

Schedules to the Consolidated Financial Statements

As at March 31, 2022

SCHEDULE 1 - CAPITAL

	As at March 31, 2022	As at March 31, 2021
₹ in crore		
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

	As at March 31, 2022	As at March 31, 2021
₹ in crore		
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)	-



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	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

	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

	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



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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)



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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

	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

	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

	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



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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.



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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.

HDB Financial Services Limited

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



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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 / securitised, 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.

HDFC Securities Limited

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



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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



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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.

HDB Financial Services Limited

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.

HDFC Securities Limited

- 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.

HDB Financial Services Limited

- 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.



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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.

HDFC Securities Limited

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.



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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.



Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

Particulars	(₹ crore)	
	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



Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

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.



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For the year ended March 31, 2022

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



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For the year ended March 31, 2022

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



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For the year ended March 31, 2022

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.



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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.



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For the year ended March 31, 2022

- 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	62.64	98.71
	₹ 36.07 crore corporate guarantee is released due to closure of some securitization deals		
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



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For the year ended March 31, 2022

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



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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.



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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



Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

Particulars	(₹ crore)	
	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).



Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

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



Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

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.



Schedules to the Consolidated Financial Statements

For the year ended March 31, 2022

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

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

Mumbai, April 16, 2022