.16
Assumptions		
Discount rate	6.05% per annum	6.20% per annum
Salary escalation rate	10.02% per annum	7.86% per annum

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

18 Segment reporting

Business segments

Business segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organisation structure, the internal business reporting system and the guidelines prescribed by RBI. The Group operates in the following segments:

(a) Treasury

The treasury segment primarily consists of net interest earnings from the Bank's investment portfolio, money market borrowing and lending, gains or losses on investment operations and on account of trading in foreign exchange and derivative contracts.

(b) Retail banking

The retail banking segment serves retail customers through the Bank's branch network and other channels. This segment raises deposits from customers and provides loans and other services to customers with the help of specialist product groups. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are derived from interest earned on retail loans, interest earned from other segments for surplus funds placed with those segments, subvention received from dealers and manufacturers, fees from services rendered, foreign exchange earnings on retail products, etc. Expenses of this segment primarily comprise interest expense on deposits, commission paid to retail assets sales agents, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses of specialist product groups, processing units and support groups.

(c) Wholesale banking

The wholesale banking segment provides loans, non-fund facilities and transaction services to large corporates, emerging corporates, public sector units, government bodies, financial institutions and medium scale enterprises. Revenues of the wholesale banking segment consist of interest earned on loans made to customers, interest / fees earned on the cash float arising from transaction services, earnings from trade services and other non-fund facilities and also earnings from foreign exchange and derivative transactions on behalf of customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(d) Other banking business

This segment includes income from parabanking activities such as credit cards, debit cards, third party product distribution, primary dealership business and the associated costs. This segment also includes Bank's subsidiaries.

(e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes capital and reserves, debt classified as Tier 1 or Tier 2 capital and other unallocable assets and liabilities such as deferred tax, prepaid expenses, etc.

Segment revenue includes earnings from external customers plus earnings from funds transferred to other segments. Segment result includes revenue less interest expense less operating expense and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Interest income is charged by a segment that provides funding to another segment, based on yields benchmarked to an internally approved yield curve or at a certain agreed transfer price rate. Transaction charges are levied by the retail banking segment to the wholesale banking segment for the use by its customers of the retail banking segment's branch network or other delivery channels. Segment capital employed represents the net assets in that segment.

Geographic segments

The geographic segments of the Bank are categorised as domestic operations and foreign operations. Domestic operations comprise branches in India and foreign operations comprise branches outside India.

Segment reporting for the year ended March 31, 2022 is given below:

Business segments:

(₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	34,385.12	115,189.91	66,482.93	31,928.60	**247,986.56**
2	Unallocated revenue					**(12.18)**
3	Less: Inter-segment revenue					**80,278.98**
4	Income from operations (1) + (2) - (3)					**167,695.40**
5	Segment results	8,939.51	9,223.24	25,053.01	9,244.42	**52,460.18**
6	Unallocated expenses					**1,586.79**
7	Income tax expense (including deferred tax)					**12,722.49**
8	Net profit (5) - (6) - (7)					**38,150.90**
9	Segment assets	551,767.34	619,468.20	808,136.61	130,990.31	**2,110,362.46**
10	Unallocated assets					**12,571.84**
11	Total assets (9) + (10)					**2,122,934.30**
12	Segment liabilities	77,273.63	1,292,339.74	413,825.31	52,440.34	**1,835,879.02**
13	Unallocated liabilities					**39,008.70**
14	Total liabilities (12) + (13)					**1,874,887.72**
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	474,493.71	(672,871.54)	394,311.30	78,549.97	**274,483.44**
16	Unallocated (10) - (13)					**(26,436.86)**
17	Total (15) + (16)					**248,046.58**
18	Capital expenditure	24.69	2,393.82	229.00	240.43	**2,887.94**
19	Depreciation	40.48	1,295.47	149.27	195.51	**1,680.73**
20	Provisions for non - performing assets / others*	(14.52)	9,932.56	1,954.52	6,044.29	**17,916.85**
21	Unallocated other provisions*					**8.40**

* *Represents material non-cash charge other than depreciation and taxation.*

Geographic segments:

(₹ crore)

Particulars	Domestic	International
Revenue	166,835.31	860.09
Assets	2,064,899.77	58,034.53
Capital expenditure	2,887.52	0.42

Segment reporting for the year ended March 31, 2021 is given below:

Business segments:

(₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	32,337.67	110,210.21	57,154.30	29,759.68	229,461.86
2	Unallocated revenue					30.82
3	Less: Inter-segment revenue					73,607.41
4	Income from operations (1) + (2) - (3)					155,885.27
5	Segment results	9,030.50	10,574.80	17,437.54	7,344.29	44,387.13
6	Unallocated expenses					1,590.99

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
7	Income tax expense (including deferred tax)					10,939.37
8	Net profit (5) - (6) - (7)					31,856.77
9	Segment assets	519,641.74	521,997.22	628,731.57	119,752.20	1,790,122.73
10	Unallocated assets					9,383.91
11	Total assets (9) + (10)					1,799,506.64
12	Segment liabilities	76,276.60	1,096,217.82	338,115.31	51,771.65	1,562,381.38
13	Unallocated liabilities					26,682.31
14	Total liabilities (12) + (13)					1,589,063.69
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	443,365.14	(574,220.60)	290,616.26	67,980.54	227,741.34
16	Unallocated (10) - (13)					(17,298.39)
17	Total (15) + (16)					210,442.95
18	Capital expenditure	24.93	1,527.55	139.94	180.60	1,873.02
19	Depreciation	36.74	1,047.40	118.18	182.69	1,385.01
20	Provisions for non - performing assets / others*	(16.82)	10,157.54	2,279.02	6,389.39	18,809.13
21	Unallocated other provisions*					31.16

* *Represents material non-cash charge other than depreciation and taxation.*

Geographic segments:

(₹ crore)

Particulars	Domestic	International
Revenue	154,953.30	931.97
Assets	1,755,919.75	43,586.89
Capital expenditure	1,872.61	0.41

19 Related party disclosures

As per AS-18, Related Party Disclosures read with RBI Master Direction on Financial Statements – Presentation and Disclosures, the Group's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Key management personnel

Sashidhar Jagdishan, Managing Director and Chief Executive Officer

Kaizad Bharucha, Executive Director

Relatives of key management personnel and their interested entities

Nagsri Sashidhar, Jagdishan Chandrasekharan, Dhruv Sashidhar, Mythra Mahesh, Mahesh Babu Ramamurthy, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha, Dilnaaz D Bharucha, Nagsri - Creating Special Memories.

A specific related party transaction is a significant transaction wherever it exceeds 10% of all related party transactions in that category. Transactions between the Bank and Housing Development Finance Corporation Limited exceed 10% of all related party transactions in that category.

The Group's related party balances and transactions for the year ended March 31, 2022 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Deposits taken	2,741.49	4.54	1.43	2,747.46
	(5,132.37)	(23.02)	(1.43)	(5,156.82)
Deposits placed	0.32	-	-	0.32
	(0.32)	-	-	(0.32)
Advances given	-	0.55	#	0.55
	-	(0.73)	(0.01)	(0.74)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	20.43	0.98	0.04	21.45
Interest received from	-	0.02	-	0.02
Income from services rendered to	463.93	#	#	463.93
Expenses for receiving services from	720.16	-	-	720.16
Equity investments	-	-	-	-
	-	-	-	-
Other investments	-	-	-	-
	-	-	-	-
Dividend paid to	562.00	2.50	#	564.50
Dividend received from	-	-	-	-
Receivable from	65.33	-	-	65.33
	(135.56)	-	-	(135.56)
Payable to	64.14	-	-	64.14
	(64.14)	-	-	(64.14)
Guarantees given	0.39	-	-	0.39
	(0.40)	-	-	(0.40)
Remuneration paid	-	17.16	-	17.16
Loans purchased from	28,205.24	-	-	28,205.24

Denotes amount less than ₹ 1 lakh.

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2022, approved unpaid deferred bonus in respect of earlier years was ₹ 2.09 crore.*

The Bank being an authorised dealer, deals in foreign exchange and derivative transactions with parties which include its promoter. The foreign exchange and derivative transactions are undertaken in line with the RBI guidelines. The notional principal amount of foreign exchange and derivative contracts transacted with the promoter that were outstanding as on March 31, 2022 is ₹ 11,178.71 crore (previous year: ₹ 7,757.49 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms was ₹ 236.68 crore (previous year: ₹ 166.45 crore).

The Group's related party balances and transactions for the year ended March 31, 2021 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Key Management personnel (KMP)	Relatives of KMP & their interested entities	Total
Deposits taken	3,560.67	60.07	1.00	3,621.74
	(3,560.67)	(717.55)	(18.84)	(4,297.06)
Deposits placed	0.32	-	-	0.32
	(0.47)	(0.76)	(3.50)	(4.73)
Advances given	-	0.99	#	0.99
	-	(2.32)	(0.02)	(2.34)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	10.80	8.22	0.59	19.61
Interest received from	-	0.05	-	0.05
Income from services rendered to	324.65	#	#	324.65
Expenses for receiving services from	589.87	0.14	0.38	590.39
Equity investments	-	-	-	-
	-	-	-	-
Other investments	-	-	-	-
	-	-	-	-
Dividend paid to	-	-	-	-
Dividend received from	-	-	-	-
Receivable from	138.77	-	-	138.77
	(138.77)	-	-	(138.77)
Payable to	111.05	-	-	111.05
	(199.27)	-	-	(199.27)
Guarantees given	0.40	-	-	0.40
	(0.41)	-	(0.05)	(0.46)
Remuneration paid	-	22.48	-	22.48
Loans purchased from	18,979.78	-	-	18,979.78

\# *Denotes amount less than ₹ 1 lakh.*

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2021, approved unpaid deferred bonus in respect of earlier years was ₹ 2.90 crore.*
- *Related parties are in accordance with AS-18 Related Party Disclosures.*

20 Additional information pursuant to Schedule III of the Companies Act, 2013

Additional information to consolidated accounts at March 31, 2022 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ crore)

Name of entity	Net assets as of March 31, 2022		Profit or (loss) for the year ended March 31, 2022	
	As % of consolidated net assets**	Amount***	As % of consolidated profit or loss	Amount***
Parent:				
HDFC Bank Limited	97.08%	240,092.94	97.13%	36,961.33
Subsidiaries*:				
1. HDFC Securities Limited	0.66%	1,644.71	2.62%	995.94
2. HDB Financial Services Limited	3.97%	9,823.61	2.68%	1,020.19
Minority Interest in all subsidiaries	0.29%	720.42	0.26%	98.15

* *The subsidiaries are domestic entities.*

** *Consolidated net assets are total assets minus total liabilities including minority interest.*

****Amounts are before inter-company adjustments.*

Additional information to consolidated accounts at March 31, 2021 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ crore)

Name of entity	Net assets as of March 31, 2021		Profit or (loss) for the year ended March 31, 2021	
	As % of consolidated net assets**	Amount***	As % of consolidated profit or loss	Amount***
Parent:				
HDFC Bank Limited	97.10%	203,720.83	97.75%	31,116.53
Subsidiaries*:				
1. HDFC Securities Limited	0.70%	1,477.40	2.26%	720.52
2. HDB Financial Services Limited	4.16%	8,721.96	1.58%	502.83
Minority Interest in all subsidiaries	0.30%	632.76	0.07%	23.56

* *The subsidiaries are domestic entities.*

** *Consolidated net assets are total assets minus total liabilities including minority interest.*

****Amounts are before inter-company adjustments.*

21 Leases

Operating leases primarily comprise office premises, staff residences and Automated Teller Machines ('ATM's), which are renewable at the option of the Group. The details of maturity profile of future operating lease payments are given below:

(₹ crore)

Particulars	March 31, 2022	March 31, 2021
Not later than one year	1,331.50	1,229.52
Later than one year and not later than five years	4,573.70	4,145.21
Later than five years	5,480.08	5,279.17
Total	**11,385.28**	**10,653.90**
The total of minimum lease payments recognised in the Profit and Loss Account for the year	1,425.62	1,466.00
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	55.84	57.18
Sub-lease amounts recognised in the Profit and Loss Account for the year	10.92	10.04
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	321.96	324.07

The Bank has sub-leased certain of its properties taken on lease.

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

22 Penalties levied by the RBI

During the year ended March 31, 2022, RBI by an order dated May 27, 2021, levied a penalty of ₹ 10 crore for marketing and sale of third-party non-financial products to the Bank's auto loan customers, arising from a whistle blower complaint, which revealed, inter alia, contravention of Section 6(2) and Section 8 of the Banking Regulation Act, 1949. The Bank has discontinued the sale of said third-party non-financial product since October 2019.

During the year ended March 31, 2021, RBI imposed a penalty of ₹ 0.10 crore for bouncing of Subsidiary General Ledger which led to shortage of balance in certain securities in the Bank's Constituent Subsidiary General Ledger account.

23 Small and micro industries

HDFC Bank Limited

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 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 during the years ended March 31, 2022 and March 31, 2021. The above is based on the information available with the Bank which has been relied upon by the auditors.

HDFC Securities Limited

On the basis of the information available with the Company and the intimation received from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 the amount unpaid as at March 31, 2022 was ₹ 0.11 crore (previous year: ₹ 0.28 crore).

HDB Financial Services Limited

As per the confirmation received from the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006, the amount unpaid as at March 31, 2022 was Nil (previous year: ₹ 0.01 crore). The above is based on the information available with the Company which has been relied upon by the auditors.

24 Corporate social responsibility

HDFC Bank Limited

The details of Corporate Social Responsibility (CSR) activities are given below:

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Amount required to be spent by the Bank during the year	733.86	627.86
2	Amount of expenditure incurred	736.87	634.90
3	Shortfall at the end of the year	-	-
4	Details of unspent CSR amount for the preceding three financial years	-	-
5	Reason for shortfall	-	-
6	Nature of CSR activities	- Rural Development - Promotion of Education - Skill Training & Livelihood Enhancement - Financial Literacy & Inclusion - Healthcare & Hygiene	- Rural Development - Promotion of Education - Skill Training & Livelihood Enhancement - Financial Literacy & Inclusion - Healthcare & Hygiene
7	Details of related party transactions, e.g. contribution to a trust controlled by the Bank in relation to CSR expenditure as per relevant Accounting Standard	-	-

Sr. No.	Particulars	March 31, 2022	March 31, 2021
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

HDFC Securities Limited

The details of CSR activities are given below:

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Amount required to be spent by the company during the year	13.00	10.20
2	Amount of expenditure incurred	13.00	10.85
3	Details of unspent CSR amount for the preceding three financial years	-	-
4	Total of previous years shortfall	-	-
5	Reason for shortfall	-	-
6	Nature of CSR activities	Healthcare, Education, Eradicating Hunger, Promotion of National Sports, Olympic Sports and Paralympic sports	
7	Details of related party transactions, e.g. contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	-	-
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

HDB Financial Services Limited

The details of CSR activities are given below:

(₹ crore)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Amount required to be spent by the company during the year	24.70	30.83
2	Amount of expenditure incurred	25.83	23.52
3	Shortfall at the end of the year	-	7.31#
4	Details of unspent CSR amount for the preceding three financial years	2.28	-
5	Reason for shortfall	-	Series of lockdown owing to the pandemic caused delays in achieving project milestones for most CSR projects, thus disturbing the pay-out schedule planned for the year
6	Nature of CSR activities	Healthcare services, Basic education, Livelihoods enhancement and Natural resource management.	
7	Details of related party transactions, e.g. contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	-	-
8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	-	-

 # ₹ 7.31 crore reported as unspent in financial year 2020-21 was transferred to Unspent CSR Account, out of which ₹ 5.03 crore has been disbursed towards ongoing projects during the year.

25 COVID-19

HDFC Bank Limited

The outbreak of the COVID-19 pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. Since then India experienced two waves of the COVID-19 pandemic following the discovery of mutant coronavirus variants, leading to the reimposition of regional lockdowns which were subsequently lifted.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The disruptions following the outbreak, impacted loan originations, the sale of third party products, the use of credit and debit cards by customers and the efficiency in collection efforts resulting in increase in customer defaults and consequent increase in provisions there against.

India is emerging from the COVID-19 pandemic. The extent to which any new wave of COVID-19 will impact the bank's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

HDFC Securities Limited

The COVID-19 pandemic continues to have a considerable impact on economic activities across the various parts of the country and across the globe. The Government of India and various state governments have introduced a series of initiatives over the past year including lockdowns in order to contain the impact of the virus.

Stock broking and depository services have been declared as essential services all through the year and accordingly, the Company has faced no business stoppage / interruption on account of the lockdown. As of March 31, 2022, based on facts and circumstances existing as of that date, the Company does not anticipate any material uncertainties which affects its liquidity position and also ability to continue as a going concern.

26 Refund / Adjustment of 'interest on interest'

In accordance with the instructions in the paragraph 5 of the RBI circular dated April 07, 2021, the Group refunded / adjusted 'interest on interest' of ₹ 302.45 crore to all eligible borrowers during the year ended March 31, 2022.

27 Additional disclosure

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries have no material bearing on the true and fair view of the Consolidated Financial Statements and the information pertaining to such items which are not material have not been disclosed in the Consolidated Financial Statements.

28 Disclosure under Rule 11 (e) of the Companies (Audit and Auditors) Rules, 2014

The Bank, as part of its normal banking business, grants loans and advances to its constituents including foreign entities with permission to lend / invest / provide guarantee or security or the like in other entities identified by such constituents. Similarly, the Bank accepts deposits from its constituents, who may instruct the Bank to lend / invest / provide guarantee or security or the like against such deposit in other entities identified by such constituents. These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines as applicable in respective jurisdiction.

Other than the nature of transactions described above, the Bank has not advanced / lent / invested / provided guarantee or security to or in any other person with an understanding to lend / invest / provide guarantee or security or the like to or in any other person. Similarly, other than the nature of transactions described above, the Bank has not received any funds from any other person with an understanding that the Bank shall lend or invest or provide guarantee or security or the like to or in any other person.

29 Comparative figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year's presentation. The previous year comparative numbers were audited by MSKA & Associates, Chartered Accountants.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number:
105047W

Swapnil Kale
Partner
Membership Number: 117812

For M M Nissim & Co LLP
Chartered Accountants
ICAI Firm Registration Number:
107122W/W100672

Sanjay Khemani
Partner
Membership Number: 044577

Mumbai, April 16, 2022

For and on behalf of the Board

Atanu Chakraborty
Part Time Chairman of the Board

Umesh Chandra Sarangi
Independent Director

M. D. Ranganath
Independent Director

Malay Patel
Independent Director

Lily Vadera
Independent Director

Sashidhar Jagdishan
Managing Director & CEO

Kaizad Bharucha
Executive Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary