

Responsible,  
Sustainable & Progressive  
**TODAY for a better  
TOMORROW.**



# Contents

## 01-46

---

### Corporate Overview

Theme Introduction **\_01**

Reflecting a Year of Progress **\_02**

Key Achievements through the Year **\_03**

Federal Bank:

Redefining Banking Digitally and Sustainably **\_04**

Our Diversified Banking Solutions **\_06**

Hall of Fame **\_09**

Performing Sustainably over the Years **\_10**

Message from the Chairman **\_12**

Message from the  
Managing Director and CEO **\_14**

Towards a Better Tomorrow with  
Focus on Digital Innovation and  
Fintech Collaboration **\_16**

Unleashing the Power of  
Financial Services with Fintech Partnerships **\_20**

Towards a Better Tomorrow by  
Adopting the Right Business Model **\_22**

Building Long-Term Sustainability,  
the ESG Way **\_25**

Environment

Operating Responsibly **\_26**

Social

Building a Diverse and High-Performing Team **\_28**

Social

Driving Social Development and Empowerment **\_32**

Governance

Progressing to a Better Future  
with Strong Governance Practices **\_41**

Board of Directors **\_43**

Key Management Team **\_44**

Corporate Information **\_46**



To view this report online, please visit:

[www.federalbank.co.in](http://www.federalbank.co.in)

## 47-204

---

### Statutory Reports

Directors' Report **\_47**

Management Discussion and Analysis **\_97**

Corporate Governance Report **\_133**

Business Responsibility  
and Sustainability Report **\_170**

## 206-385

---

### Financial Statements

Standalone **\_206**

Consolidated **\_326**

Basel III Disclosures **\_295**

Form AOC1 **\_384-385**

### Forward-looking statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

At Federal Bank, addressing social and environmental imbalances has always been an extension of our commitment to go beyond business.



In a world where such concerns are accelerating, we recognise that responsible and sustainable growth is the only acceptable model forward. While many governments and corporates have set ambitious targets to tackle these pressing issues, there is still a long way to go.

As one of the leading digitally-led purpose-driven banks in India, we believe it is our responsibility more than ever to back our customers, stakeholders and the community at large. We have this unique opportunity to scale up our social and environmental efforts to make a pronounced impact as well as become a positive influencer.

We have mapped an ambitious long-term charter to embed environmental, social and governance (ESG) Standards into our core business operations. Capital infusion by International Finance Corporation (IFC) as an

equity investor provided us with necessary expertise towards making meaningful impact in right areas. We have crafted an environmental and social management system (ESMS) policy to guide our actions towards mitigating the negative social and environmental impact arising from our lending activities.

At Federal Bank, we are working to become more

Responsible, Sustainable & Progressive

**TODAY** for a better  
**TOMORROW.**



# Reflecting a Year of Progress

FY22 has been an exceptional year as we delivered all-round performance and progressed towards making our Bank more stable and sustainable in the long run.

## DELIVERING A STRONG PERFORMANCE

₹ **181,701** Crore  
Total Deposits (↑ 5%)

₹ **144,928** Crore  
Net Advances (↑ 10%)

₹ **326,629** Crore  
Total Business (↑ 7%)

₹ **171,557** Crore  
Retail Deposits (↑ 10%)

₹ **5,962** Crore  
Net Interest Income (↑ 8%)

₹ **18,661** Crore  
Net Worth (↑ 16%)

₹ **67,121** Crore  
CASA (↑ 15%)

₹ **1,890** Crore  
Net Profit (↑ 19%)

## IMPROVEMENT IN KEY RATIOS

**15.77%**  
Capital Adequacy (↑ 115 bps)

**0.94%**  
Return on Assets (↑ 9 bps)

**10.87%**  
Return on Equity (↑ 49 bps)

**3.20%**  
Net Interest Margin (↑ 4 bps)

## ENHANCEMENT IN ASSET QUALITY AND STABILITY

**2.80%**  
GNPA (↓ 61 bps)

**0.96%**  
NNPA (↓ 23 bps)

**65.54%**  
PCR Ratio (↑ 40 bps)  
(PCR Including Tech W/O 80.60%)

**96%**  
Collection Efficiency Ratio (↑ 100 bps)

## DRIVING BUSINESS GRANULARITY

**36.94%**  
CASA Ratio (↑ 313 bps)

**94.42%**  
Retail Deposit Ratio (↑ 407 bps)

**99.14%**  
Core Deposit Ratio (↑ 96 bps)

**54.75%**  
Retail Credit Book Share (↑ 55 bps)



# Key Achievements through the Year

## BUILDING ON DIGITAL DOMINANCE, FINTECH COLLABORATIONS AND FUTURE READINESS

**50+**

Fintech partnerships

**300+**

APIs available

**5**

Channels where API is integrated

**230+**

RPA processes running

Tied up with two **Standalone Health Insurance partners** (Star Health Insurance & Aditya Birla Health Insurance)

Went live with three Account Aggregators – **NESL Asset Data Limited, Finvu & Onemoney**. Two integration under process – **Anumati and CAMSFinServ**

**82.5%**

of new accounts booked from Fintech partnerships

**88.17%**

of transactions executed digitally

**₹ 14,274 Crore**

of Mobile Banking volume (for the month of March 2022)

**₹ 30,568 Crore**

of monthly corporate digital products volume

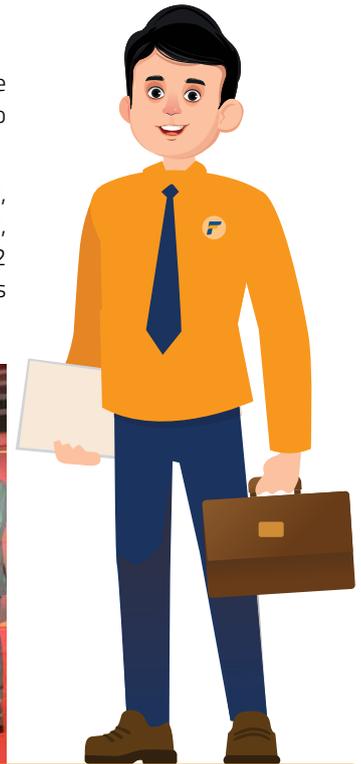
Tied-up with Insuretech partner

**Turtlfin** for distributing insurance products digitally and seamlessly with improved operational efficiency



## RAISED PRESTIGIOUS FUNDING

- ₹ 916 Crore investment by IFC for a 4.99% stake - the first investment by IFC in India aligned to Greening Equity Approach
- ₹ 700 Crore raised in rated, listed, fully paid, taxable, redeemable, subordinated, unsecured, non-convertible, Basel III compliant Tier 2 debentures. Total outstanding tier 2 bonds stands at ₹ 1,000 Crore as on March 31, 2022



## WON DISTINGUISHED AWARDS

- Finnoviti Awards 2022 – Won prestigious Finnoviti Award instituted by Banking Frontiers for “Fed-E-Studio” the self-service Banking kiosk for customers
- Recognized as a Great Place to Work in 2022 by the GPTW® Institute
- Won Plaque Award for Excellence in Financial Reporting in Private Sector Banks (including Foreign Banks) category at ICAI Awards 2021
- Award for best use of cloud in banking at the 3rd Annual BFSI Technology Excellence Awards 2022
- Recognised best mid-sized Bank in the 26th Business Today-KPMG Annual Survey
- Best Fintech Adoption Award at the 17th Annual Banking Technology Awards by IBA
- Utkrisht Puraskar at the Digi Dhan Awards 2020-21 for overall performance in Digital Payments
- Ministry of Electronics and Information Technology (MeitY) Award for achieving 2nd Position for the Digital Payment Performance for the FY 2020-21 among the Indian Banks
- ‘Private Sector Bank of the Year’ Award (Gold category) at the 20th edition of Outlook Money Awards
- Infosys Finacle Client Innovation Awards (mid-size bank segment): Winner across five categories of Corporate Banking Digitization, Customer Journey Reimagination, Modern Technologies-led Innovation, Process Innovation and Product Innovation. Runner up in the category Ecosystem-led Innovation

# Federal Bank: Redefining Banking Digitally and Sustainably

Federal Bank is one of the leading and preferred Personal, NRI and Business Banking partner for customers across India.

We are driven by the vision of becoming India's most admired banking institution and the FIRST CHOICE for all Indians. We are doing this by providing diverse products and services catering to all the needs of customers, redefining banking with 'Digital at the Fore, Human at the Core' proposition and committing to sustainability as a responsible bank.

Our digital agenda is focused around innovating to redefine human experiences. We have strategically adopted a unique hybrid digital model which enables us to take banking to India's underbanked and underserved alongside narrowing the digital gap.

Our sustainability commitment is targeted at addressing the pressing issues of environment sustainability, economic inequality and servicing people within and outside the organization.



## OUR CORE VALUES

<b>CARES</b>					
	COMMITMENT TO EXCELLENCE	AGILITY	RELATIONSHIP ORIENTATION	ETHICS	SUSTAINABILITY

CREDIT RATING	
<b>CRISIL A1+</b>	for Short Term Fixed Deposits
<b>CRISIL A1+</b>	for Certificate of Deposit
<b>IND AA and CARE AA</b>	for Tier 2 (Capital) Bonds

₹ **220,946** Crore  
Total Assets

₹ **20,468.29** Crore  
Market Capitalisation

**12,790**  
Employees (41% women)

**1.40** Crore  
Customers

\*All numbers are as on March 31, 2022



# Our Diversified Banking Solutions

At Federal Bank, we are focused on delivering value-led proposition to our customers and become a one-stop solution for all their banking needs. Focused on this, we have crafted a range of compelling products and services that meet the diverse banking needs of customers across geographies and segments. We provide these banking solutions through our retail and wholesale banking segments.

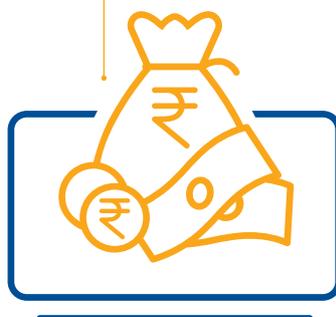


## Retail Banking

The retail banking segment meets the needs of individual clients and businesses. Under the segment, we offer products and services for CV/CE financing, agri banking, business banking and retail banking. The retail banking segment provides deposits, mortgage-backed housing loans, retail loan against property (Retail LAP), auto loans, cards and payments, non-resident banking and wealth management services. Business Banking segment provides business loans primarily to Micro, Small and Medium Enterprises (MSMEs). The CV/CE segment finances single unit owners, fleet operators and strategic clients for their purchase of new and used Commercial Vehicles and Construction Equipment. The Agri Banking segment focuses on providing financing solutions to agriculture and priority sector.

### FY22 HIGHLIGHTS

- Initiated surrogate assessment program for Auto Loan as an easy assessment method to cater to the mid income segment through our OEM relationship



#### Enhancing portfolio of offerings

- Redesigned Celesta segment by bettering service proposition to HNIs

- Introduced Imperio account for high net worth individuals (HNIs) and seafarer account for niche but opulent seamen community
- Launched completely digital journey for issuing Credit Cards (for pre-approved existing customers) and Secured Credit Cards (for non-resident existing customers) with instant issuance of virtual credit card



- Launched sovereign gold bond distribution option in FedMobile

- Integrated with Maruti Smart Finance for instant car loan approval (for preapproved existing customer) in a few clicks at dealer location

- Added 12 new branches during FY 2021-22



### Widening distribution

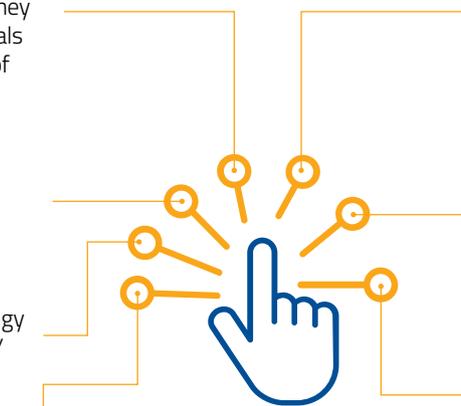
- Partnered with two Health Insurance companies – Star Health Insurance and Aditya Birla Health Insurance. Launched a digital platform for distributing insurance products seamlessly with improved operational efficiency
- Added five remittance partners for inward remittance to India – Mashreq Bank UAE, Lotus Forex Malaysia, Laxmidas Tariaved Oman, Wall Street Finance USA and Federal Exchange UAE
- Tied-up with Honda Motors, TATA Motors and Toyota Motors to increase auto loan penetration

- Created a pre-approved auto loan journey (for existing customer) for loan approvals in a few clicks and increased the limit of auto loan digital documentation from ₹ 10 lakh to ₹ 25 lakh

- Streamlined foreclosure process for mortgage loans to enable field team to work on retention and resolution of customer grievances

- Tied-up with Cred Avenue for technology solution to manage direct assignment/ securitization portfolio

- 32% growth in debit card spends to ₹ 13,175 Crore; Federal Bank now #5 in terms of debit card spends in Private banks category



### Progressing on digital and customer experience initiatives

- Launched E-Mandate a self-assisted, paperless journey to customer for NACH mandate registration. 26% of NACH registration for New Retail loan in FY22 was done through E-Mandate
- Launched an online lending platform, 'federalinstaloans.com' for quick and hassle-free credit approvals for MSMEs
- Launched investment portal in FedMobile that focuses on seamless and hassle-free digital onboarding of Mutual Fund business.

## VOLUME GROWTH (₹ in Cr)

### Retail Advances



### CV/CE Advances



### Agri Advances



### Business Banking Advances





# Wholesale Banking

The wholesale banking segment comprises commercial banking (CoB) and Corporate and Institutional Banking (CIB). The CoB division provides complete financing solution to mid-market and MSMEs. The CIB caters to large business houses and corporates, MNCs, capital market clients, PSUs and financial institutions. The solutions offered by wholesale banking include working capital, term loan, trade finance, cash management, supply chain finance, foreign exchange services, structured offerings, gold metal loan and liability products.

### Progressing on digital and customer experience initiatives

- Partnered with BSE Ltd to jointly evaluate SMEs and start-ups undergoing the listing process
- Simplified API onboarding process
- Set-up centralized onboarding desk to track Fed eBiz activation\* TAT and conduct post-activation training for users



### Performance

- Onboarded 226 new clients in CIB and 267 new clients in CoB
- Average ticket size of CIB stood at ₹ 54 Crore and CoB at ₹ 7 Crore

*\* Fed eBiz is a complete 360 Degree Digital Omni-Channel Transaction Banking Platform for Corporates, which includes Account Services, Payable Management (Vendor & Salary Payments, Host to Host Integrations, Instrument Printing etc.) and Receivable Management (Cash & Cheque Collections, Mandate-based direct debits, Virtual accounts etc.)*

### Enhancing portfolio of offerings

- Launched new products of: Participation on Trade Receivable Discounting System (TReDS) platform for financing of trade receivables of MSMEs from corporate and other buyers; Participation in Credit Guarantee scheme by NCGTC for onward lending to MFIs (CGSMFI)

## VOLUME GROWTH (AMOUNT IN ₹ CR)

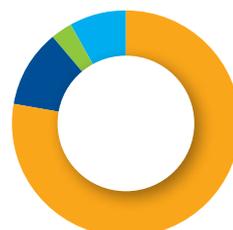
### Commercial Banking Advances



### Corporate Banking Advances



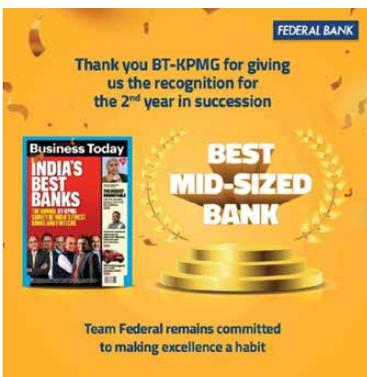
## EXTERNAL RATING OF CORPORATE ADVANCES



- 78 A & above
- 11 BBB
- 3 <BBB
- 8 Others



# Hall of Fame



# Performing Sustainably over the Years

## VOLUME GROWTH (₹ IN CRORE)

### Total Deposits



### Net Advances



## INCOME GROWTH (₹ IN CRORE)

### Net Interest Income



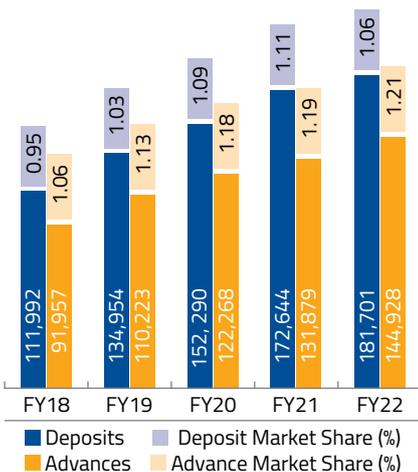
### Net Total Income



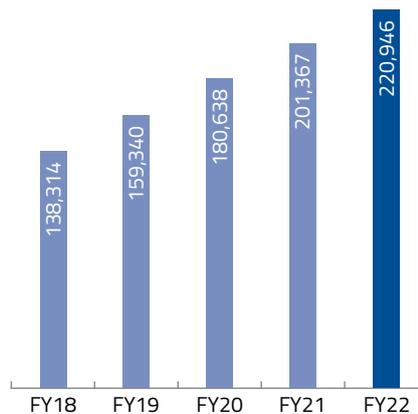
### Net Profit



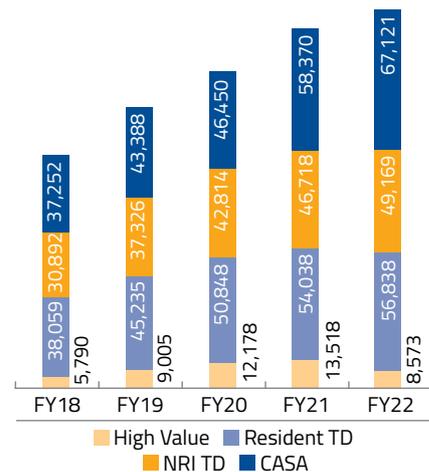
## Business Growth (₹ in Cr)



## Total Assets (₹ in Cr)

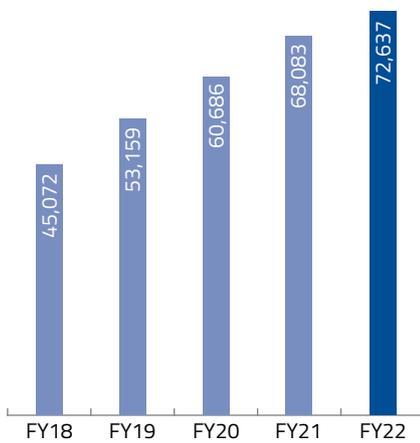


## Deposit Mix (₹ in Cr)

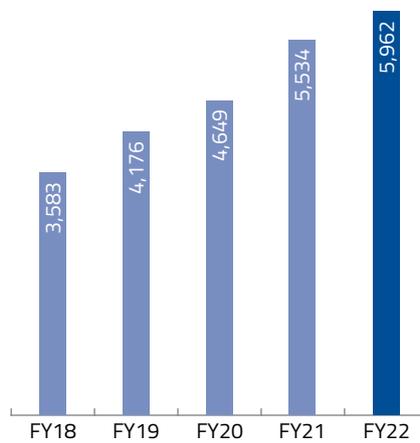




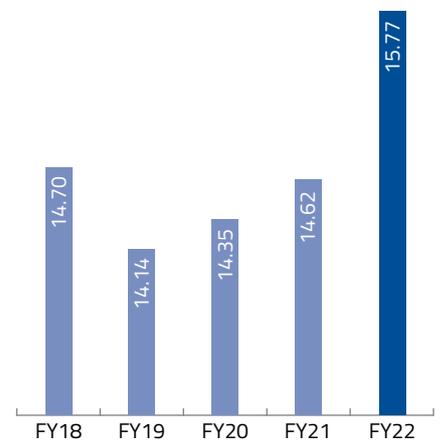
**NR Deposits (₹ in Cr)**



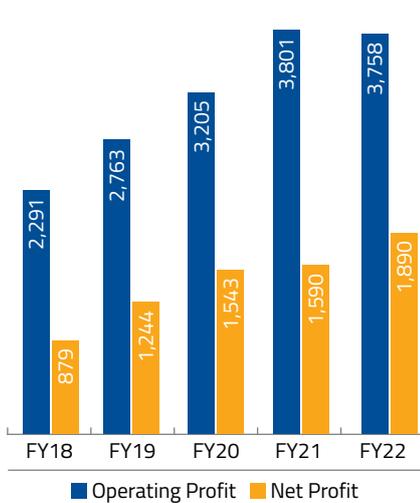
**Net Interest Income (₹ in Cr)**



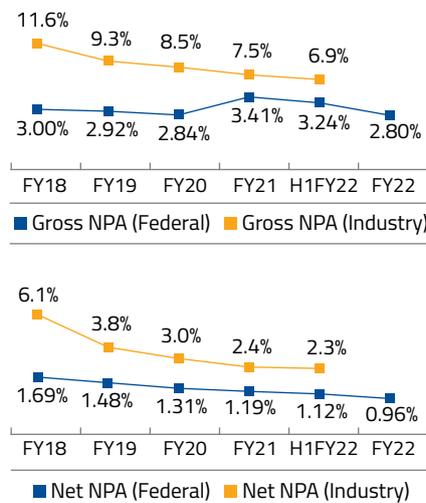
**CRAR - BASEL III**



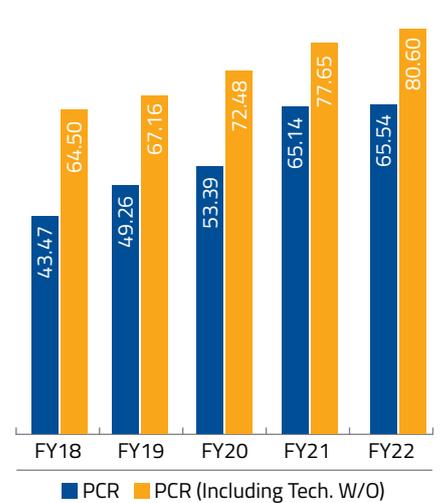
**Profitability Trend (₹ in Cr)**



**Asset Quality (in %)**



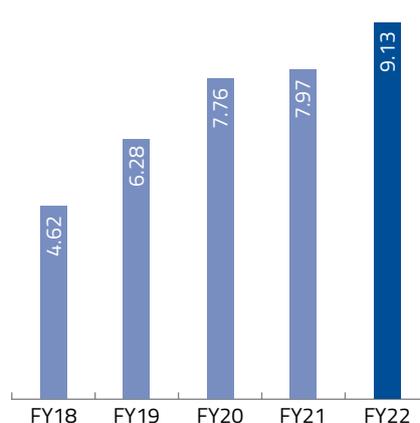
**Provision Coverage Ratio (PCR)**



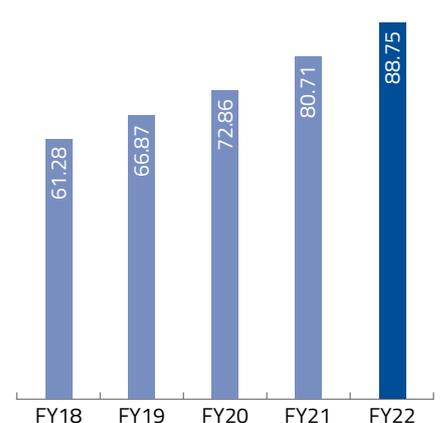
**Net Interest Margin**



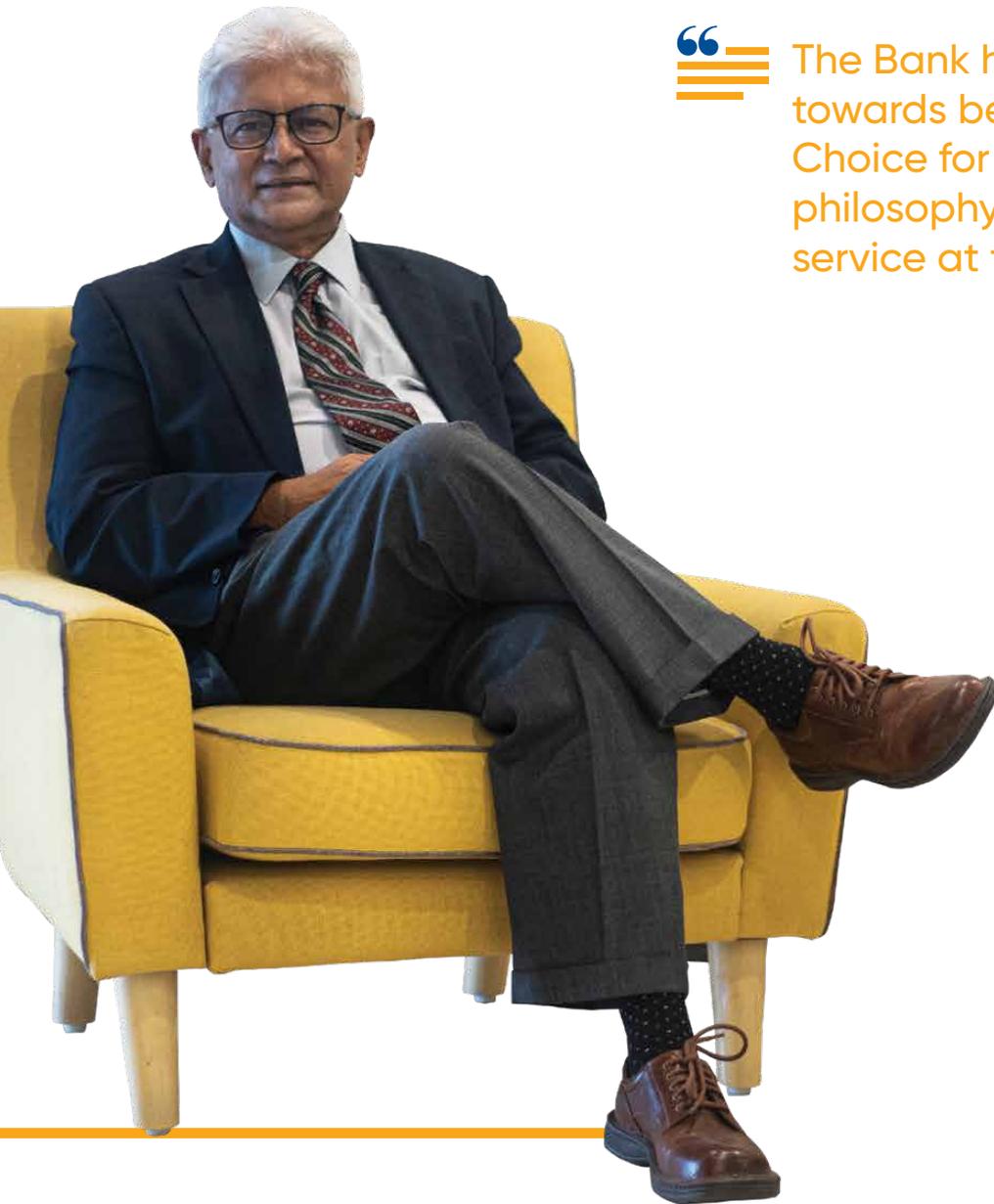
**Earnings per Share (EPS) ₹ (Annualised)**



**Book value per share (end period) ₹**



## Message from the Chairman



“ The Bank has been working towards becoming the First Choice for all Indians, with its philosophy of superior customer service at the core.

the excellent performance, an exceptional focus on credit quality, seamless processes and systems, ethical practices, and disclosures are the hallmarks of your Bank and a strong regard for compliance is irrefutably the soul of the franchise.

Globally, FY22 was a year with challenges around supply chain disruptions and steep rise in input costs which impacted almost all sectors and companies. Yet, India witnessed a revival in economic activities and its GDP grew by 8.7% due to accelerated vaccinations coupled with sustained fiscal and policy support by the government.

While heading into FY23, both global and Indian economy faces the risks of stagflation and geopolitical tensions arising from the Russia-Ukraine war which is visible currently in U.S and U.K. In India too, the inflation levels are at a high but the cautiously optimistic approach followed by MPC at the beginning of calendar year and the timely thoughtful responses to the evolving economic developments and tectonic shifts are expected to help keep a check at Indian inflation levels.

Despite the arduous macro environment, the spirit of **Team Federal** was not dampened and your Bank continued the sprint to win the ultimate marathon.

### *Dear Shareholders,*

Greetings!

I am extremely delighted to write to you as the Chairman of the Board of Federal Bank, a Bank that has been consistently

punching above its weight. It would be no exaggeration to state that your Bank is on its course to be 'The Most Admired Bank', an observation from my several years of association with it. In addition to



The Bank has been working towards becoming the First Choice for all Indians, with its philosophy of superior customer service at the core. The Bank has achieved this through sustained investment in technology and people, which has given the Bank the much needed edge in the tech space and provided unparalleled banking experience to customers.

This year the Bank has recorded market share gain in its core business by continuing its thrust on innovation. The sustainability agenda has found the right catalytic approach as the Bank embarks on achieving lofty ambitions in years ahead. The pandemic has turbocharged this drive and an ambitious long-term charter has been mapped to embed environmental, social and governance (ESG) Standards to Bank's core business operations. The Bank is today a near paperless bank and with perhaps one of the lowest direct and indirect carbon footprints. Socially it has been taking meaningful interventions around improving country's healthcare and education ecosystem, skilling individuals and empowering women. You will be glad to know that your Bank is an active and engaged facilitator of various government sponsored credit schemes to support financial inclusion. I take pride in stating that these sustainability actions have helped the Bank secure a spot in CRISIL Sustainability Yearbook 2022 in addition to being benefited by the Capital infusion from International Finance Corporation (IFC), which is also their first such investment in India aligned to the Greening Equity Approach. I welcome them aboard and believe that the Bank would grow leaps and bounds with their global expertise.

#### BEING AN OASIS OF GROWTH AND PATIENCE

Federal Bank has delivered one of its best performances with a broad-based progress across all parameters. Net profit growth was sturdier at 18.83%. Net worth stood at ₹18,660.98 Crore, growing by 15.83% over the previous year.

Capital adequacy ratio improved 115 basis points to 15.77%. The Bank witnessed good momentum in advances, resulting in total gross advances growth by 9.46% YoY to ₹1,47,639 Crore. Yet at the same time, the Bank took a conscious call to stay away from certain stressed pockets to maintain credit quality. The market share of personal inward remittances to India saw an upsurge to 20% as clients experienced end-to-end automated solutions that ensured instant transfers with the highest levels of safety.

A strong footing with a very low GNPA and NNPA places the Bank amongst the top tier commercial banks. The bank's liability business continue to be organic and granular which is an indicator of capital conservation.

With a solid market reputation, credit quality and a well-capitalized position, Federal Bank is positioned to accelerate growth and withstand any disruptions that may come, with innovative products and impeccable customer service.

#### POWERED BY A VISIONARY LEADERSHIP

Every organisation is built on the power of people. I am fortunate to have some eminent intellects beside me on the Board who have guided this organisation in its pursuit of highest standard of governance. I thank them for their support and guidance. I would also like to express my sincere gratitude to Ms. Grace Koshie for her yeoman leadership as last Chairperson. This year, two new members, Mr. Ramanand Mundkur and Mr Sankarshan Basu, joined the Board. I welcome them onboard and am sure that your Bank will benefit from the diverse expertise they bring in.

The current top tier of senior leadership is a seasoned and vibrant team of professionals who will continue the relentless pursuit for excellence under the able guidance of their visionary MD & CEO Mr. Shyam Srinivasan. With their immense

knowledge, expertise and values that are aligned with the organisation, they are doing a phenomenal job in taking your Bank to greater heights. Their efforts have translated into your Bank winning prestigious accolades over time. This year too, the bank won many awards. To name a few, the Bank was adjudged the best mid-sized bank by KPMG for the second consecutive year and 'Private Sector Bank of the Year' Award (Gold category) at the 20<sup>th</sup> edition of Outlook Money Awards. The Bank also won various awards for its technology initiatives such as Finnoviti Award, BFSI Technology Excellence Award and Annual Banking Technology Award by IBA.

#### CLOSING THOUGHTS

Federal Bank has increased dominance in its home market and continues to increase prominence in other territories, this is indeed shaping our plans for future growth quite well. While the core principles of ethics and excellence have been time tested and relevant, the heightened aspirations necessitate infusing more vigour. And so, the Bank has devised a new value framework of CARES – Commitment to Excellence, Agility, Relationship Orientation, Ethics and Sustainability. It will be a guiding principle for actions and interactions for the employees with the stakeholders, making the Bank relevant in a multi-generational and multi-cultural ecosystem. It will also reinforce our strategic vision of becoming the Most Admired Bank for all our stakeholders.

On behalf of the Board, I thank all the stakeholders for standing by us in the most challenging times. We are grateful to the customers for trusting us. I am thankful to our people who truly deserve appreciation for rallying and remaining committed towards ensuring seamless services to customers.

With best wishes,

C Balagopal

# Message from the Managing Director and CEO

*Dear Shareholders,*

Let me begin by thanking you for all the support and encouragement over the years. I consider it a privilege to report to you on our progress and share our plans for the years ahead. This being my 12th Annual Report update, I seek your indulgence to use 12 short narratives to outline the development and plans of our bank.

You may have observed that over the years our guiding philosophy has always been to focus on the 'here & now' while our eyes are rivetted firmly on the opportunities that lie ahead. Inspired by this practice, this year our Annual Report has been themed as **'Responsible, Sustainable & Progressive Today for a better Tomorrow'**.

Let me elaborate on this theme through the filter of our employees, communities, customers, financial performance, and strategic initiatives that will help create a sustainable franchise that makes us the **'The Most Admired Bank' (MAB)**.

**Great Place To Work.** We are delighted that for the second year on the trot, we have been ranked in the **Top 50** (moved up 21 slots to 26) in the **Great Place to Work® Survey**. We are determined to break into the Top 10 very soon. You will be happy to note that COVID or any other challenges will not deter **'Team Federal'** from 'Mission Top 10'.

**Sanjeevani** Our commitment to the communities we live and work in is unparalleled. **'Sanjeevani - A Shot of Life'** was an example of our outreach to so many in the far corners of rural India who may have never benefited from vaccines. The program helped catalyze the government initiatives to create awareness and help vaccinate lakhs of folks who otherwise may have had challenges of inadequate assistance or resources.

The year that went by fetched us many accolades, and in particular the **BT-KPMG Best Banks Survey** chose us for the second time as the top Bank in two years. Every award is certainly an inspiration and equally a reminder for us to do better work in the period ahead. We are determined to do that, always.



Last year we launched **Feddy**, our AI powered virtual assistant. Feddy has since grown up! The technology powering Feddy is richer, stabler and more humanlike and is helping us deliver on our mantra of **Digital at Fore and Human at Core (DFHC)**. This doctrine is shaping our successful technology capabilities. Over 230+ RPAs (robotic process automation) and 300+ APIs are helping us both increase productivity and engage meaningfully with a range of Fintech Partnerships.





Our collaborative and bespoke fintech business model helps us widen our reach to newer segments of the markets and has been the hallmark of our partnerships. This model helps us reach out to a myriad of emerging market segments such as new to workforce, new to category, under banked or unorganized segments of the market. We are pleased that our model, while it is focused on ensuring higher standards of security and privacy, is yet intuitive, digital and scalable aided by the use of the finest innovation by our partners.



Our maiden **Business Responsibility and Sustainability Report (BRSR)** forms a part of

this year's Annual Report. As a socially responsible corporate, you will note that we are making meaningful progress on a host of initiatives as mentioned by our Chairman in his opening remarks. I am personally delighted that **The International Finance Corporation** – a member of the World Bank Group – chose to invest in our Bank this past year and our **ESG focus** was one of the primary reasons for them to place their faith in us. Together we believe we can scale new heights in these areas to firmly plant our flag as the torchbearer for robust ESG practices.



In the first half of the last decade, we were focused on our footprint expansion and we added over 500 branches in record time. The second half of the last decade was about consolidation and building efficiency while we were leveraging other distribution channels to ensure we deliver on the **'Presence to Prominence'** theme as also focusing on being **'Branch Light and Distribution Heavy'**. Now as Covid abates and the need for outreach to newer markets and deeper geographies increased, we have adopted the theme of **'Lite Branch and Heavy Distribution'**. You will see us expand our footprint by over 25%-30% over the next 3 years into newer catchments that

provide significant opportunities while we get deeper and heavier on distribution in our existing markets. Clearly, this will aid us in our mission of growing our customer base manifold.

Being recognized as one of the best customer service banks at the India Banking Summit Awards is indeed most gratifying because we are certain that being the **Most Admired Bank** will happen only if our Net Promoter Score (**NPS**) is constantly top tier and our efforts to make this happen - run deep in the Bank. All our senior team members carry very measurable client experience goals that are constantly reviewed for improvement. We know that awards are only one form of appreciation; the acid test is to get more and more happy clients joining the Federal Family continuously. With the **best-in-class CRM solution** now in place, FY 23 will see enhanced value propositions for our customers at a time and place when they need it most. The recent **Direct Tax payment capability** and the plethora of online / Fedmobile /or Feddy assisted capabilities are both intuitive and easy to use now.



For a few years now we have been focusing on introducing new lines of business to ensure our product range is complete and comprehensive to meet the varying client needs. The successful launch of our **credit cards** and scaling up of our **commercial vehicle** and our **micro finance business** is now well underway to ensure that these business lines contribute meaningfully to our revenue in the years ahead.



No commentary on the year that went by would be complete without highlighting some of our key financial achievements. Most noteworthy in FY22 was clearly the quality of our asset portfolio. Our NPA ratios saw a considerable improvement with GNPA declining 61 bps to 2.80% and NNPA by 23 bps to 0.96%. Our CASA ratio improved to 36.94% and we also saw CASA

balance grow by 15%. I am confident the years ahead they would only get better.



All our efforts have always been rooted in the principles of ethics and excellence. As mentioned in the message of the Chairman, CY22 saw us formally kickoff our values framework: **CARES**. We commit to living these values and our performance management system will evaluate the evidencing of Values alongside our financial and compliance performance. This too will ensure we are well on course to becoming MAB.

I have stayed clear of referring to macroeconomic challenges, inflation affected economies etc. by choice! These challenges are both endemic and systemic and not unique to any one institution. Hence, our highly disciplined and focused team has collectively agreed to direct our energies on the controllables by leveraging our strong platform, engaged workforce and digital capabilities to ensure we gain share and deliver on our commitments of enhancing stakeholder value while we continue to use our resources optimally.

In closing let me thank our Board for their exceptional support, guidance, and advice all along the way. I would not be wrong or boastful when I say that Federal Bank Board would rank as amongst the best, if not the best! Their governance standards are exemplar and so is the constant encouragement to do the best for all our stakeholders, always!

Do scan the QR code for a short voice note to thank you as I introduce you to something unique!

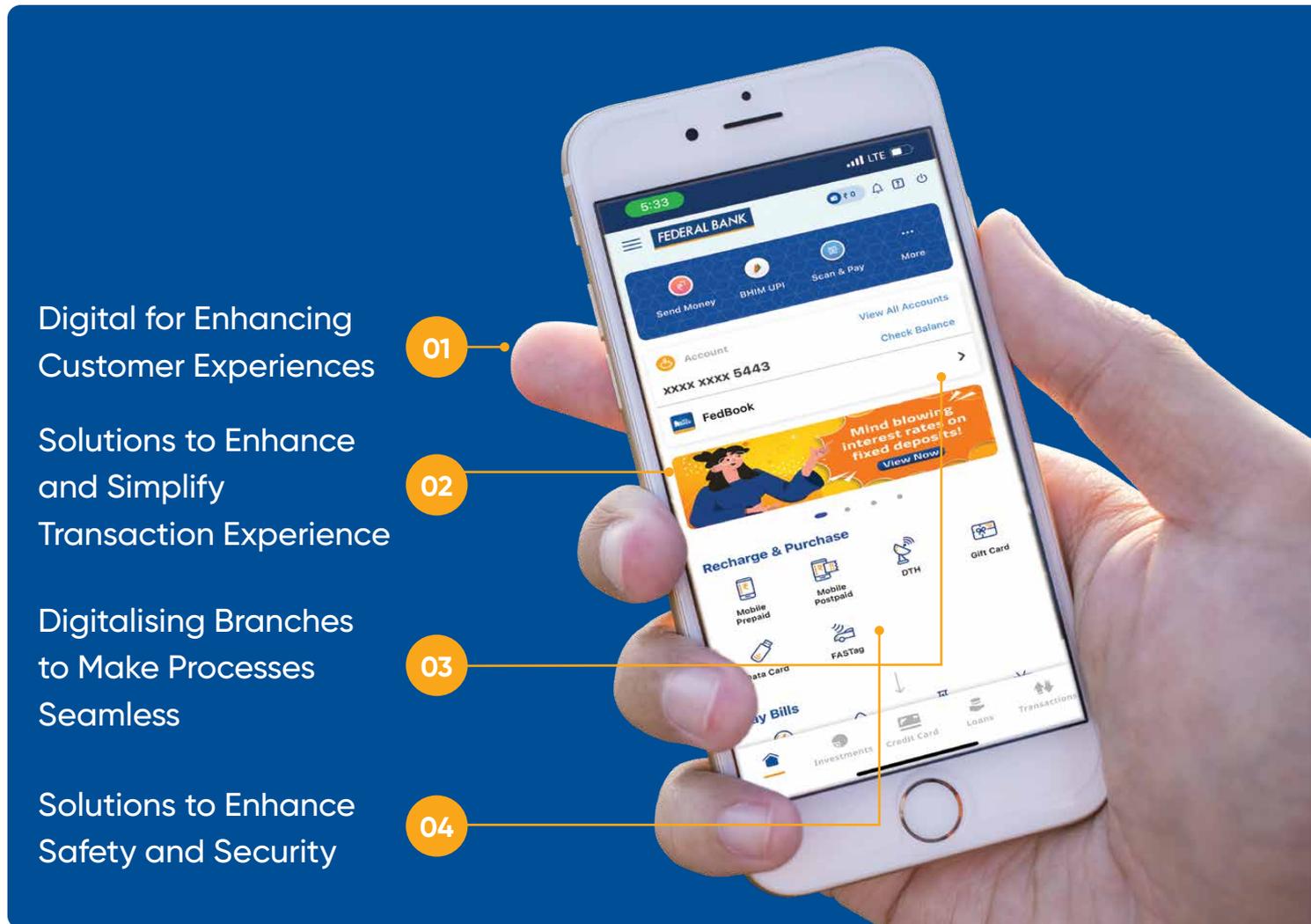
Stay Safe and Thank You!



# Towards a Better Tomorrow with Focus on Digital Innovation and Fintech Collaboration

Digital is an indispensable part of our business to drive growth and deliver superior experiences to customers. We do this with our 'Digital at the Fore, Human at the Core' proposition whereby we are continually introducing novel solutions to become customers' FIRST CHOICE and gain a competitive advantage in the industry.

We are a digital first bank. We offer several digital platforms for retail, (FedNet, Lotza and FedMobile) corporate and SME (FedCorp, Corporate FedNet, Paylite and Fed EBiz) customers which are redefining banking experience across their lifecycle. We continue to enhance our digital platforms and introduce pioneering solutions to enable our customers with better services and improved safety. Some of the key digital initiatives in FY22 include:



01 Digital for Enhancing Customer Experiences

02 Solutions to Enhance and Simplify Transaction Experience

03 Digitalising Branches to Make Processes Seamless

04 Solutions to Enhance Safety and Security



## 01 Digital for Enhancing Customer Experiences



### Driving digital interconnectedness with Account Aggregator Ecosystem

The ever-evolving digital landscape led to the emergence of Account Aggregator ecosystem aimed at aggregating data of financial institutions, insurance companies, etc. and making it available for digital consumption based on customer consent. The unique initiative will eliminate the need for physical documentation, resulting in seamless journey for customers.

We have partnered with FinViu to become one of the first eight banks to go live on this ecosystem, displaying our agility and technical prowess to help develop the necessary infrastructure as well as focus on enhancing customer experiences.

### Enabling educational institutes with Careerbook

Careerbook is a unique platform to enable educational institutions manage their fee payments, admissions, attendance, exams or any other student management activity. Providing schools connectivity to National Payment Corporation of India's Bharat Bill Payment System (BBPS). It supports payments of 150+ UPI apps and mobile/net banking of all the banks.

### Expediting minor account opening

We have introduced new service in our Instant account opening (IAO) module to simplify and standardize the on-boarding process of minor accounts (self and guardian operated).

### Digitalising auto loan journey with GoNoGO

GoNoGo is our pioneering tab banking solution for sourcing auto loans. Designed for simplicity and speed, it empowers point of sale (i.e. the car dealers) to facilitate the approval and opening of car loans. In FY22, this platform was enhanced with addition of Straight Through Processing (STP) flow and E-Nach features. STP eliminates underwriting process and E-Nach integration automates mandate registration. These facilities allow eligible customers to get instant loans digitally. In FY22, 4,192 auto loans amounting to ₹ 392 Crore were sanctioned through GoNoGo.

### Reinforcing FedMobile (mobile banking) and FedNet (net banking)

We are continually focused on increasing customer migration to digital channels by introducing multitude of functionalities in our mobile and net banking platforms. In FY22, we launched the functionality of applying Sovereign Gold Bonds on FedMobile. FedNet was enabled with the flagship feature Virtual Credit Card. With this, all the functionalities available in FedMobile's credit card module was made available in FedNet, providing customers an additional platform to perform card life cycle management activities.



2<sup>nd</sup> Position for the Digital Payment Performance for FY 2020-21 among the Indian Banks



## 02 Solutions to Enhance and Simplify Transaction Experience



### Dynamic QR for POS Machines

We introduced dynamic QR feature in our POS machines to simplify accepting and making payments journey for merchants and customers. It enables merchants to generate a dynamic QR for a specific bill in POS machine which can be scanned by customers for making the payment using any Scan & Pay apps.

### e-RUPI Voucher

In FY22, we went live with e-RUPI, a cashless and contactless person and purpose-specific digital payment solution launched by NPCI. The solution involves generating vouchers which can be shared with beneficiaries via SMS or QR code. This voucher can be redeemed at the merchants accepting e-RUPI without any need for card, smartphone or payments app.

### GST-enabled UPI

We have introduced this feature to enable our customers make payments using GST-enabled QR codes.

In FY 2021-22, 71,979 personal loans amounting to ₹ 770 Crore were disbursed to customers through self-service facilities.



## 03 Digitalising Branches to Make Processes Seamless



We believe self-service is key to reducing the cost for customer interaction and dependency on employee availability for the customers. We have implemented multiple self-service journeys as a part of building smart branch ecosystem which are expediting customers services and freeing our resources for executing more valuable jobs.

### Fed-e-Studio

We initiated Fed-e-Studio kiosks to enable fully digital and contactless self-service of various transactional services.

In FY22, two new features were added to it: authentication-based passbook printing and loan against deposit facility for instantaneous loans of desired amount to pre-approved customers through OTP-based authentication.

### Cheque Deposit Kiosks

Self-service cheque deposit kiosks were introduced across 96 branches to reduce the counter transactions.

It enables customers to deposit the cheque directly in the kiosk by entering appropriate cheque details thus expediting the collection process and reducing the time spent by branch employees in cheque related operational activities.



## 04 Solutions to Enhance Safety and Security



### Debit Card Tokenisation

As part of increasing the security in card transactions, we have initiated tokenization of debit cards on Google Pay. It allows customers to store debit card on their smartphone and make digital payments using Google Pay in a completely safe and secure manner. Tokenization process involves replacing all sensitive card information into an alias, thereby ensuring these details can never get shared with anyone. We are live with this technology on both Visa and MasterCard networks. 536,779 debit cards were tokenised in Google Pay as on March 31, 2022.

In March 2022, Federal Bank seamlessly handled the largest number of successful UPI requests (7.49 Crore) as a remitter and second most (11.18 Crore) as a beneficiary in its category, revalidating the robustness of its technical infrastructure.

### Feddy goes a step ahead to redefine experiences

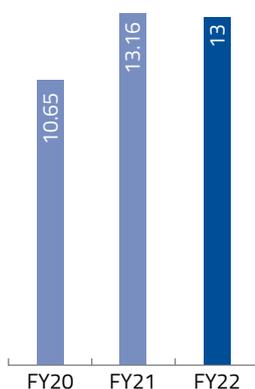
Feddy is our AI-based virtual personal assistant. A truly omnichannel platform available 24x7 across WhatsApp, Google Maps + Search and Website, it has been at the forefront of seamlessly resolving customer queries with efficiency. In FY22, a 24x7 live agent functionality was added to it, allowing customers to interact with a human agent across all public platforms where Feddy is available.



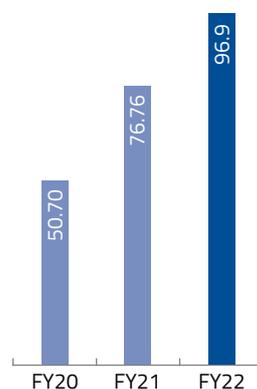
## DIGITAL PENETRATION AT FEDERAL BANK

### Increasing share of digital transactions

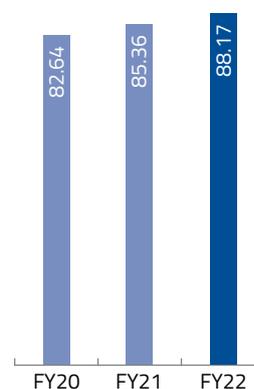
Transactions through branch (₹ in Lakh)



Transactions through digital channels (₹ in Lakh)



Digital share (%)



₹ 96.9 Lakh

digital transactions (↑ 26.24%)

₹ 1,427,400 Lakh

Mobile banking volumes for the month of March 2022 (↑ 34.06%)

# Unleashing the Power of Financial Services with Fintech Partnerships

Fintech is an important part of our growth strategy and we have adopted a collaborative approach to leverage its potential. We have proved our digital readiness and robustness of information technology infrastructure by supporting open banking ecosystem to onboard unique Fintech partners.

## FI AND JUPITER

### Banking for the tech-savvy with Fintech Partners

We have successfully tied-up with fintech companies Epifi Technologies Pvt Ltd (Fi) and Amica Technologies Pvt Ltd (Jupiter) to provide personalised, user-centric banking and investment experience primarily focused on tech-savvy salaried individuals and millennials. Through the partnership, we provide savings accounts, recurring deposits, debit cards, payments and UPI services to users. We aim to strengthen our CASA book leveraging the agile delivery capabilities of such partners.

Through our Fintech partnership-based apps Fi and Jupiter, Bank could increase the customer acquisition by 2.5 times in FY 21-22

Fintech Partnerships - Accounts Opened



Q-o-Q CASA Balance Growth - Fintech Partnerships





## DIGIVRIDHI TECHNOLOGIES (DGV)

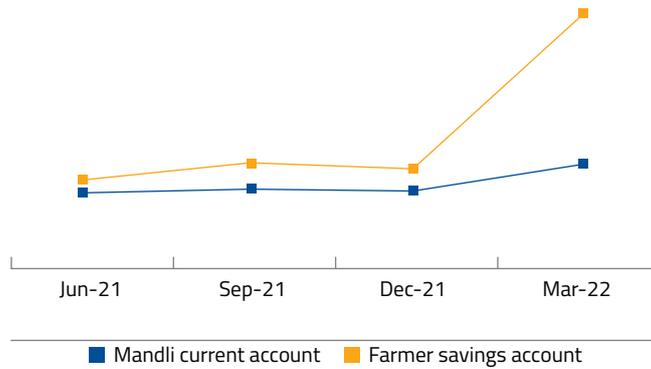
### Empowering the under-served / banked with banking facilities

We have partnered with DGV to provide financial services to the milk farmers associated with AMUL in Gujarat. Offering cash withdrawal, deposit (current account for mandlis i.e. Village Co-operative Societies and savings account for farmers) and fund transfer services to rural dairy farmers, it is helping in digitizing the farmer milk payment life cycle of 18,000 societies and 36 lakh farmers. Value-added services like bill payment and recharges are also extended to them. Its Micro ATM Services further enables the farmers to receive credits in their accounts and withdraw.



### Accounts opened by DGV

#### QoQ Growth in SB and CA through DGV



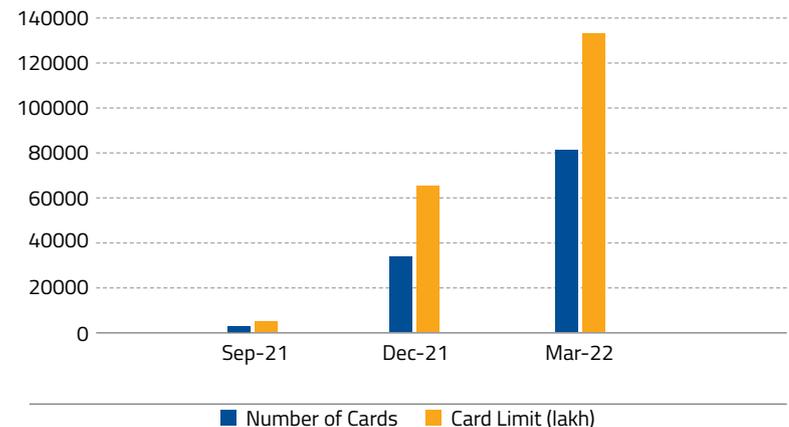
### One Card Partnership

One of the major announcements of the Bank in the FY 2020-21 was the launch of the Federal One Card. The proposition was unique as the card being made of Metal and built with full stack tech, backed by the principles of simplicity, transparency, and giving back control to the user. The OneCard app developed in partnership with M/s FPL Technologies provides the best of experiences for the Indian Credit Card consumer which helps

to manage the end-to-end card life cycle for a customer from card application, issuance, card controls, rewards, offers and payments. The in app payment approval slider is unique in the industry and helps customers to further enhance the security of card transactions. The partnership helped to acquire a good number of new to Bank happy credit card customers in 6 months of launch.

A performance snapshot with OneCard as on March 31, 2022:

#### Snapshot of OneCard Growth



## Towards a Better Tomorrow by Adopting the Right Business Model

Tackling climate change is a global priority as the world faces imminent challenge of losing 11 to 14% of its output amounting to ~USD 23 trillion by 2050. The urgency necessitated COP26 to revise its target for limiting the global temperature rise to 1.5°C from 2°C earlier.

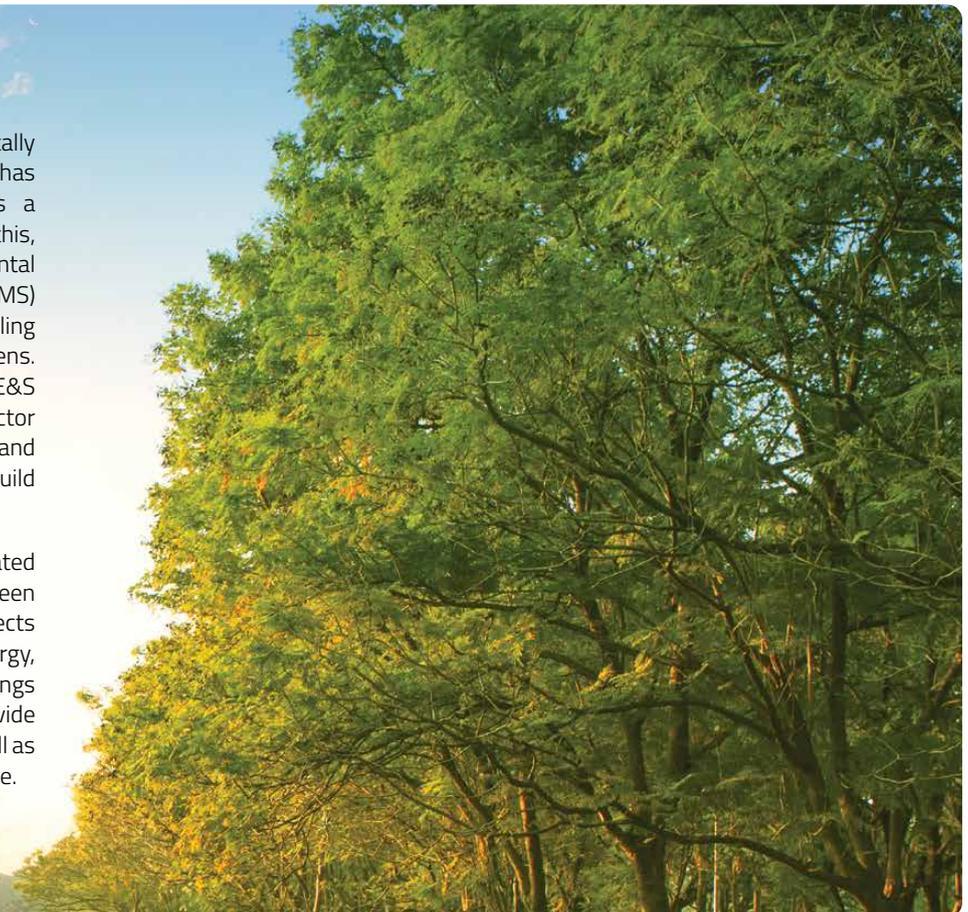
At Federal Bank, we are joining the global efforts. We are adopting sustainable practices both in processes and in business model to help the Nation transition to a less-carbon and sustainable economy, as it strives to reach the target of net-zero by 2070.

This is the right way forward for a better world, and it will also help us in mitigating environmental and social (E&S) risks and gain from incremental business opportunities coming up from global sustainability efforts.

### FEDERAL BANK: SHAPING A CLIMATE-ALIGNED FUTURE

Federal Bank, being an environmentally and socially responsible institution, has mapped the way forward towards a greener, resilient future. Focused on this, we have established an Environmental and Social Management System (ESMS) Policy to guide our actions in profiling all financing through the E&S risk lens. ESMS activities are monitored by E&S Committee chaired by Managing Director & CEO. Further, trainings, webinars and workshops are being conducted to build employee capacity.

Our focus is on phasing out coal-related subproject exposure and building a green portfolio by financing firms / projects in energy efficiency, renewable energy, climate-smart agriculture, green buildings and waste management. This will provide significant business opportunity as well as mitigate risks related to climate change.





## FORMING SUSTAINABILITY ALLIANCE

Federal Bank has become the first in the country to receive funding from Washington headquartered IFC in Greening Equity Approach. This investment of ₹ 916 Crore along with the climate expertise of IFC will help us in driving our sustainability agenda.

## FUNDING MSMEs TO ENABLE THEM TO THRIVE

MSMEs are India's lifeblood, contributing to ~30% of its GDP and accounting for majority of employment. At Federal Bank, we have always been a key supporter of MSMEs by lending advances to this underserved segment. As on March 31, 2022, MSME financing accounted for 12.75% of our total loan book. We intend to retain our focus on this segment and enhance advances share to MSME sector in addition to enabling them with digital support.

## GREEN FINANCING FOR A SUSTAINABLE FUTURE

We are supporting both corporate clients and retail borrowers transition to greener business models. We assist retail customers in buying electric vehicles by offering attractive interest rate. Corporate clients are provided financing for green building development, renewable energy and climate special projects at incentivized rates. As on March 31, 2022, our green financing loan book stood at ₹ 2,502 Crore and we intend to increase it to ₹ 13,000 Crore by FY25.

**Federal Banks' green loans meet the international standards of IFC through a validation in their Climate Assessment for Financial Institution (CAFI) tool. The tool also helps us assess the Green House Gas (GHG) reduction achieved through financing such proposals which for FY22 was 486,467.40 tCO<sub>2</sub>e.**

### Facilitating Green Deposit for climate-conscious depositors

In our effort to finance green projects, we have introduced the concept of 'Green Deposits'. Under this, fixed deposit (FD) can be made for period of 2,222 days at specialized interest rates, and the funds sourced would be used for financing renewable energy, green building, smart agriculture and water or waste management projects among others. It will provide our retail and corporate customers an opportunity to contribute towards a better planet. As of March 31, 2022, we opened 3,674 Green Deposit accounts garnering a total deposit of ₹ 265 Crore.

## REDUCING EXPOSURE IN IDENTIFIED SECTORS

We have identified certain sectors that have negative impact on the environment and society as exclusion activities. Our intent is to desist making fresh project exposures to these sectors including Coal-based power plants and coal mines and eventually reduce overall exposures in them. Our exposure to coal-related sub project as of March 31, 2022 stood at 1.87% of gross advances. We intend to reduce this to NIL by December 2030.

### OUR GREEN PORTFOLIO

₹ **265** Crore  
of green deposits

₹ **2,502** Crore  
of green lending

*\*All numbers are as on March 31, 2022*

**PURSUING A STRONGER FEDERAL BANK WITH SUSTAINABILITY**

Our sustainability focus serves multiple purpose: environment sustainability, mitigating E&S risks and providing incremental business opportunities. With government and corporates making significant investments in these areas, a large part of future financing opportunities are expected to come from such activities. Federal Bank being amongst the few to have initiated this journey early on, we expect to reap the benefit from headstart.

**Key areas of opportunities**

**Renewable Energy**

Government of India (GoI) has set an ambitious target to achieve 50% clean energy share by increasing renewable energy generation capacity to 500 gigawatt (GW) by 2030 from the levels of 39% share of 151 GW generation capacity as on December 2021.



**E-mobility**

Emission from vehicles is a major source of greenhouse emissions especially in India. Globally, the industry is witnessing a fundamental shift from internal combustion engine (ICE) based vehicles to Electric Vehicle (EV). As per an analysis by NITI Aayog and Rocky Mountain Institute, India’s EV market has the potential to reach US\$ 152.2 billion by 2030 with more than 80% of two- and three-wheelers and 50% of the country’s four-wheelers being electric vehicles.

**Green Buildings**

Energy use from buildings in India is estimated at over 40% of the total energy consumption, and is growing 8% annually.

With more than 70% of the buildings required in India by 2030 yet to be constructed, there is a significant opportunity to evolve towards green buildings and address climate change. Initiation of projects like the Green Rating for Integrated Habitat Assessment (targeted at using 30% less resources and incentives by various State Governments) as well as BREEAM (Building Research Establishment Environmental Assessment Method) and LEED (Leadership in Energy and Environmental Design) are likely to drive green building developments.

**Energy Efficiency**

Energy efficiency has been identified as one of the most cost-effective ways and a key driving force in environmental and climate goals, and is gaining traction in India. A National Mission for Enhanced Energy Efficiency (NMEEE) has been institutionalised as one of the eight national missions under the National Action Plan on Climate Change (NAPCC). Multiple programs in this direction are opening significant opportunities. This include Perform Achieve and Trade (PAT) whereby industries are required to conduct energy audits to identify ways for reduction.



# Building Long-Term Sustainability, the ESG Way

## ESG Goals 2025



Reduction in coal-related  
sub project exposure  
(March 2021 baseline)



**₹ 130 billion**  
of green financing

**500 kW**

of solar power generation capacity  
(in-house)



**1 lakh litre**  
of water conservation  
capacity (in-house)



**Adopt**

International  
standards in reporting



**Track**

GHG emissions



# Environment



## Operating Responsibly

In our effort to address the climate change challenge, we are continually taking proactive actions towards reducing our carbon footprint and improving resource efficiency. From using better technology to improving energy efficiency, recycling products used and switching to renewable energy sources, we are taking sustainable and scalable actions for a better future for all.

### REDUCING CARBON FOOTPRINT



Energy is our primary source of carbon footprint. We are reducing it through renewable energy and undertaking energy efficiency measures.

#### Enhancing renewable capacity

In FY22, we added 50 KW of new solar power capacity, taking our total installed capacity to 170 KW. A total of 159,000 kWh solar power was generated through this capacity during the year.

#### Energy-efficient equipment

We have switched to LED lights and have installed Star rated Inverter/VRF energy-efficient air conditioners (ACs) across branches. In FY22, these measures helped us save 712 MWh (380 MWh from LEDs and 332 MWh from ACs) of electricity.

#### Greener Premises

Bringing farming to our office encourages employees in growing clean and healthy vegetables while also creating a greener premise. As part of our ESG motto, hydroponic farming was started in our Chennai and Delhi Zonal Offices. Rooftop gardening and rooftop farming is also practised in certain premises.

### SAVING WATER THROUGH HARVESTING RAINWATER



We have an installed Rainwater Harvesting capacity of 75,000 litres as of March 2022 which helped us to save 2 Lakh litres of water. We intend to instal rainwater harvesting units in more premises.

### E-WASTE MANAGEMENT PRACTICES



We have partnered with reputed vendors to collect e-waste generated at Head Office and dispose it in an environment-friendly manner.

### PROCESS RE-IMAGINING, BECOMING PAPERLESS



Digitalisation has been a key driver in our sustainability initiative enabling us to significantly reduce paper consumption, optimize energy consumption and prevent travel-related emissions.





## Some of the key digital measures undertaken and the impact achieved:

### ACTIONS INITIATED

<b>Digital Onboarding</b>	We have completely digitalized onboarding with digital KYC leading significant reduction in TAT and paper consumption. 90% of all new onboarding are done digitally.	<b>Digital Platforms for Investments</b>	We offer best-in-class online platforms for investing in shares, mutual funds, SGB, IPO, etc. enabling customers to digitally invest from anywhere. After introducing the SGB module in FedMobile, over 50% of the total subscriptions are received through online channels.
<b>Digitalising lending and credit card origination</b>	We have implemented an AI-based digital lending platform and a Digital Credit Card Origination System towards completely digitalizing these processes with rule-based decision-making, digital document verification and profile and fraud check and digital execution of documents. 80% of total retail auto loans and 100% of credit card applications are being processed digitally.	<b>Certificate issuance on mobile banking platform</b>	We have enabled our FedMobile (mobile banking platform) with the feature to download/receive various certificates directly to mobile.
<b>Fed-e-Studio - Smart branch</b>	Fed-e-Studio are our teller-free, digital kiosk for handling most retail banking transactions. 90% of all clearing cheques are processed through it.	<b>Fed E Point-Self-service portal on website</b>	It allows customers to digitally avail services like 15G/15H submission, branch change, KYC and document updating, email-ID updation, debit card application and cheque book request. It also has a Dispute Management Portal. In FY22, over 8 lakh service requests were received through it.
<b>Digital Loan Repository System</b>	We have enabled a Data and Document repository system to digitally store all auto loan and credit card application data/documents in our server, eliminating the need to keep physical documents.	<b>Leegality (e-Signing Portal)</b>	We tied up with Grey Swift Pvt Ltd to avail this service, helping us save paper and manpower and eliminating the need for customers to visit the branches/offices for the execution of the documents. In FY22, this platform was used to disburse ~4,200 digital car loans (through GoNoGo), execute ~300 Agreements and open ~200 Joint Digital Accounts.
<b>Digital Key Field Update</b>	It enables customers to instantly update their primary mobile number and email ID in a paperless digital method. 80% of the key field update requests are being handled through it.		
<b>Fed-e-Remit Digital outward remittance platform</b>	It allows customers to transfer funds digitally abroad from anywhere, eliminating the need for branch visits, form filling and furnishing physical documents. In FY22, 35% of eligible outward remittance transactions were executed through it.		
<b>Digital Document Execution</b>	This project supports digital signing of loan, service level and non-disclosure agreements, thereby eliminating the need to print the document and move towards a paperless and clean working space.		

### RESULTS ACHIEVED

# 88%

transactions done digitally

# 93.75

lakh sheets of paper saved

# 132.25

lakh litres of fuel saved by eliminating the need to travel to branches

# Optimization

in energy consumption



Social



# Building a Diverse and High-Performing Team

We are focused on creating a high-performance culture where people are committed to the organizational growth, customer satisfaction and sustainable world. We are providing right learning, enabling them with future-ready skills and taking actions to ensure their well-being and drive motivation.

## PROMOTING EQUALITY, DIVERSITY AND INCLUSION



We are a diverse and equal opportunity employer. We ensure that individuals of all age, religion, race, region, ethnicity, gender, ability and sexual orientation work collectively in an environment that flourishes on originality.

We follow inclusive talent practices in all facets, be it hiring, training, promotion, leadership or employee benefits. Our talent acquisition process ensures no discrimination of any kind and is contributing to workforce diversity as well as enabling wide geographical spread. Fair and equal compensation is ensured for all employees in compliance with minimum wage requirements.

We recognize the right to freedom of association and collective bargaining. We have people representatives to address employees' concerns and issues. We have an Association for Officers (permitted members are Officers up to Scale III) and a Union for members of Award Staff, recognised by the Management.

Women participation remains an important focus to create a strategic differentiator. We have programs targeted at retaining women, optimizing

their capabilities, giving them a safe and secure work environment, and providing them learning, development and leadership platforms. Employees are educated and sensitized on the provisions of The Sexual Harassment of Women

at Workplace. Further, we have Internal Complaints Committee at all Zones and at the Head Office comprising senior women employees and a member from NGOs or Associations committed to the cause of women.





## DIVERSITY AT FEDERAL BANK

# 41%

of the workforce is women

# 21%

of our 1,282 general banking branches, are headed by women

## Hirings

from 20 states and 200 campuses across India

# 42%

of the 805 new hires are women

## DRIVING THE WELFARE AND MOTIVATION OF EMPLOYEE



Engaged employees are key to business excellence. Remaining at the forefront of supporting them, we provide them various benefits and undertake various engagement and welfare programs. We also have various listening avenues for identifying and devising necessary supportive measures.

### Key employee wellbeing initiatives include:

#### Parental and caregiver benefits

- Maternity and paternity leave (fully paid) and sabbatical leave
- Concessional creche facility and educational scholarship for employee's children

- Leave fare concession (LFC), including foreign travel
- Compassionate appointment in the unfortunate event of the death of an employee

#### Financial and medical well-being

- Staff loans with attractive rates of interest and 1% additional interest rate on deposits
- SMILES as a dedicated hotline for counselling sessions from trained professionals
- Annual medical aid and annual health check-up facilities
- Preventive wellness programs / campaigns through tie-ups with hospitals and other organizations
- Exclusive Medical Welfare Trusts for medical needs
- Multiple insurance schemes providing coverage for medical, outstanding in housing loan, life and accidental life

#### Care for retired employees

Employees after retirement are attuned to facing various emotional and financial challenges. Our Odyssey programme is dedicated to helping employees nearing retirement for preparing for a change in life as well as providing them various financial (like tax planning) and well-being support. We further provide them various retirement benefits – medical cover with a portion of premium borne by Bank, 1% additional interest rate on deposits and discounted personal loans. We also have an exclusive digital portal for pensioners to help with submission of Digital Life Certificate, accessing pension records and downloading Form 16 among others.

#### DIYA – the helping hand in difficult times

Our Diya welfare scheme focuses on providing financial assistance to family grieved by the unfortunate loss of employee for their immediate needs.

#### COVID-19 support

Across the COVID-19 waves, we put topmost priority on the safety and well-being of employees. Across all zones/regions COVID-19 Help Desks were set and Crisis Management Teams formed. Zonal leaders were authorized to take decisions on matters depending on the local requirements/adhering to the local guidelines. Special consideration was given to employees needing special care like seniors, expecting mothers and those with challenging health issues.

#### Additionally, necessary medical, financial and wellness support was provided including:

- Insurance coverage or reimbursement of medical expenses (including testing and vaccination of employee and dependent family members)
- Doctor on-call arrangements and e-consultation programs
- Webinars on stress management and well-being and yoga sessions
- Vaccination drives for employees and their families covering 99% of eligible employees
- Interest-free Special Demand Loan for emergency financial assistance
- Ex-Gratia to all employees on the death of close family member/s due to COVID-19



- Mandatory E-Learning provided on:
  - Cyber Security to 10,386 employees
  - Business Continuity Management to 6,489 employees, including Senior Management
  - Code of Conduct and PDS (whistle-blower policy) to 6,987 employees
- 608 employees underwent training in ESG-related matters, and 6,323 Officers attended assessment-based Microlearning videos on ESG
- 986 employees trained under Women Leadership in Financial Sector and Women Leadership Certification Programs and 1,379 employees trained on various aspects of POSH

**ENABLING LEARNING AND DEVELOPMENT**



Sustained employee skill building is key to their career development and driving organizational productivity. Focused on this, we have run multiple training/learning solutions targeted at diverse outcomes. These include (a) Instructor-led training programs in functional domains and soft skills (b) Self-paced e-learning and micro-certification programmes (c) Capacity building certifications support (d) MOOC Partnerships (e) Executive coaching support (f) Mentoring, (g) Communication clubs (h) Awareness programs and knowledge-sharing sessions on diversity, inclusion, sustainability etc. (i) Institutional training and more.

**Key highlights of our learning and development programs include:**

- 90% of employees i.e. 11,535 individuals were trained with a blended approach of classroom mode, online instructor-led training and e-learning
- 99% of enrolled Officers (including Executives) and 96% of enrolled employees participated in various self-paced e-learning programmes
- Board members and Senior Management Executives trained and Certified in IT and Cyber Security at IDRBT, Hyderabad, in compliance with RBI guidelines

**LEARNING AND DEVELOPMENT IN FY22**

**40,263**

Trainees

**4.88 lakh**

total person-hours

**11,535**

unique employees trained

**42 hours**

average training hours per employee, i.e. 5.2 person-days/employee



## REINFORCING EMPLOYEE ENGAGEMENT

We conducted multiple pan-India engagement activities such as athletics and sporting events, engagement meetings and photography contest among others. These events helped rev up the energy levels, morale and positivity alongside driving bonding among employees and their families. Further, we have crafted various rewards and recognition programs for identifying and recognising teams/employees with outstanding and inspiring qualities. These include: i) Customer Service Champion-Team Excellence Award for branches, ii) Talent Champion Awards for recognizing individuals who have brought accolades or have been recognised in external events, iii) Engagement Champion for Best Engaged Team.



## KEY ENGAGEMENT INITIATIVES IN FY22

- Corporate Photography Contest
- TCS Fit4Life Virtual Run
- Talent Time – pan-India event engaging families and honouring employees' children
- Rotary iRun – Virtual Run
- Corporate Fitness Challenge
- Virtual Town Hall Meetings
- Sports and other engagement activities such as Football, Cricket, Badminton, Table Tennis, Drawing/ Painting for children of employees
- Combined Bird census program with Forest Department, Tamil Nadu

Federal Bank has been certified as the Great Place to Work for the second time, excelling in the five dimensions of a High-Trust, High-Performance Culture™ – Credibility, Respect, Fairness, Pride and Camaraderie.

## ENCOURAGING SUSTAINABILITY AMONG EMPLOYEES

We are encouraging our employees to champion sustainability efforts by providing them concessional interest rates for purchase of electric vehicles and for installing solar panel and rainwater harvesting structures. We are also spreading awareness with programs (observed on Founder's Day) that ensured responsible social involvement of employees in ESG and sustainability relevant projects.



Social



# Driving Social Development and Empowerment

We strive to uplift and improve the lives of the weaker sections with efforts around facilitating better healthcare, education and women empowerment. We are also empowering them with financial literacy and necessary support to bring them into the formal banking system. These actions are undertaken through our dedicated arm, Federal Bank Hormis Memorial Foundation to ensure meaningful positive impact on communities.

## POWERING THE NATION TACKLE COVID-19 CRISIS

COVID-19 pandemic continued into FY22, posing challenge to lives, livelihood and economy. Our focus this year, however, was to enable the government in rapidly inoculating the population giving its criticality in slowing down the spread and getting the economy back on track.

### Project Sanjeevani



### Sanjeevani Ki Gaadi

We joined hands with the N18 group to educate the masses on the benefit of vaccination and promote the healthy lives and well-being. The project, one of India's most extensive vaccine awareness drives, was held across nine months with message being spread via digital media alongside running 'Sanjeevani Ki Gaadi' for ground mobilization. A total of ₹ 15.35 Crore was spent towards driving awareness, and the project was received well by the public and recognized by various authorities.

### Vaccination Drive

We allocated a sum of ₹ 7.78 Crore to promote COVID vaccination in five districts in association with United Way of Mumbai. The project was implemented for ten months across 1,000 villages in Amritsar, Indore, Nashik, Guntur and Dakshin Kannada districts.

**24,25,924**

total beneficiaries of Sanjeevani and vaccination drive programmes





## Federal Bank Hormis Memorial Foundation Scholarships

From the year 2005, Federal Bank Hormis Memorial Foundation has been providing scholarships to meritorious students who belong to financially weaker sections of society for pursuing various professional courses.

The scholarships are being disbursed to selected students belonging to CSR identified states of Kerala, Tamilnadu, Gujarat and Maharashtra, for pursuing 1) Medicine (MBBS), 2) Engineering (BE/B Tech), 3) Agriculture (B.Sc), 4) Nursing (B.Sc), and 5) MBA.

We have published the results of Scholarship 2021-22. 159 students are selected across 4 CSR identified states.



## Federal Skill Academies

As part of the Corporate Social Responsibility initiatives, we have started Federal Skill Academy at Kochi on Founders Day, October 18, 2015. The social initiative was launched to give wings to the youth belonging to the underprivileged section of the society. The aim of the project is to impart skill training to unemployed and marginalized youth to empower and to mentor and assist them to upgrade their skills for improved employability, increased efficiency and career growth. For the smooth implementation of the project, we joined hands with M/s SB Global Educational Resources Pvt Ltd as the implementing partner. On successful achievement of the objective of the first Academy, the Bank decided to expand the operations of the Federal Skill Academy to three more states, i.e., at Coimbatore (2016), Kolhapur (2018) & Karnal (2019). The number of trainees has grown rapidly and it created livelihood for the youth as well contributed to the national skilling initiative. The Karnal Centre is being relocated.



A major group of the beneficiaries are from ITI/Diploma background. We have also considered dropouts from schools/colleges who are struggling to return to the mainstream. The students are selected from the underprivileged background, mainly from the age group of 18 and 22 years. By giving skill training to the underprivileged youth, we intend to help them to improve their quality of living in a sustainable manner.

On successful completion of training in various skills, placement assistance is also given to the candidates by the implementing partner, M/s SB Global Educational Resources Pvt Ltd, in companies, such as Blue Star, Bosch, Mahindra Pumps, Zita Engineering, Pricol etc.

**ENHANCING HEALTHCARE INFRASTRUCTURE**



We spent ₹15.98 Crore towards improving the healthcare infrastructure in the country. Key areas of healthcare spending included:

- Sponsoring Trauma Care Units to support Sansad Mobile Swasthya Sewa, Himachal Pradesh which will benefit a population of 3,000
- Support to Sree Chithira Thirunal Institute for Medical Sciences and Technology for setting up a Comprehensive Centre for Cognitive Rehabilitation which will benefit 740 children with neuro disorders
- Helping improve infrastructural facilities at Guardian Angel Peace Mission Centre, Angamaly (constructing a 10,721 sq ft floor) and at Jubilee Mission Medical College, Thrissur (setting up Burns Unit)
- Upgrading the existing hospice facility of Santhwana Charitable Trust and setting-up ICU facilities at Little Flower Hospital, Angamaly
- Medical equipment procurements for the Cardiology Unit for General Hospital, Ernakulam and for Konni Medical College, Pathanamthitta
- Purchasing a vehicle for palliative care purposes for St Joseph's Pain & Palliative Care Trust, Dimapur and an ambulance for Hridaya Palliative Care, Irinjalakuda
- Livelihood enhancement project for 571 Covid Warden and their families
- Support to Aluva District Hospital for Conversion of hundred-bed block into Covid Care Facility/ICUs
- Supporting St. George Balikagram in providing home to the 50 female children of leprosy patients





## PROMOTING BETTER EDUCATION AND SKILL DEVELOPMENT



We spent over ₹ 7 Crore in FY22 towards facilitating better education. 492 deserving students were provided Federal Bank Hormis Memorial Foundation Scholarships for pursuing professional courses. Project Vidyakiranam was initiated in association with CII whereby tablets were provided to enable 474 poor and marginalized students attend online classes.

We also associated with local governments to support their educational projects. In Kerala, we supported the Additional Skill Acquisition Programme for establishing community colleges which will benefit 91 students. In Tamil Nadu, we supported the Namuukku Naame Thittam Project which involved installing smart classrooms in 22 tribal schools in Talawadi, Sathyamangalam and Anthiyur Taluks. In Odisha, we helped transformation of six government schools in three-block panchayats under 5T scheme.

Additionally, we run skill development academies – Federal Skill Academy – across various cities. In FY22, 416 unskilled youths received training through these, helping them to improve their employability or undertake entrepreneurial ventures. In FY22, we also undertook traffic and cyber security awareness building programmes.



**WELFARE AND POVERTY ALLEVIATION**



In FY22, we spent ₹ 53.23 lakh towards various welfare initiatives. We sponsored a Maruti Eco 5-seater vehicle each for Ernakulam south railway station and for Alphons Sadan, Angamaly (for transporting 105 students with multiple disabilities). In Ernakulam, we assisted Welfare Services in setting up a livelihood enhancement project that is working towards transforming lives of 20 neuro divergent individuals.

We also assisted in their project for rescuing absconding children who reach at Ernakulam South Railway Station by train.

To create a hunger-free society, we supported Samridhi@kochi in providing meals at a subsidized rate of ₹ 10 to fifty-thousand beneficiaries in Kochi Corporation.

We helped establish a Nature Conservancy Gift Store which will provide a platform for selling products of 75 differently-abled persons from Janey Centre for Special Education, Kochi. We also helped construct a house for a bedridden patient at YMCA, Alangad as well as homes and hostels for Rajaram Patil Old Age Home at Pangri Matha, Ballalwadi, Junnar Taluk, Pune benefiting 50 senior citizens and orphans.





## WOMEN EMPOWERMENT



At Federal Bank, women empowerment is important both within and outside the organization. In FY22, we spent ₹ 24.82 lakh towards various projects. Through our project 'SwayamSakthi', we provided remedial education to 40 underprivileged girl students aged between 11-14. We sponsored fabric shredding machine and washing cum drying machine to support Kochi Corporation in creating livelihood for women under its HEAL (Health, Environment, Agriculture and Livelihood) Project. We assisted AIDA, Dimapur in its project to enhance quality of life by providing twenty sewing machines and their accessories which will help women

entrepreneurs in creating livelihood opportunities. We also helped Sewa Social Service Society, Khadi, Pune in setting-up two stitching units which will help nearly 100 underprivileged women earn and support family.

We associated with Ministry of Textiles (Handicrafts) and KVIC to train women entrepreneurs in making handicraft products using natural waste and banana fibre. Banana fibers are environment-friendly and promote responsible consumer behaviour towards clean environment.



**CONTRIBUTING TO ENVIRONMENT SUSTAINABILITY AND SWACCH BHARAT**

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



11 SUSTAINABLE CITIES AND COMMUNITIES



We supported Student Empowerment for Environmental Development in carrying out a massive awareness program among student fraternity to conserve the earth's natural resources. Through the project, 38.40 lakh participants were reached out to across 8,432 schools in Kerala. In Kushal Nagar, we supported the town panchayat in grill fencing the bridge on Cauvery River to prevent mishaps, benefiting a population of ~15,000. A total of ₹ 31.5 lakh was spent in these initiatives. Under Miyawaki afforestation project, we supported Greater Chennai Corporation in clearing waste debris and filling up with the top soil for plantation in the low-lying areas in locations owned by them. Ten thousand saplings of fruit, shade, and medicinal plants like Azadirachta Indica, Pongamia Pinnata, Phyllanthus and other plants were planted across 3,350 sq. m of area.





## SOCIAL DEVELOPMENT ON FOUNDER'S DAY



We spent ₹59.60 lakh towards undertaking various CSR initiatives on the occasion of Founder's Day which benefited ~1,000 people.

## FACILITATING CLEAN DRINKING WATER



Clean drinking water is a right of every citizen and a key measure to prevent diseases. Targeted at this, we sanctioned ₹150 lakh which will be used over the years towards facilitating safe drinking water to ~3,000 below poverty line families in Thrissur Municipal Corporation.

## DISASTER RELIEF SUPPORT



We sponsored ₹35 lakh to Diocese of Kanjirappally for constructing houses for four families who lost livelihood due to heavy rain and landslides.

## EMPOWERING SOCIETY WITH RESPONSIBLE ACTIONS

We strive to improve the living standards of the weaker section and contribute positively to society by acting to bring them into the formal banking system. We do this by facilitating financial literacy and providing banking support.

### Enabling Financial Literacy



We impart financial literacy to the general public through our 157 rural branches and 22 Financial Literacy Centres (FLCs) which are operated by our Federal Ashwas Trust across Tamil Nadu, Kerala, Maharashtra and Gujarat. We ensure providing unbiased, fair and coordinated financial education through financial literacy classes and credit counselling. In FY22, around 1,113 literacy camps (including 408 online sessions) and 845 counselling sessions (including tele counselling) were undertaken by FLCs, benefiting over 36,000 people.

### Social Security Schemes



We actively participate in Prime Minister's various Social Security Schemes. Till date, ~680 families of our deceased customers, who had enrolled under the schemes, received a total settlement of ₹13.59 Crore.



### Projects that we support:



#### Pradhan Mantri Jan Dhan Yojana

**6.34 lakh** enrolments with an outstanding balance of **₹ 343.67 Crore**



#### Pradhan Mantri Suraksha Bima Yojana

**1.96 lakh** enrolments



#### Pradhan Mantri Jeevan Jyoti Bima Yojana

**0.84 lakh** enrolments



#### Atal Pension Yojana

**0.21 Lakh** enrolments

## Government Sponsored Credit Schemes



We are supporting the various credit schemes sponsored by the Central and State Governments of India (GoI). These include:

### Scheme



#### Pradhan Mantri Mudra Yojana

A flagship scheme of the GoI to extend affordable credit to the unbanked individuals and MSMEs.

##### Federal Bank actions

**4,637** active loans with a total outstanding balance of **₹ 117.81 Crore**



#### National Urban Livelihoods Mission

Ministry of Housing and Urban Poverty Alleviation (MHUPA) scheme is aimed at reducing the poverty of urban poor households through providing access gainful self-employment and skilled wage employment.

##### Federal Bank actions

**268** active loans with a total outstanding balance of **₹ 3.49 Crore**



#### Ministry of Housing and Urban Affairs

Launched PM Street Vendor's Atmanirbhar Nidhi (PM SVANidhi), Govt. of India (MoHUA) to provide credit for working capital to street vendors to resume their business after the COVID-19 pandemic and consequent lockdown.

##### Federal Bank actions

**1,309** active loans worth **₹ 1.37 Crore**



#### PMEGP

#### Prime Minister's Employment Generation Programme

A national programme by the Ministry of MSME to generate employment opportunities by establishing micro-enterprises in rural and urban areas.

##### Federal Bank actions

**2,988** active loans with a total outstanding balance of **₹ 76.28 Crore**



#### National Rural Livelihoods Mission

Ministry of Rural Development (MoRD) scheme to uplift rural poor through sustainable income livelihood enhancements and access to financial services.

##### Federal Bank actions

**142** active loans with a total outstanding balance of **₹ 2.98 Crore**



#### Lending to Self Help Groups (SHGs) and Joint Liability Groups (JLGs)

We are aggressively lending to SHGs and JLGs, primarily women from lower strata, through business correspondent and branch channels

##### Federal Bank actions

**63,160** active loans with a total outstanding balance of **₹ 202.16 Crore**



## Governance



# Progressing to a Better Future with Strong Governance Practices

## GOVERNANCE FRAMEWORK

We have robust systems and practices which ensures high level of accountability, transparency and fairness in all transactions. We maintain a steadfast commitment to ethics and code of conduct, and have zero tolerance for any unethical practices. All our employees and Directors have read the Code, and strictly adhere to it. We also have various policies in place including for anti-bribery and corruption, preventing fraud, whistle blower and preventing insider trading among others.

Our principal corporate objective is to perpetuate our business while protecting the interests of all stakeholders and enhancing the value of our shareholders' investment over the long term.

## BOARD STRUCTURE AND DIVERSITY

Our Board is highly structured to ensure a high degree of diversity by age, education/qualifications, professional background, sector expertise and special skills. The Directors are persons of eminence, and bring with them experience and skills that add value to the performance of the Board.

Our Board also has significant women representation. Until November 21, 2021, we had three-women directors on the Board, before Ms. Grace Elizabeth Koshie, who was the Chairperson and Non-Executive Director of the Bank retired. As on March 31, 2022, our Board comprised 11 Directors out of which two are women. Apart from MD & CEO and two Executive Directors, all other members of the Board are Independent Directors including one woman Independent Director.

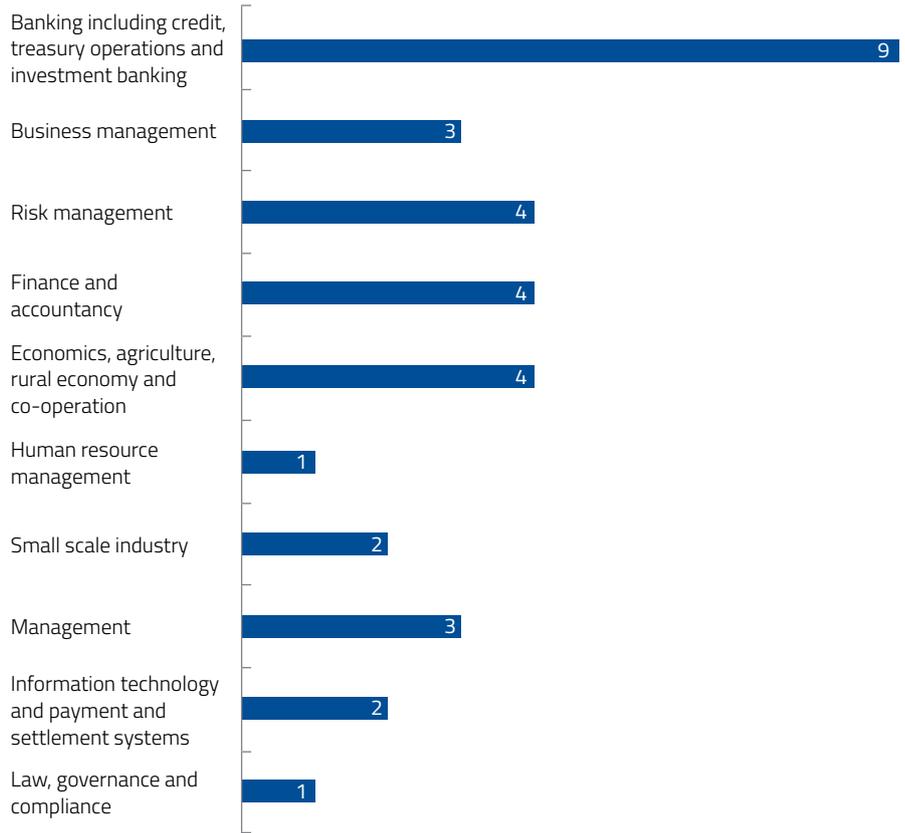


We are proud to announce that Federal Bank received the 'Top Corporate Tax Payer of the Region' award from the Principal Director of Income Tax (Investigation), Kerala.

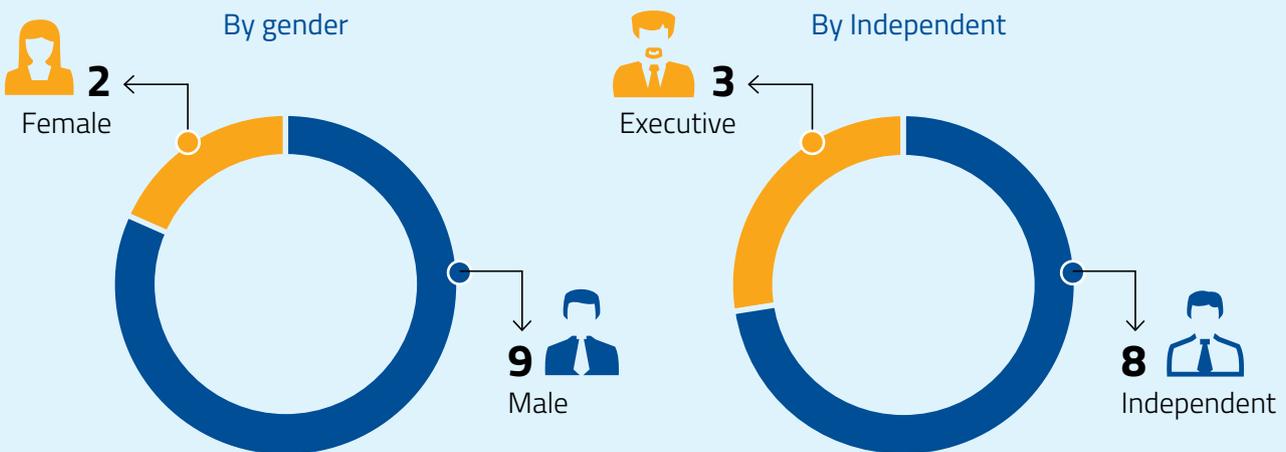
**MAJOR CERTIFICATION PROGRAMS UNDERTAKEN BY THE BOARD OF THE BANK**

- Programme on Corporate Governance by Excellence Enablers
- Online Certification Programme in IT and Cyber security by IDRBT
- Virtual Workshop on Emerging Compliance Landscape
- Virtual Conference on Green and Sustainable Finance by CAFRAL
- ESG Knowledge Series: Evolving ESG Policies and the Reporting Journey conducted by S&P Global Sustainable and CRISIL for the implementation of ESG Policies

**BOARD SKILL AREAS**  
(No. of Board Members)



**BOARD DIVERSITY**





## Board of Directors



**Mr. C BALAGOPAL**

*Chairman and Independent Director*



**Mr. SHYAM SRINIVASAN**

*MD & CEO*



**Mr. A P HOTA**

*Independent Director*



**Mr. SIDDHARTHA SENGUPTA**

*Independent Director*



**CA MANOJ FADNIS**

*Independent Director*



**Mr. SUDARSHAN SEN**

*Independent Director*



**Ms. VARSHA PURANDARE**

*Independent Director*



**Mr. RAMANAND MUNDKUR**

*Independent Director*



**Mr. SANKARSHAN BASU**

*Independent Director*



**Mr. ASHUTOSH KHAJURIA**

*Executive Director*



**Ms. SHALINI WARRIER**

*Executive Director*

# Key Management Team



**SHYAM SRINIVASAN**  
Managing Director & CEO



**ASHUTOSH KHAJURIA**  
Executive Director



**SHALINI WARRIER**  
Executive Director



**HARSH DUGAR**  
Group President & Country Head  
of Wholesale Banking



**VENKATRAMAN  
VENKATESWARAN**  
Group President &  
Chief Financial Officer



**AJITH KUMAR K K**  
President & Chief Human  
Resources Officer (CHRO)



**BABU K A\***  
EVP & Head  
(Loan Collection & Recovery)



**DIVAKAR DIXIT**  
EVP & Head Credit  
(CB, BuB, Retail and Agri)



**NANDAKUMAR V**  
EVP & Head - Branch Banking



**JOHNSON K JOSE**  
EVP & Head - Operations & Controller of  
Transaction Banking & FedServ



**SANJESH KUMAR**  
EVP & Head Credit (CIB)



**KAPIL BHATIA**  
EVP & Head - Commercial Banking

\* retired from the service of the Bank w.e.f July 01, 2022



**PITCHAI MAHALINGAM**  
SVP & Internal Auditor



**MOHAN K**  
SVP & Country Head - Agri,  
Micro & Rural Banking



**TOMY JOHN**  
SVP & Chief Vigilance Officer



**DEEPAK GOVIND P A**  
SVP & Country Head – CAD, CRMD  
and Remedial Management



**LAKSHMANAN V**  
SVP & Head-Treasury (Treasurer)



**SUNIL KUMAR K N**  
SVP & Chief Compliance Officer



**DAMODARAN C**  
SVP & Chief Risk Officer



**SAMIR PRAVINBHAI  
RAJDEV**  
SVP & Company Secretary



**ANAND CHUGH**  
VP & Head – Marketing and  
CIB (North)

# Corporate Information

## Registered Office

Post Box No. 103, Federal Towers,  
Aluva-683 101, Kerala, India.

Ph: 91-484 2623620-29

Fax: 0484 2622672

Corporate identification Number  
L65191KL1931PLC000368

## Joint Statutory Central Auditors

M/s. Varma & Varma and  
M/s. Borkar & Muzumdar  
Chartered Accountants

## Registrars & Transfer Agents

M/s. Integrated Registry Management  
Services Private Limited,  
II Floor Kences Towers,  
No.1 Ramakrishna Street,  
North Usman Road  
T Nagar, Chennai - 600 017  
Ph: 044-28140801  
Email: csdstd@integratedindia.in

## Debenture Trustees

### a) IDBI Trusteeship Services Limited

Asian Building, Gr Floor,  
17 R. Kamani Marg, Ballard Estate  
Mumbai - 400 001.

### b) Beacon Trusteeship Ltd

4C & D Siddhivinayak Chambers,  
Gandhi Nagar, Opp. MIG Cricket Club,  
Bandra (E), Mumbai - 400 051





# Directors' Report

To the Members,

Your Directors take pleasure in presenting the 91<sup>st</sup> Annual Report on the business and operations of The Federal Bank Limited ("the Bank"), together with the audited accounts for the Financial Year (FY) ended March 31, 2022.

## FINANCIAL RESULTS

Financial results are presented in the table below:

(₹ in Crore)

Financial Parameters for the year ended	March 31, 2022	March 31, 2021
Net Interest Income	5,961.96	5,533.71
Fee and Other Income	2,089.09	1,958.70
Net Revenue	8,051.05	7,492.41
Operating Expense	4,293.20	3,691.72
Operating Profit	3,757.85	3,800.69
<b>Net Profit</b>	<b>1,889.82</b>	<b>1,590.30</b>
Profit brought forward	3,305.38	2,616.67
Total Profit Available for appropriation	5,195.21	4,206.97
<b>Appropriations:</b>		
Transfer to Revenue Reserves	266.72	229.57
Transfer to Statutory Reserves	472.46	397.57
Transfer to Capital Reserves	87.40	153.45
Transfer to Special Reserve	123.34	120.99
Dividend pertaining to previous year paid during the year	139.74	-
Balance Carried over to Balance Sheet	4,105.55	3,305.39
<b>Financial Position (as on )</b>		
Deposits	181,700.59	172,644.48
Advances	144,928.33	131,878.60
Total Business (Deposits + Advances)	326,628.92	304,523.08
Other Borrowings	15,393.12	9,068.50
Investments	39,179.46	37,186.21
Total Assets (Balance Sheet Size)	220,946.31	201,367.39
Equity Capital	420.51	399.23
<b>Ratios</b>		
Return on Total Assets (%)	0.94	0.85
Return on Equity (%)	10.87	10.38
Earnings Per Share (₹)	9.13	7.97
Book value per share (₹)	88.75	80.71
Operating cost to Income (%)	53.32	49.27
Capital Adequacy Ratio (%) Basel (III)	15.77	14.62

Previous year figures have been regrouped / reclassified, where necessary to conform to current year's classification.

## HIGHLIGHTS OF PERFORMANCE

During the year 2021-22, your Bank delivered steady performance amidst the volatile environment in the market. Total business of your Bank improved by 7.26% to reach ₹ 3,26,628.92 Cr as on March 31, 2022. 5.25% growth in deposits and 9.90% growth in advances (net) helped your Bank to clock this number. Total deposits reached ₹ 1,81,700.59 Cr and advances (net) reached 1,44,928.33 Cr and on averages, deposit portfolio of your Bank

grew by 8.54% to reach ₹ 1,69,339.74 Cr and advance portfolio grew by 9.03% to reach ₹ 1,34,478.77 Cr.

On the NR side, NRE deposits had a growth rate of 5.41% to reach ₹ 67,416.25 Cr and NRE Savings clocked a growth of 6.18% to reach ₹ 19,442.33 Cr. The total NR business of your Bank stood at ₹ 72,636.98 Cr with a growth of 6.69%.

## GROWTH IN BUSINESS

On CASA front, Savings deposit touched ₹ 54,509.67 Cr with 14.30% growth and Current deposits stood at ₹ 12,611.54 Cr. Your Bank registered a healthy CASA growth of 14.99% to reach ₹ 67,121.21 Cr. CASA ratio of your Bank stood at 36.94%.

The investment portfolio of your Bank has reached ₹ 39,179.46 Cr as on March 31, 2022 and the average investment as on March 31, 2022 is ₹ 37,909.01 Cr.

## PROFITABILITY

The Bank delivered an annual operating profit of ₹ 3,757.85 Cr as on March 31, 2022. The annual net profit is at ₹ 1,889.82 Cr as on March 31, 2022 up from ₹ 1,590.30 Cr as on March 31, 2021. Net Interest Income improved by 7.74% to ₹ 5,961.96 Cr while the Non-Interest Income stood at ₹ 2,089.09 Cr.

Total income of your Bank during the fiscal touched ₹ 15,749.85 Cr and Income from advances reached ₹ 10,829.75 Cr. The yield on advances stood at 8.05% and the yield on Investments (excluding trading gain) at 6.17%. The Net Interest Margin for the fiscal year is at 3.20 % as against 3.16%, in the previous year.

Return on Average Total Assets stood at 10.87%. Book value per share had increased to ₹ 88.75 during FY 22.

## EXPENDITURE

The total expenses of your Bank reached ₹ 11,992.00 Cr and interest expenses reduced by 6.39% to ₹ 7,698.80 Cr in FY 22. Operating Expenses of the Bank during the fiscal year grew to ₹ 4,293.20 Cr.

The cost of deposits of the Bank reduced to 4.33% as on March 31, 2022. The Interest expenses as percentage to total income stood at 48.88 %.

## SPREAD

During the fiscal year, the Bank's spread on advances (gross) stood at 3.72% and spread on investments (gross) at 2.85%. The Spread (net of provisions) on advance stood at 3.27%

## ASSET QUALITY

The Gross NPA of your Bank as on March 31, 2022 stood at ₹ 4,136.74 Cr. Gross NPA as a percentage to Gross Advances is 2.80%. The Net NPA stood at ₹ 1,392.62 Cr and Net NPA percentage is at 0.96% as on March 31, 2022. The Provision Coverage Ratio stood at 65.54% as on March 31, 2022.

## NET WORTH & CAPITAL ADEQUACY

The Net Worth of your Bank grew by 15.83% to ₹ 18,660.98 Cr as against ₹ 16,111.20 Cr in the previous year. Historically, your Bank has been strong on capital adequacy. CRAR of the Bank

calculated in line with Basel III norms stood at 15.77% which is considerably higher than the RBI stipulation. Of this, Tier 1 CRAR is at 14.43%.

## BUSINESS OVERVIEW

Your Bank continued its consistent performance during FY 2021-22 with the total business of the Bank increasing by 7.26 % to reach ₹ 326,628.92 Cr.

There is no change in the nature of business of the Bank for the year under review. Further information on the business overview and outlook and state of the affairs of the Bank is discussed in detail in the Management Discussion & Analysis Report.

## EMPLOYEE PRODUCTIVITY

Business per employee of your Bank is at ₹ 25.79 Cr during the fiscal, an improvement of 6.22% and the profit per employee of the Bank is at ₹ 14.92 Lakh, an improvement of 17.68%.

## EXPANSION OF NETWORK

The Bank has 1282 branches, 1885 ATMs/Recyclers as on March 31, 2022. The Bank also has its Representative Office at Abu Dhabi & Dubai and an IFSC Banking Unit (IBU) in Gujarat International Finance Tec-City (GIFT City).

## SHARE VALUE

Earnings per Share (face value ₹ 2 /- each) of your Bank have improved to ₹ 9.13 from ₹ 7.97 during the year under review. Return on Equity during the year reached 10.87% in the fiscal year ended March 31, 2022.

## APPROPRIATIONS

(₹ in Thousands)

	FY 2021-22	FY 2020-21
Transfer to Revenue Reserve	2,667,208	2,295,718
Transfer to Statutory Reserve	4,724,554	3,975,743
Transfer to Capital Reserve	874,033	1,534,458
Transfer to Special Reserve	1,233,400	1,209,900
Dividend pertaining to previous year paid during the year	1,397,396	-
Balance carried over to Balance Sheet	41,055,453	33,053,829
<b>TOTAL</b>	<b>51,952,044</b>	<b>42,069,648</b>

## Material Changes and Commitments, if any, affecting the Financial Position of the Bank which have occurred between the end of the Financial Year of the Bank to which the financial statements relate and the date of the report

No material changes and commitments which could affect your Bank's financial position have occurred between the end of the financial year of your Bank and date of this report.



## CHANGE IN CAPITAL STRUCTURE AND LISTING OF SHARES

The subscribed and paid-up share capital of the Bank as on March 31, 2022 is ₹ 4,205,092,746/- divided into 2,102,546,373 equity shares of ₹2/- each. The Bank's equity shares are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). During the year, 104,846,394 equity shares of ₹2/- each were allotted to International Finance Corporation ("IFC"), IFC Financial Institutions Growth Fund, LP ("FIG") and IFC Emerging Asia Fund, LP ("EAF") under preferential allotment and 1,547,231 equity shares of ₹2/- each were allotted under Employee Stock Option scheme (ESOP) of the Bank. All the above equity shares were admitted for trading in NSE and BSE.

As on March 31, 2022, Bank has an outstanding of 3,700 units rated, unsecured, redeemable, non-convertible, Basel III compliant tier II subordinated bonds aggregating to ₹ 1000 crores.

*Important changes which have occurred after the close of Financial Year*

After the close of Financial Year, 945,492 equity shares of ₹2/- each were allotted under ESOP scheme of the Bank and have been admitted for trading on NSE and BSE as on June 30, 2022. Further, 17,500 equity shares were allotted against rights entitlements released from abeyance in accordance with the order of Honorable High Court of Kerala. Accordingly the paid-up share capital of the Bank as on June 30, 2022 is ₹4,207,018,730 divided into 2,103,509,365 equity shares of ₹2/- each. The shares are actively traded on NSE and BSE and have not been suspended from trading.

## DIVIDEND

Continuing the Bank's policy of striking a fine balance between retained earnings and dividend distribution, the Board of Directors have recommended a dividend of 90% i.e. ₹ 1.80 per Equity Share on face value of ₹ 2/- each for the year 2021-22 (previous year: 35%) subject to the approval of the members in the 91<sup>st</sup> Annual General Meeting. Protecting shareholders' value has always been a guiding philosophy of the Bank.

As per the prevailing provisions of the Income Tax Act, 1961, the dividend, if declared, will be taxable in the hands of the shareholders at the applicable rates. For details, shareholders are requested to refer to the Notice of 91<sup>st</sup> Annual General Meeting of the Bank.

## CREDIT RATING

The details of Credit Ratings of your Bank as on March 31, 2022 are as follows;

- CRISIL A1 + for the Certificate of Deposit Programme of the Bank

- CRISIL A1+ for the Short-Term Fixed Deposits of the Bank
- CARE AA (Stable) [Double A, Outlook: Stable] for the Tier II bonds (Under Basel III)
- IND AA/Stable by India Rating and Research for the Tier II bonds (Under Basel III)

During the year under review, there were no revisions in the credit ratings obtained by the Bank.

## EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Bank has instituted Employee Stock Option Schemes, duly approved by the shareholders of the Bank to enable its employees including Whole Time Directors to participate in the future growth and financial success of the Bank. The Employee Stock Option Schemes are formulated in accordance with the SEBI guidelines, as amended from time to time. The eligibility and number of options to be granted to an employee is determined on the basis of various parameters such as scale, designation, performance, grades, period of service, Bank's performance and such other parameters as may be decided by the Nomination, Remuneration, Ethics and Compensation Committee of the Board from time to time in its sole discretion.

The Bank's shareholders had approved the Employee Stock Option Scheme 2010 (ESOS 2010) on December 24, 2010 and Employee Stock Option Scheme 2017 (ESOS 2017) on July 14, 2017.

Under ESOS 2010, the Nomination, Remuneration, Ethics and Compensation Committee granted 34,720,200 options during the year 2011-12, 24,484,750 options during the year 2012-13, 26,094,250 options during the year 2013-14, 11,156,450 options during 2014-15, 1,025,000 options during the year 2015-16, 965,000 options during the year 2016-17 and 100,000 options during the year 2017-18. The options granted which are non-transferable, with vesting period of 1 to 5 years subject to standard vesting conditions, must be exercised within five years from the date of vesting. During the Financial Year FY 22, 9,18,047 options had been exercised and 8,277,686 options were in force as on March 31, 2022.

Under ESOS 2017, the Nomination, Remuneration, Ethics and Compensation Committee granted 22,318,348 options during the year 2017-18, 37,231,307 options during the year 2018-19, 30,524,986 options during the year 2019-20, 16,884,159 options during the year 2020-21 and 3,733,250 options during the year 2021-22. The options granted which are non-transferable, with vesting period of 1 to 4.25 years subject to standard vesting conditions, must be exercised within five years from the date of vesting. During the Financial Year FY 22, 629,184 options had been exercised and 77,129,660 options were in force as on March 31, 2022.

Other statutory disclosures as required Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 on ESOS are given in website of the Bank in the link: <https://www.federalbank.co.in/web/guest/shareholder-information>.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

### Transfer of Unpaid/ Unclaimed Dividend to IEPF

Pursuant to Sections 124 and 125 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), all unpaid or unclaimed dividends are required to be transferred by the Bank to the Investor Education and Protection Fund ("IEPF" or "Fund") established by the Central Government, after completion of seven years from the date the dividend is transferred to unpaid/unclaimed account. As a result, the unclaimed/unpaid dividend for the year 2013-14 amounting to ₹ 10,023,822/- which remained unpaid and unclaimed for a period of 7 years has already been transferred by your Bank to the IEPF.

Further, the unpaid dividend amount pertaining to the financial year 2014-15 will be transferred to IEPF during the Financial Year 2022-23 within statutory timelines. Members are requested to ensure that they claim the dividends referred above before they are transferred to the said Fund. The due dates for transfer of unclaimed dividend to IEPF are provided in the section report on Corporate Governance.

Your Bank has uploaded the details of unclaimed/ unpaid dividend for the financial year 2014-15 onwards on its website viz., [www.federalbank.co.in](http://www.federalbank.co.in) and on the website of IEPF Authority viz., [www.iepf.gov.in](http://www.iepf.gov.in) and the same gets revised/updated from time to time pursuant to the provisions of IEPF (Uploading of Information Regarding Unpaid and Unclaimed Amount lying with Companies) Rules, 2012.

### Transfer of Shares to IEPF

Pursuant to the provisions of Section 124(6) of the Act and the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs on September 7, 2016 and based on subsequent amendments, if any all the equity shares of the Bank in respect of which dividend amounts have not been paid or claimed by the shareholders for seven consecutive years or more are required to be transferred to demat account of IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific Order of Court, Tribunal or Statutory Authority, restraining transfer of the shares.

Upon transfer of such shares, all benefits (like dividend, bonus, split, consolidation etc.), if any, accruing on such shares shall also be credited to the Account of IEPF and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which were transferred to the demat account of IEPF Authority can be claimed back by the shareholder by following the procedure prescribed under the aforesaid rules.

Accordingly, 155,899 equity shares of 182 members of your Bank were transferred to demat account of IEPF Authority. Your Bank had sent individual notice to all the aforesaid 182 members and has also published the notice in the leading English and Malayalam newspapers.

The details of the nodal officer appointed by the Bank under the provisions of IEPF are disseminated in the website of the Bank viz., <https://www.federalbank.co.in/unclaimed-dividend-warrants>.

## DIRECTORS

As on March 31, 2022, Bank's Board consists of 11 members, with rich experience and specialized knowledge in various areas of relevance to the Bank, including Accountancy, Agriculture and Rural Economy, Banking, Co-Operation, Information Technology, Credit, Treasury Operations, Human Resources, Governance, Compliance, Economics, Finance, Small – Scale Industry, Law, Payment & Settlement systems, Risk Management and Business Management. Besides the Chairman, the Board comprises seven Non-Executive Independent Directors including one woman Independent Director and three Executive Directors.

During the year, Reserve Bank of India vide their letter DOR. GOV. No. S289/08.38.001/2021-22 dated July 09, 2021 had approved the re-appointment of Mr. Shyam Srinivasan as Managing Director & Chief Executive Officer (MD & CEO) (DIN: 02274773) of the Bank for a period of three years w.e.f. September 23, 2021 till September 22, 2024. Accordingly, approval of the shareholders for re-appointment of Mr. Shyam Srinivasan as MD & CEO of the Bank through ordinary resolution is being sought at the ensuing AGM of the Bank.

During the year, RBI had vide their letter DOR. GOV. No. S 1019/08.38.001/2021-22 dated September 09, 2021 accorded its approval for the appointment of Mr. C Balagopal (DIN-00430938), Independent Director, as Part Time Chairman of the Bank with effect from November 22, 2021 till June 28, 2023, consequent to retirement of Ms. Grace Elizabeth Koshie (DIN- 06765216), Chairperson and Non-Executive Non-Independent Director from the Board of the Bank with effect from the closure of business hours on November 21, 2021 upon completion of her tenure of 8 years on the Board of the Bank, in accordance with the regulatory requirements.



Mr. Ashutosh Khajuria (DIN: 05154975) was re-appointed as Executive Director of the Bank for a period of one year with effect from w.e.f. May 01, 2022 till April 30, 2023 with the approval of Reserve Bank of India vide letter DOR. GOV. No. S441/08.38.001/2022-23 dated April 21, 2022. Accordingly, approval of the shareholders for re-appointment of Mr. Ashutosh Khajuria as Executive Director of the Bank, through Ordinary Resolution is being sought at the ensuing AGM of the Bank.

In accordance with the provisions of the Act and the Articles of Association of the Bank, Mr. Ashutosh Khajuria (DIN: 05154975) Executive Director of the Bank, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible have offered himself for re-appointment.

Pursuant to the recommendation of the Nomination, Remuneration, Ethics and Compensation Committee, the Board of Directors of the Bank approved the appointment of Mr. Sankarshan Basu (DIN: 06466594) and Mr. Ramanand Mundkur (DIN:03498212) as an Additional Non-Executive Independent Director of the Bank, with effect from October 01, 2021. Pursuant to the provisions of Section 161 of the Act, the said directors continue to hold office as an Additional Director of the Bank, up to the date of the ensuing AGM or the last date, on which the AGM should have been held, whichever is earlier. Your Bank has received notices in writing from members proposing the candidature of Mr. Sankarshan Basu and Mr. Ramanand Mundkur as a Directors (Non-Executive Independent) on the Board of the Bank. Further, the NRC and the Board of Directors of the Bank have also recommended their appointment as an Independent Director, not liable to retire by rotation, to the Shareholders at the ensuing AGM for a period of five years with effect from October 01, 2021.

The Board is of the opinion that the Independent Directors appointed during the year possesses necessary integrity, expertise and experience (including the proficiency).

The Shareholders in the 90<sup>th</sup> AGM had approved the re-appointment of Mr. Shyam Srinivasan (DIN: 02274773) as Managing Director & Chief Executive Officer of the Bank for a period of one year with effect from September 23, 2020 to September 22, 2021 and Mr. Ashutosh Khajuria as an Executive Director for the period from April 01, 2021 to April 30, 2022.

Mr. K Balakrishnan (DIN:00034031) Independent Director of the Bank, retired from the Directorship of the Bank effective from September 24, 2021, upon completion of his tenure as Independent Director.

Necessary information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of Directors to be appointed and re-appointed at the ensuing Annual General Meeting are given in the Annexure to the Notice convening the 91<sup>st</sup> Annual General Meeting scheduled to be held on July 27, 2022.

None of the Directors of your Bank are disqualified for being appointed as Directors, as specified in Section 164(2) and Rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014.

### KEY MANAGERIAL PERSONNEL

As on March 31, 2022, the following Directors/Executives continued as Key Managerial Personnel of the Bank:

Mr. Shyam Srinivasan – Managing Director & Chief Executive Officer

Mr. Ashutosh Khajuria – Executive Director

Ms. Shalini Warriar – Executive Director

Mr. Venkatraman Venkateswaran - Chief Financial Officer

Mr. Samir P Rajdev – Company Secretary

During the year, Mr. Shyam Srinivasan, MD & CEO of the Bank who is Key Managerial Personnel was re-appointed as MD & CEO of the Bank for a period of three years w.e.f. September 23, 2021 till September 22, 2024.

The Board of Directors of the Bank at its meeting held on May 17, 2021, has approved the appointment of Mr. Venkatraman Venkateswaran as Chief Financial Officer and Key Managerial Personnel of the Bank with effect from Tuesday, May 18, 2021. As Chief Financial Officer, Mr. Venkatraman Venkateswaran will report directly to Managing Director & CEO of the Bank.

*After the end of the financial year and up to the date of the Report.*

Mr. Ashutosh Khajuria (DIN: 05154975), Executive Director of the Bank, who is also a Key Managerial Personnel was re-appointed as Executive Director of the Bank for a period of one year with effect from May 01, 2022 till April 30, 2023 with the approval of Reserve Bank of India.

### DECLARATION BY INDEPENDENT DIRECTORS

The Bank has received declaration from all the Independent Directors that they continue to meet the criteria of independence as provided under the Companies Act, 2013 (the Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and comply with the Code for Independent Directors as specified under Schedule IV of the Act. In terms of the Companies

(Creation and Maintenance of databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, the Independent Directors of the Bank has enrolled his/ her name in the online databank of Independent Directors maintained by the Government.

The Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

In the opinion of the Board, the Independent Directors are persons of high repute, integrity and possess the relevant expertise and experience in their respective fields. They fulfil the conditions specified in the Act and the Rules made thereunder and are independent of the Management.

## MEETINGS

The Board meets at regular intervals to discuss and decide on Bank/ business policy and strategy apart from other items of business. A tentative calendar of the Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the approval of the Board/Committee is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board/Committee meeting.

The notice of Board and Committee meetings are given in advance to all the Directors. The agenda and pre-reads are circulated well in advance before each meeting to all Directors for facilitating effective discussion and decision making. Considerable time is spent by the Directors on discussions and deliberations at the Board and Committee meetings.

During the financial year, nineteen (19) Board Meetings, sixteen (16) Audit Committee Meetings and other Committee Meetings were convened and held, the details of which are given in the Corporate Governance report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The details of the constitution of the Board and its Committees are detailed in the Corporate Governance report.

## SUBSIDIARIES OF THE BANK

As on March 31, 2022, the Bank has one unlisted wholly owned subsidiary, M/s. Federal Operations and Services Limited and one unlisted subsidiary M/s. Fedbank Financial Services Limited.

### Federal Operations and Services Limited

Federal Operations and Services Limited (FedServ) is a wholly owned subsidiary company of The Federal Bank Limited (the Bank) incorporated on October 26, 2018. FedServ received approval from RBI on November 09, 2018 for commencing its operations. FedServ started its operations w.e.f. December 01, 2018. FedServ provides operational and technology-oriented services to the Bank.

As on March 31, 2022, FedServ's Board of Directors has following five members-

Mr. C Balagopal, Chairman

Mr. Ajith Kumar K K, Non- Executive Director

Mr. Johnson K Jose, Non- Executive Director

Mr. Prashant Preman, Wholetime Director

Mr. Venkatraman Venkateswaran, Non- Executive Director

During the year ended on March 31, 2022, FedServ has taken significant operational activities of the Bank which includes technical helpdesk, VC & Asset management. FedServ is carrying out 109 operational activities of the Bank as on March 31, 2022. Company does not deal in loans and advances, neither it accepts deposits. FedServ is operating from two locations:- Kochi in Kerala and Visakhapatnam in Andhra Pradesh.

The total revenue of FedServ for the year ended on March 31, 2022 was ₹44.10 Crores. ₹42.67 Crores pertains to services provided by the Company to the Bank and ₹1.43 Crores relates to the indirect incomes. The Company had a net profit of ₹3.46 Crores for the year ended on March 31, 2022. The Net worth of FedServ at the beginning of the year was ₹12.82 Crores and closing net worth of FedServ as on March 31, 2022 was ₹16.27 Crores.

FedServ will help the Bank in serving the customers better and reducing the cost of operations significantly. FedServ will also help the Bank to improve turnaround time of various operational processes, improve First Time Right (FTR) rate and enable the Bank to become FIRST CHOICE Bank of customers.

The Profit after tax of the Company for the year ended March 31, 2022 increased to ₹3.46 Crores from ₹1.84 Crores for the year ended March 31, 2021. The total assets of the Company increased to ₹19.83 Crores as on March 31, 2022 from ₹14.96 Crores as on March 31, 2021.

### Fedbank Financial Services Limited

Fedbank Financial Services Limited (Fedfina) is a subsidiary company of The Federal Bank Limited (the Bank) incorporated on April 17, 1995. Fedfina received approval from RBI on August 24, 2010 for the business of a non-banking financial institution



without accepting public deposits. It is a Non-deposit taking & Systemically Important (ND-SI) NBFC. Fedfina has a well-tailored suite of products targeted to match the customers' needs, which includes housing loans, small ticket loan against property ("LAP"), medium ticket LAP, unsecured business loans, and gold loans. It also distributes loan products of the Bank. It has over 516 branches across India providing multiple loan products to various segments of borrowers.

Fedfina's Board of Directors comprises following six members

Mr. K Balakrishnan – Chairman & Independent Director

Mr. Anil Kothuri – Managing Director & Chief Executive Officer

Mr. Shyam Srinivasan – Non Executive Director

Ms. Gauri Rushabh Shah – Independent Director

Mr. Maninder Singh Juneja – Nominee Director

Mr. Ashutosh Khajuria – Nominee Director

### ASSOCIATE COMPANIES

As on March 31, 2022, the Bank has two Associate Companies named M/s. Ageas Federal Life Insurance Company Limited (Formerly known as IDBI Federal Life Insurance Co Ltd.) and M/s. Equirus Capital Private Limited.

#### Joint Venture in Life Insurance Business

The Bank's Joint Venture Life Insurance Company, in association with IDBI Bank Limited and Ageas Insurance International N.V. (formerly known as Fortis), namely Ageas Federal Life Insurance Company Limited ("formerly known as IDBI Federal Life Insurance Company Limited"), commenced operations in March 2008. As on March 31, 2022, the Bank has a total stake of ₹208 Crores in the equity of the Company holding 26% of the equity capital. The total premium collected by Ageas Federal Life Insurance Company Limited during the period ended March 31, 2022 was ₹ 2,207.30 Crores. The Company has declared final dividend of 3.5% for the FY 2021-22.

Mr. Shyam Srinivasan, Managing Director and Chief Executive Officer and Ms. Shalini Warriar, Executive Director of the Bank are Non-Executive Directors in Ageas Federal Life Insurance Company Limited.

#### Investment Banking Associate

As of March 31, 2022, Bank holds 19.89% equity stake in Equirus Capital Private Limited. Pursuant to the right of proportionate representation on the Board as well as the power to participate in the financial, operational matters like approval of the business plans, policies, budgets, managerial remuneration, change in KMP etc., the same has been treated as an associate concern as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Equirus Capital Private Limited is a private

company domiciled in India and is engaged in the business of Investment banking. It has 3 subsidiaries named Equirus Securities Private Limited, Equirus Insurance Broking Private Limited and Equirus Wealth Private Limited. The total turnover of Equirus Capital Private Limited on a consolidated basis was ₹152.23 Crores in FY 2022 against ₹65.42 Crores for FY 2021.

Mr. Harsh Dugar, Group President & Country Head - Wholesale Banking of the Bank is a Nominee Director on the Board of Equirus Capital Private Limited.

### DEPOSITS

Being a Banking Company, the disclosures required as per Rule 8(5) (v) & (vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to the Bank.

### LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

Pursuant to Section 186 (11) of the Companies Act, 2013, loans made, guarantees given, securities provided or acquisition of securities by a banking Company in the ordinary course of its business are exempted from the disclosure requirement under Section 134(3) (g) of the Companies Act, 2013.

### RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Bank and were on arm's length basis. There were no materially significant related party transactions entered by the Bank with Related parties which may have a potential conflict with the interest of the Bank. All Related Party Transactions were placed before the Audit Committee of the Board for approval. Prior omnibus approval for transactions which are of repetitive nature is obtained from the Audit Committee and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

The policy on Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Bank and the link for the same is <https://www.federalbank.co.in/our-commitments>.

Since all related party transactions entered into by the Bank were in the ordinary course of business and were on an arm's length basis, disclosures as per Form AOC-2 is not applicable to the Bank. There were also no material contracts or arrangement or transactions with related parties during the period.

### CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) has been an inherited & inbuilt element of our fundamentals, right from the day the Bank was founded. Our founder's values & ethos based on trust got

embedded in the Bank's policies & principles. CSR in Federal Bank began with the first act of cultivating banking habits in the agrarian society to effectively utilize idle money for productive purposes.

The details of the CSR initiatives undertaken during the financial year ended March 31, 2022 and other details required to be given under section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in **Annexure I** forming part of this Report.

The CSR Policy as recommended by the CSR Committee and as approved by the Board is available on the website of the Bank and can be accessed at <https://www.federalbank.co.in/documents/10180/45777/Corporate+Social+Responsibility++Policy.pdf/2d979fe6-8723-4210-a2ff-136784690413?t=1509453008436>.

### **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Bank is very conscious about the need for energy management and as a team endeavours to contribute to low carbon economy and acknowledges that it is a continuous process. Your Bank has taken various initiatives to reduce its carbon footprint and improve resource efficiency. It ranges from using better technology to improve energy efficiency, recycling and generating energy from renewable sources. For more details, please refer ESG section of the Annual Report and Business Responsibility and Sustainability Report forming part of the Annual Report. The Bank prides itself on continuous investment in technology upgrades that are designed to deliver cost effective best in class customer service.

The Bank has used information technology extensively in its operations, for more details please refer the section on Technology and Digital Updates portion of Directors Report and Management Discussion & Analysis Report forming part of the Annual Report. Through its export-financing operations, the Bank supports and encourages the country's export efforts.

### **RISK MANAGEMENT**

The Bank's Risk Management framework is based on a clear understanding of various risks, robust risk assessment and measurement procedures and constant monitoring. The Board of Directors oversees all the risks assumed by the Bank. Specific Committees are constituted to facilitate focused oversight of various functions. The Risk Management Committee of the Board sets the standards and governs the risk management functions, thereby bringing in a top to down focus on risk management. The Risk Management Committee of the Board reviews all risk management policies of the Bank. The Committee reviews the Risk Appetite framework, Internal Capital Adequacy Assessment

Process (ICAAP) and Stress testing. The Committee oversees setting up of risk limits and exposure ceilings, implementation of Basel III guidelines and the activities of the executive level risk management committees. The Committee assesses the level and direction of major risks pertaining to credit, market, liquidity, operational, reputation, technology, information security, compliance and capital as a part of the risk dashboard. In addition, the Committee oversees risks of subsidiaries covered under the Group Risk Management Framework.

The Risk Management Policies approved by the Board of Directors and reviewed from time to time with updated regulatory and internal guidelines form the governing framework for each type of risk.

The Integrated Risk Management Department of the Bank coordinates and administers the risk management functions in the Bank. The Department has three divisions for managing the main risk streams, Credit risk, Market risk and Operational risk. Dedicated teams within the divisions are responsible for assessment, monitoring and reporting of various material risks. Default risk and asset quality of loan portfolio are monitored and managed by the Credit Risk Division. Market Intelligence Unit (MIU) formed for the purpose of monitoring large value accounts is linked to Credit Risk Division. The Bank has established an independent Mid Office as part of Market Risk Division for monitoring and management of risks in Bank's Treasury portfolios. Business Continuity Management, Information and Cyber Security measures and Information Technology Risk forms part of Operational Risk Management. The Bank has set up a robust information in cyber security framework for securing its IT infrastructure and systems. The Information Security Team is headed by the Chief Information Security Officer (CISO), who reports to the CRO. A Security Operations Center (SOC) which performs security monitoring round the clock, is also functioning under the leadership of CISO. All the three divisions are independent of business operations and coordinate with representatives of the business units to implement the Bank's risk management Policies and frameworks. Executive level risk management Committees namely, Credit Risk Management Committee, Asset Liability Management Committee, Operational Risk Management Committee and Information Security Committee regularly assess the respective risks and direct corrective actions wherever required. The risk management functions are coordinated by a Senior Executive designated as Chief Risk Officer who reports directly to the Managing Director & CEO. All material risks of the Bank emerging in the course of its business are identified, assessed and monitored in the Internal Capital Adequacy Assessment Process (ICAAP). In our view, all the material risks of the Bank are identified, assessed and managed adequately.



## WHISTLE BLOWER POLICY/VIGIL MECHANISM

Fraud risk is managed by the Bank methodically in line with the robust Fraud Risk Management Policy of the Bank which covers all significant aspects like various mitigation measures and the surveillance mechanism that complements prevention, detection, investigation and monitoring of both, internal and external frauds. Public and employees are sensitised on different fraud prevention techniques. With a view to create an atmosphere of alertness, Vigilance Communications (Alerts) are issued on a regular basis that disseminates various modus operandi of frauds in the banking industry along with suggestions on safeguards and precautions to be adopted to prevent such frauds. Preventive Vigilance Workshop is a flagship program designed flawlessly by Vigilance Department for employees which explicates different gaps exploited by miscreants to perpetrate fraud in the banking industry and the program also ensures deliverance of strategies to be taken to avert such frauds. Preventive Vigilance Audits are conducted at select branches and also ensures periodic conduct of Fraud Prevention Committee meetings at branches with a view to prevent frauds. Customer awareness on fraudulent activities is another area that is well covered by the Bank through various effective communication channels including SMS, E-Mails, posters at Branches, ribbon messages on Bank website, internet banking webpage, etc. All cases reported in the Bank are investigated in detail as part of detective vigilance activity. Need for process refinements/ systemic corrections, if any observed during the course of investigation are highlighted in the forums concerned for corrective measures/necessary directions. Process refinements/ systemic corrections are implemented to avert similar incidents in future.

Bank has a robust Whistle Blower Policy termed as Protected Disclosure Scheme (PDS) with a view to enhance public confidence in the Bank and also in compliance of RBI directions in this regard. The policy aims at establishing an effective vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest. It is disseminated among the employees assuring confidentiality and protection to the whistle blower against any personal vindictive actions such as humiliation, harassment or any other form of unfair treatment. Directors and Employees of the Bank, employee representative bodies, customers, stakeholders, non-governmental organizations (NGO) and members of the public can lodge complaints / disclosures under this scheme. A dedicated e-mail ID is provided for sending complaints/disclosures under PDS. Investigation is conducted in all complaints /information received through the PDS mechanism and investigation reports are placed before MD & CEO. The details of the complaints and findings are also placed before the Audit Committee of the Board on a quarterly basis for review. The scheme is popularised through various measures such as preventive vigilance classes, internal circulars, alerts etc. No personnel have been denied access for giving any information

as envisaged in the Protected Disclosure Scheme. PDS policy is made available in Bank's website and Intranet. Website link to Bank's Whistle Blower Policy is <https://www.federalbank.co.in/documents/10180/45777/Whistle+Blower+policy/558aea51-1335-4546-9c9a-28c5030377a1>.

Details regarding Internal Complaints Committees (Information under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act, 2013) has been separately captured in this report.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY AND ITS FUTURE OPERATIONS

During the financial year 2021-22, the Bank has not received any significant or material orders passed by any Regulatory Authority, Court or Tribunal which shall impact the going concern status and Bank's operations in future.

## STATUTORY AUDITORS

The Shareholders in the 89<sup>th</sup> AGM held on July 16, 2020 approved the appointment M/s. Varma & Varma, Chartered Accountants (Registration No. 004532S), Kochi for a period of four (4) years together with M/s. Borkar & Muzumdar, Chartered Accountants (Registration No. 101569W), Mumbai for a period of three (3) years as Joint Statutory Central Auditors of the Bank from the conclusion of 89<sup>th</sup> AGM till the conclusion of 93<sup>rd</sup> and 92<sup>nd</sup> AGM respectively.

RBI vide circular dated DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 brought in "Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors". As per Para 8.1 of the said circular, in order to protect the independence of the auditors/audit firms, entities will have to appoint the SCAs/SAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year.

To comply with the requirements of the aforesaid RBI Circular dated April 27, 2021, the Shareholders in the 90<sup>th</sup> AGM held on July 9, 2021 approved revision of tenure of appointment of M/s. Varma & Varma, one of the Joint Statutory Central Auditors, as three years with effect from FY 2020-21.

RBI vide its letter DOS.ARG.No. PS-100 /08.09.005/2021-2022 dated July 20, 2021 had granted approval for appointment of M/s. Varma & Varma, Chartered Accountants and M/s. Borkar & Muzumdar, Chartered Accountants as the Joint Statutory Central Auditors of the Bank for FY 2021-22 for their second year.

Pursuant to the amendment made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act,

2017, effective from May 07, 2018, the requirement of seeking ratification of the members for the appointment / re-appointment of the Statutory Auditors has been withdrawn from the Statute. Hence, the resolution seeking ratification of the members for re-appointment at the ensuing AGM is not being sought for the reappointment of M/s. Varma & Varma, Chartered Accountants and M/s. Borkar & Muzumdar, Chartered Accountants as Joint Statutory Central Auditors of the Bank.

There is no qualification or adverse remark in Auditors' Report. There is no incident of fraud requiring reporting by the Auditors under Section 143(12) of the Act.

### SECRETARIAL AUDIT AND SECRETARIAL COMPLIANCE REPORT

Pursuant to the provisions of Section 204 of The Companies Act, 2013 your Bank has appointed CS EP Madhusudhanan (COP: 21874), Partner of SEP & Associates, Company Secretaries, Kochi as Secretarial Auditor to conduct Secretarial Audit of the Bank for the FY 2021-22. Accordingly, the Secretarial Audit Report for FY 2021-22 is annexed to this report as **Annexure II**. There are no reservations, adverse remark or disclaimer in the Secretarial Audit Report.

No offence of fraud was reported by the Secretarial Auditor of the Bank.

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019, the Bank has obtained Secretarial Compliance Report, certified by CS Puzhankara Sivakumar (COP: 2210), SEP & Associates, Company Secretaries, Kochi for Financial Year ended March 31, 2022, on compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder and the copy of the same was submitted with the Stock Exchanges.

### COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

The Bank has complied with Secretarial standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

### ANNUAL RETURN

The Annual Return for the Financial Year ended March 31, 2022 as required under Section 92 and Section 134 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the Bank's website, <https://www.federalbank.co.in/shareholder-information>.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014, the Bank has prepared its Consolidated Financial Statement including its subsidiaries M/s. Fedbank Financial Services Limited and M/s. Federal Operations and Services Limited and Associates, M/s. Ageas Federal Life Insurance Company Limited (Formerly known as IDBI Federal Life Insurance Co Ltd.) and M/s. Equirus Capital Private Limited, which is forming part of this Annual report. The financial position and performance of its subsidiaries & Associates are given in Form AOC-1, the statement containing salient features of the financial statements of the subsidiaries/Associate Companies/Joint Venture.

In accordance with third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report of the Bank, containing therein its Standalone and the Consolidated Financial Statements has been hosted on its website, [www.federalbank.co.in](http://www.federalbank.co.in). Further, as per fourth proviso to the said Section, the Audited Annual Accounts of the said Subsidiary Companies of the Bank, considered as part of the Consolidated Financial Statements have also been hosted on the Bank's website, [www.federalbank.co.in](http://www.federalbank.co.in). The said documents have been hosted on the website of the Subsidiary Companies of the Bank also, in compliance with the said Section.

The documents/details available on the Bank's website ([www.federalbank.co.in](http://www.federalbank.co.in)) will also be available for inspection by any Member at its Registered Office. Further, pursuant to the provisions of Accounting Standard ('AS') 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Bank along with its Subsidiaries and Associates for the year ended March 31, 2022 forms part of the Annual Report.

### REQUIREMENT FOR MAINTENANCE OF COST RECORDS

The Bank is not required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In compliance with the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, separate Section on Management Discussion and Analysis, as approved by the Board, which includes details on the state of affairs of the Bank, forms part of this Annual Report.

### CORPORATE GOVERNANCE

Corporate Governance has been an integral part of the way your Bank has been doing business since inception. The Bank believe that good Corporate Governance emerges from the application



of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

Your Bank seeks to embed and sustain a culture that will enable us to achieve our objectives through effective corporate governance and enhance transparent engagement with key stakeholders.

A separate report on Corporate Governance setting out the governance structure, principal activities of the Board and its Committees and the policies and practices that enable the Board to fulfil its stewardship responsibilities together with a Certificate from the Secretarial Auditor of the Bank regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations forms part of this Annual report.

### **INTERNAL COMPLAINTS COMMITTEES (INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013)**

The Bank had constituted Internal Complaints Committee, as per letter and spirit contained in the provisions of “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013”, at 9 Zones and Head Office to prevent and redress the complaints relating to sexual harassment and to organize workshops/ awareness programs to empower women employees while handling cases relating to sexual harassment. Workshops/ awareness programs regarding women empowerment were conducted at various locations pan India. The data with regard to the redressal of complaints by the Internal Complaints Committee are as follows:

No. of complaints received for the year FY-2021-22	1
No. of complaints disposed off during FY -2021-22	1
No. of cases pending for more than 90 days	Nil
No. of workshops/ awareness program against sexual harassment carried out	14
Nature of action taken by the employer/ District Officer	Appropriate action taken

### **DIVIDEND DISTRIBUTION POLICY**

In accordance with the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank has formulated a Dividend Distribution Policy. The policy has been displayed on the Bank’s website at <https://www.federalbank.co.in/our-commitments>.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Bank has through the years developed and stabilized an effective internal control system calibrated to the risk appetite

of the Bank and aligned to the scale, size and complexity of its operations. The scope and authority of the internal audit function is defined in the Audit and Inspection Policy of the Bank, duly approved by the Board of Directors. In order to help Bank achieve its mission of adopting the best professional practices prevailing in the industry, while framing the policy, substantial inputs are taken from - RBI guidance note on Risk Based Internal Audit, ‘The internal audit function in banks’ published by Basel Committee on Banking Supervision and RBI Circular on ‘Concurrent Audit System’. Audit and Inspection Policy is reviewed annually. Policy is reviewed considering various guidelines of RBI, Basel Committee recommendations, ICAI guidelines, other statutory / regulatory guidelines, directions of Board / Audit Committee of the Board issued from time to time and periodic internal guidelines / instructions issued by the Bank. At the enterprise level, the Inspection and Audit Department, on a continuous basis, assesses and monitors the effectiveness of the control systems and its adequacy to meet the growing complexities. The audit function essentially validates the compliance of Bank’s processes and operations with regulatory guidelines, accounting procedures and Bank’s own internal rules and guidelines. A department level group meets on periodical intervals to discuss latest internal / RBI / regulatory guidelines for ensuring that the required changes are implemented for making the audit function updated and dynamic.

The Bank has a robust system towards escalating the audit findings to appropriate levels in the hierarchy of Management and discussions are held in various Committees, covering corrective actions to reduce the incidence of audit findings, with adequate follow up of the implementation thereof. The Bank in compliance of the requirements of Section 138 of the Companies Act, 2013, has designated the Head of Inspection and Audit Department as Internal Auditor of the Bank. Internal Auditor of the Bank directly reports to the Managing Director & CEO of the Bank. Audit Committee of the Board reviews the adequacy and effectiveness of the Internal Audit Function. The Bank has various types of audit which inter-alia include Risk Based Internal Audit, Information System Audit, Third Party Risk Audit, Offsite Audit (audit through use of technology and data analysis), Concurrent Audit, Gold Loan Audit and Management Audit. Branches / Departments are risk rated and the frequency of Risk Based Internal Audit / Management Audit is decided based on the Risk Rating of the unit. Significant Audit findings and observations are presented to Inspection Review Committee of Executives and a report on the meetings of Inspection Review Committee of Executives along with significant audit findings, directions / suggestions of the Committee and action taken in such cases are placed to the Audit Committee of the Board for review periodically. Other findings are placed before a department level committee called the ‘Inspection Department Review Committee’ for review and its observations are placed before Inspection Review Committee of Executives.

As per the requirement of Companies Act, 2013, Bank has formulated Internal Financial Controls Framework. Risk and Controls associated with each process in the Bank are documented under the Internal Financial Controls Framework. Inspection and Audit Department plays a significant role in testing the control effectiveness for each process under the framework.

The Internal Audit function provides independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the Bank's internal control, risk management and governance systems and processes, thereby helping the Board and Senior Management protect the Bank and its reputation.

**POLICY ON BOARD DIVERSITY**

Policy on Board Diversity of the Bank mainly depends on the qualifications for appointment of Directors of the Bank as contained in the Banking Regulation Act, 1949 and satisfying the Fit and Proper Criteria for directors as per the regulatory requirement of RBI.

The Bank continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. Diversity is ensured through consideration of a number of factors, including but not limited to skills, regional and industry experience, background and other qualities. In forming its perspective on diversity, the Bank also takes into account factors based on its own business model and specific needs from time to time.

Board Diversity enhances the quality of performance of the Board; ushers in independence in the performance of the Board; eradicates the gender bias in the Board; achieves sustainable and balanced performance and development; supports the attainment of strategic objectives & also ensures compliance of applicable law/s and good corporate practices.

Nomination, Remuneration, Ethics and Compensation Committee has the responsibility for leading the process for Board appointments and for identifying and nominating, for approval by the Board, candidates for appointment to the Board. The benefits of diversity continue to influence succession planning and continue to be the key criteria for the search and nomination of directors to the Board. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, including gender. While making Board appointments, the regulatory requirements for appointment of at least one Woman Independent Director on the Board of the Bank is also considered.

**BANK'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION (3) OF SECTION 178 OF COMPANIES ACT, 2013**

**a. Qualifications, Experience and knowledge**

1. The Board should bring to their tasks a balanced mix of knowledge, skills, experience, and judgment relevant to the Bank's policies, operations, and needs. Not less than fifty-one percent of the total number of Directors shall be persons having special knowledge, skills, or valuable experience in one or more fields, such as banking, finance, management, economics, law, accountancy, agriculture and rural economics, cooperative movement, trade, industry, infrastructure, engineering and technology. At least two Directors shall be persons having special knowledge or practical experience in agriculture and rural economy, cooperation, or small-scale industry. The Bank shall ensure to include in its Board need based representation of skills such as marketing, risk management, strategic planning, treasury operations, credit recovery, information technology, payment & settlement systems, human resources and business management. The Board should also have at least One Woman Independent Director in its composition.
2. The directors should be able to devote sufficient time and attention to the discharge of their duties to the Bank.
3. The age limit of Managing Director and Chief Executive Officer and Whole Time Directors shall be in the range of 35-70 years.
4. The age limit of Non- Executive Directors shall be in the range of 35-75 years.

**b. Disqualification / Conflicts of interest**

1. The Bank's Directors shall be subject to the disqualifications / prohibitions contained in the Companies, Act 2013 and the Banking Regulation Act, 1949 with respect to directorship of companies in general or banking companies in particular.
2. A Director shall not be a director of any other company, or partner or proprietor of a firm, where such directorship, partnership, or proprietorship involves or is likely to involve actual or potential conflicts of interest as a Director of the Bank. A Director shall promptly inform the Board / committee of any actual



or potential conflicts of interest with respect to any matter that may come up for the consideration of the Board or of any Committee of which he is a member, and shall refrain from participating in a discussion on the matter.

**c. Suggested criteria for determining attributes of a director as required to be specified under Companies Act, 2013 include**

1. Integrity in personal and professional dealings.
2. Wisdom and ability to take appropriate decisions.
3. Ability to read and understand financial statements
4. Ability to deal with others with a sense of responsibility, firmness, and cooperation.
5. Refrain from any action that would lead to loss of his independence.

**d. Suggested criteria for determining Independence of a director**

The criteria of independence of a director are determined based on the conditions specified in Section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he/ she meets the criteria of independence. The terms and conditions of appointment of Independent Director are disclosed on the website of the Bank and a web link thereto is: <https://www.federalbank.co.in/shareholder-information>.

## POLICY ON REMUNERATION

### Policy on Remuneration to Non-Executive Directors/ Independent Directors

The Policy of the Bank for the payment of remuneration to Non- Executive Directors / Independent Directors of the Bank is explained in the Comprehensive Compensation Policy for Non-Executive Directors / Independent Directors (other than Part Time Chairman), as approved by the Board of Directors and is disclosed on the website of the Bank and a web link thereto is: <http://www.federalbank.co.in/shareholder-information>.

As required under Banking Regulation Act, 1949 prior approval of RBI is required, to give remuneration to Non-Executive Part Time Chairman of the Board.

As per the Policy, during FY 2021-22, Non-Executive Director/ Independent Directors of the Bank are paid sitting fees for

attending Board/ Committees meetings and in addition, profit linked commission for FY 2020-21 was also paid during the year. Non- Executive Part Time Chairman was paid remuneration in addition to sitting fees with the approval of RBI.

### POLICY ON REMUNERATION TO MD & CEO, EXECUTIVE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The Compensation / Remuneration Policy of the Bank as approved by the Board contains the policy for payment of remuneration to MD & CEO, Executive Directors, Key Managerial Personnel and for all the other employees of the Bank.

As per the guidelines given by RBI, Compensation/Remuneration Policy has been designed with the following Core Principles:

#### Core Principles

1. Effective governance of Compensation.
2. Alignment of Compensation with Prudent Risk Taking.
3. Effective Supervisory Oversight and Stakeholder Engagement.

### Compensation of Managing Director & CEO, Whole Time Directors and Material Risk Takers (MRTs)

The compensation paid out to the referred functionaries is divided into two components:

The fixed compensation is determined based on the relevant factors such as industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span and adherence to statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. Perquisites that are reimbursable would also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will also be treated as part of fixed pay. (Approval from RBI to be taken as per section 35B of the Banking Regulation Act while deciding the fixed and variable compensation part for Managing Director & CEO and Whole Time Directors)

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

instruments. While considering/ recommending the variable pay in respect of Managing Director & CEO and Whole Time Directors, serious supervisory observations (if any) shall be factored, which will be ensured through suitable processes.

#### **Risk, Control and Compliance Staff**

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

#### **Other categories of Staff**

The compensation package applicable to Executives in Level IV to VII was fixed and governed based on the periodical industry level settlements under IBA pattern. To make the Compensation Structure market driven and competitive, a new performance based compensation package called "Grander Compensation Package" has been introduced for Executives in Level IV and above with effect from May 01, 2017 which consists of both fixed and variable compensation. The Compensation Package of Executives under Non Grander Compensation Package comprises of fixed compensation (determined based on the relevant factors such as industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span) and variable compensation (comprising of cash, share-linked instruments, or a mix of both cash and share-linked instruments).

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

#### **Limit on Variable Pay and Deferred compensation**

Managing Director & CEO, Whole Time Directors and Material Risk Takers (MRTs): In order to have a proper balance between fixed pay and variable pay, at least 50% of the total compensation would be variable. Deferral arrangements would invariably exist for the variable pay, regardless of the quantum of pay. For such executives of the Bank, a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹ 25 lakh, deferral requirements would not be necessary. The deferral period would be minimum of three years.

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

**Other categories of Staff:** The variable pay would be in the form of cash, share-linked instruments, or a mix of both cash and share-linked instruments. The total variable pay will be limited to a maximum of 300% of the fixed pay (for the relative performance measurement period). Deferral arrangements would invariably exist for the variable pay, if the Variable Pay exceeds 200% of the fixed pay. In such cases a minimum of 60% of the total variable pay must invariably be under deferral arrangements. Further, if cash component is part of variable pay, at least 50% of the cash bonus would also be deferred. However, in cases where the cash component of variable pay is under ₹25 lakh, deferral requirements would not be necessary.

#### **Severance Pay and Guaranteed Bonus**

Severance pay (other than gratuity or terminal entitlements or as entitled by statute) is not paid to any official of the Bank.

Guaranteed Bonus on joining in the form of Cash/equities/ deposits/ bonds/debentures etc. or multiyear guaranteed bonus (like retainer fees) is not paid to any official in the organization. However, to attract talent, sign on bonus or joining bonus can be paid, but this will be limited to the first year only and it will be given as Employee Stock Options only.

#### **Hedging**

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

#### **Malus / Claw back arrangement**

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

- Malus arrangement wherein Bank shall withhold vesting of all or part of the amount of deferred remuneration.



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

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

#### **Executive Director (ED) level Committee for reviewing the linkage of Risk based performance with Remuneration**

- The Committee shall review the Compensation paid vis-a-vis risk taking by the Executives to ensure that prudent risk taking is recognized in the compensation framework
- The Committee shall analyse the risk reward correlation and ensure that excess risk taking is not encouraged
- The Committee shall review the performance based variable compensation paid every year and ensure that an optimum risk reward balance is maintained.
- Linkage of performance during a performance measurement period with levels of remuneration.
- Bank's policy on deferral and vesting of variable remuneration and criteria for adjusting deferred remuneration before vesting and after vesting.
- The Committee shall establish appropriate compliance arrangements to ensure employees do not insure or hedge their compensation structure.
- The Committee shall update the details to the Nomination and Remuneration Committee on an annual basis.

#### **FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS**

The details of familiarization programmes are disclosed on the Bank's website, <https://www.federalbank.co.in/shareholder-information>

#### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) and other applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance and of the directors individually, as well as the evaluation of the working of its various Committees for the year under consideration.

The evaluation process was initiated by putting in place, a structured questionnaire after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning, such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

Thereafter a separate exercise was carried out in digital mode using a board evaluation software to evaluate the performance of individual Directors, including the Chairman of the Board, who were evaluated on specified parameters. The performance evaluation of the Independent Directors was carried out by the entire Board, other than the Independent Director concerned. The performance evaluation of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Directors expressed their overall satisfaction with the evaluation process.

#### **1. Performance Evaluation of Independent Directors**

##### **Criteria for evaluation include:**

- Attendance at the Board and Committee meetings
- Study of agenda in depth prior to meeting and active participation at the meeting
- Contributes to discussions on strategy as opposed to focus only on agenda
- Participate constructively and actively in the Committees of the Board in which they are Chairpersons or Members
- Exercises his skills and diligence with due and reasonable care and brings an independent judgement to the Board
- Knowledge and Competency: i) How the person fares across different competencies as identified for effective functioning of the entity and the Board ii) Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates
- The Director remains abreast of developments affecting the company and external environment in which it operates independent of his being apprised at meetings

- h. Whether person is independent from the entity and the other directors and there are no conflict of interest
- i. Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)

**2. Performance Evaluation of Chairman**

**Criteria for evaluation include:**

- a. Works effectively with the Board as a whole
- b. Ability to elicit inputs from all Board Members and steer the discussions to a logical conclusion
- c. Works with the Board and directs the management for creating an effective process for long-range or strategic planning for the Company
- d. Whether the Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively
- e. Whether the Chairperson is able to keep shareholders' interest in mind during discussions and decisions
- f. Whether the Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc
- g. Handling of critical situations concerning the Bank
- h. Thinks strategically to promote growth, improve financial performance and gain competitive advantage.
- i. Understands financial planning, budgeting and management of the organization's investments and overall organization financial perspective.

**3. Performance Evaluation of Non-Independent Directors (MD & CEO and Executive Directors)**

**Criteria for Evaluation include:**

**Quantitative Targets:**

- a. Achievements of performance against targets set

**Qualitative Targets:**

- a. Apprises the Board regarding the organization's financial position and operational budget so as to enable the Board to make informed financial decisions
- b. Provides Leadership in developing strategies and organizational plans with the management and the Board of Directors
- c. Ensures that the Board is kept informed about all issues concerning the Bank
- d. Media interaction and ability to project positive image of the Company

- e. Effectively pursues the performance goals in relation to mission and objective of the organization
- f. Motivating employees, providing assistance & directions and supervising & safeguard of confidential information
- g. Establishment of internal control processes, monitoring policies and encouraging suggestions
- h. Cultivates effective Relationship with Industry Fora, Community and business leaders and Regulatory Bodies and Public Officials
- i. Ensures compliance with all legal and regulatory requirements
- j. Undertaking of various Developmental initiatives within the organisation
- k. Compliance with ethical standards & code of conduct and exercising duties diligently

**4. Performance Evaluation of Board and Committees**

**I. Criteria for Evaluation of Board include:**

- a. If Board is of appropriate size and has the appropriate balance and diversity of background, business experience, industry knowledge, skills and expertise in areas vital to the Bank's success, representing sectors laid down by the regulators, given its current and future position
- b. New Board members participate in an orientation program to educate them on the organization, their responsibilities, and the organization's activities, the Board encourages a culture that promotes candid communication
- c. The Board oversees management's procedures for enforcing the organization's code of conduct, Action Taken Reports on the discussion/directions of the Board are submitted at regular intervals to the Board
- d. The Board oversees risk management through inputs from the Risk Management Committee
- e. The Board considers the quality and appropriateness of financial reporting, including the transparency of disclosures
- f. The Board ensures compliance with the relevant provisions of the Companies Act and other regulatory provisions as applicable to the Bank
- g. The Board oversees the compliance processes
- h. The Board views the organization's performance from the competitive perspective - industry and peers performance, industry trends and budget analysis and



with reference to areas where significant differences are apparent etc.

- i. The Board ensures compliance with the relevant provisions of the Companies Act and other regulatory provisions as applicable to the Company
- j. The Board has defined an effective Code of Conduct for the Board and Senior Management
- k. Whether the Board monitors and manages potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions

**Criteria for Evaluation of Committees include**

- a. The Committee Terms of Reference and composition continue to be appropriate
- b. The mandate, composition and working procedures of committees of the Board of Directors is clearly defined and disclosed
- c. Committee meetings are organized properly in number, timing and location
- d. The Committee is effective in carrying out its mandate
- e. The Committee members receive adequate material in advance of Committee meetings, in sufficient time and detail to permit members to effectively consider issues to be dealt with
- f. The Committee allocates the right amount of time for its work
- g. Whether the Committee has fulfilled its functions as assigned by the Board and laws as may be applicable
- h. Whether adequate independence of the Committee is ensured from the Board
- i. Whether the Committee's recommendations contribute effectively to decisions of the Board

**5. Assessment of Flow of Information**

**Criteria for evaluation include:**

The agenda and related information are circulated in advance of meetings to allow board members sufficient time to study and understand the information, Information on the annual operating plans and budgets and other updates are provided to the Board; Updates on operating results of the Bank is furnished to the Board, periodically etc. Update on the compliance with the regulatory, statutory or listing requirements are placed before the Board.

**BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT**

In July 2011, the Ministry of Corporate Affairs, Government of India, came out with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'. These guidelines contain certain principles that are to be adopted by companies as part of their business practices and require disclosures regarding the steps taken to implement these principles through a structured reporting format, viz. Business Responsibility Report. Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the requirement of submitting a Business Responsibility Report shall be discontinued after the financial year 2021-22 and thereafter, with effect from the financial year 2022-23, the top one thousand listed entities based on market capitalization shall submit a Business Responsibility and Sustainability report in the format as specified by the SEBI from time to time: Provided further that even during the financial year 2021-22, the top one thousand listed entities may voluntarily submit a Business Responsibility and Sustainability Report in place of the mandatory Business Responsibility Report. Your Bank has voluntarily adopted Business Responsibility and Sustainability Report for FY 22 and forms part of this Annual Report.

**TECHNOLOGY AND DIGITAL UPDATES AND MEASURES TAKEN IN IT GOVERNANCE, INFORMATION SECURITY, IT AUDIT, IT OPERATIONS, IT SERVICES OUTSOURCING**

**Technology and Digital updates**

IT provides the strong foundation that enables your Bank to grow extensively and gain market share. In the following paragraphs, we provide more details of the entire governance structure over IT, with focus on information security.

IT governance comprise processes that ensure the effective and efficient use of IT in enabling our organization to achieve its goals. It is an integral part of corporate governance and consists of the organizational structures, leadership and process that ensure IT sustains and extends the organization's strategy and objectives.

The governance of IT is effectively supervised by the Board of Directors through the IT & Operations Sub-Committee consisting of minimum three Directors with at least one Independent Director. All members of the Committee have extensive experience in IT & Operations and are able to provide effective guidance and direction to the management team.

Executive Level Committee which oversee the IT governance function include the Operations Risk Management Committee (ORMC), the Information Security Committee (ISC) and the Project Steering Committee (PSC).

Your Bank has a well-defined Information System Security Policy and a Cyber Security Policy. The effective implementation of these policies is supervised by the Information Security Committee and by the IT & Operations Committee of the Board.

In recognition of the need for enhanced systems security, your Bank conducts a wide range of system audits, using internal and external auditors. These range from the quarterly Vulnerability Assessments (VA) and Penetration Testing (PT) to concurrent audits to an annual end to end audit of IT infrastructure. All the applications, both web based and mobile based apps exposed to internet are subjected to external penetration testing (PT) before releasing to use.

Bank has deployed best in the class infrastructure to provide availability of service to users and customers without fail. The installed infrastructure is tested for its reliability and robustness by periodic audits. In addition, periodic Disaster Recovery Tests are conducted to ensure the ability to move to the Disaster Recovery infrastructure in the event of downtime in the main production capability.

More details on digital initiatives of the Bank are available in the Management Discussion and Analysis Report, forming part of this Annual Report.

### **PARTICULARS OF EMPLOYEES**

In terms of Section 136 of the Companies Act, 2013, the copy of the financial statements of the Bank, including the consolidated financial statements, the auditor's report and relevant annexures to the said financial statements and reports are being sent to the Members and other persons entitled thereto, excluding the information in respect of the employees of the Bank containing the particulars as specified in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5 (2) of the said Rules is available on the website: <https://www.federalbank.co.in/shareholder-information>.

The ratio of the remuneration of each Director to the median remuneration of the employees of the Bank and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure III**.

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

To the best of our knowledge and belief and according to the information and explanations obtained to us, the Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

1. that in the preparation of the annual financial statements for the year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2022 and of the profit of the Bank for the year ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
4. that the annual financial statements have been prepared on a going concern basis;
5. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
6. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

### **AWARDS AND ACCOLADES**

Your Bank has won various awards and accolades in the Financial Year 2021-22. Technology and digital have taken centre stage and your Bank continues to focus on innovation with customer convenience. The awards are a testimony to the Bank's commitment on the digital front. The various initiatives to establish digital at the fore, have brought in acclaim for the Bank.

Your Bank has been recognised as the 'Best mid-sized Bank' in the 26th 'Business Today - KPMG Annual Survey'.

Your Bank emerged winner of Plaque at the prestigious ICAI Awards for Excellence in Financial Reporting for the year ended March 31, 2021.

Your Bank won Ministry of Electronics and Information Technology (MeitY) Award for achieving 2nd Position for the Digital Payment Performance for the FY 2020-21 among the Indian Banks.

Your Bank was the winner of the Utkrisht Puraskar at the Digi Dhan Awards for overall performance in Digital Payments.

On the HR front, your Bank has been recognized as a 'Great Place to Work' in a study conducted by the Great Place to Work® Institute



for second time in a row. Great Place to Work® Institute works with companies around the world to build a High-Trust, High-Performance Culture that drives better business performance.

Your Bank was conferred with multiple awards in Infosys Finacle Client Innovation Awards in the mid-size bank segment under 5 categories namely Corporate Banking Digitization (Automatic Opening of Accounts through BPM), Customer Journey Reimagination (Fed-e-Point self-service customer portal), Modern Technologies-led Innovation (AI based Digital Lending Platform), Process Innovation (Be Your Own Master - Top Up Demand Loan) and Product Innovation (Cross Border Remittance Automation and InstaDemat).The Bank has also emerged as a runner up in the category Ecosystem-led Innovation (Neo-Banking).

Your Bank was conferred with 3 awards by IBA. The Bank is the winner of 'Best Fintech Adoption', runner up for 'Best Technology Bank of the Year' and received a special mention award for 'Best Cloud Adoption'.

Your Bank won an award for Best use of Cloud in Banking at the 3rd Annual BFSI Technology Excellence Awards 2022.

Your Bank won the prestigious Finnoviti Award instituted by Banking Frontiers for "Fed-E-Studio" the self-service Banking kiosk for customers.

Your Bank won 'Private Sector Bank of the Year' Award (Gold Category ) at the 20th edition of Outlook Money Awards.

### ACKNOWLEDGEMENT

Your Directors place on record their deep appreciation to every member of Federal family for their hard work, dedication and commitment, to whom the credit for the Bank's achievements goes, particularly during this unprecedented year.

The Board of Directors take this opportunity to express their deep sense of gratitude to Government of India, Reserve Bank of India, various State Governments and regulatory authorities in India and overseas for their valuable guidance, support and cooperation. The Directors also wish to express their gratitude to Investment Banks, Rating Agencies and Stock Exchanges for their wholehearted support. The Directors record their sincere gratitude to the esteemed customers and all other well-wishers for their continued patronage.

And to you, our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

**For and on behalf of the Board of Directors**

Sd/-

**Mr. C Balagopal**

Chairman of the Board  
(DIN-00430938)

Place: Aluva

Date:30.06.2022

# Annexure to Board’s Report

## Annexure I

### Annual Report on Corporate Social Responsibility Activities

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

**1. A brief outline of the company’s CSR policy, including overview of projects or programs undertaken and a reference to the web-link to the CSR Policy and Projects or Programs.**

Corporate Social responsibility (CSR) has always been a key component of the operating philosophy of the Federal Bank Limited (hereinafter referred to as “the Bank”), as evidenced by the activities of the public charitable trust, set up by the Bank in 1996, in the fond memory of its Founder Shri. K.P.Hormis and the voluntary adoption of a formal Policy on CSR by the Bank in 2011.

The Bank has a Corporate Social Responsibility (CSR) Policy which is approved by the Board of Directors of the Bank, as mandated by Companies Act, 2013. The Policy elucidates in detail on the CSR Vision, the Committee and the CSR projects & activities of the Bank through the focus areas as notified under Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules 2014 and objectives of the Federal Bank Hormis Memorial Foundation as mentioned in the trust deed.

Federal Bank Hormis Memorial Foundation is the special purpose vehicle to undertake CSR activities of the Bank

The projects undertaken are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR policy and projects or programs undertaken by the Bank are available on links given below:

<https://www.federalbank.co.in/documents/10180/45777/Corporate+Social+Responsibility++Policy.pdf/2d979fe6-8723-4210-a2ff-136784690413?t=1632293253033>

<https://www.federalbank.co.in/corporate-social-responsibility>

**2. Composition of the CSR Committee**

\* The constitution of CSR Committee is as follows:

Sl. No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr K Balakrishnan	Independent director		1
2	Mr. A P Hota	Independent Director	3	3
3	Mr. Shyam Srinivasan	Managing Director & Chief Executive Officer		3
4	Mr. Ashutosh Khajuria	Executive Director		2
5	Ms. Shalini Warriar	Executive Director		2
6	Mr. Sankarshan Basu	Independent Director		2

\* Constitution of CSR Committee with effect from 24.03.2022 is as follows:

Sl. No	Name of Director	Designation / Nature of Directorship
1	Mr C Balagopal	Chairman
2	Mr. Sankarshan Basu	Independent Director
3	Mr. Shyam Srinivasan	Managing Director & Chief Executive Officer
4	Mr. Ashutosh Khajuria	Executive Director
5	Ms. Shalini Warriar	Executive Director



**3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company**

Composition of the CSR committee shared above and is disclosed in the Policy on Corporate Social Responsibility 2021-2022. The web-link to access the CSR committee, CSR Policy and CSR projects are given below.

CSR Policy: <https://www.federalbank.co.in/documents/10180/45777/Corporate+Social+Responsibility++Policy.pdf/2d979fe6-8723-4210-a2ff-136784690413?t=1632293253033>

CSR Projects: <https://www.federalbank.co.in/corporate-social-responsibility>

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub rule (3) of rule 8 of the Companies(Corporate Social Responsibility Policy) Rules, 2014, if applicable(attach Report)**

There are no projects undertaken or completed after January 22, 2021, for which the impact assessment report is applicable in FY 2021-22.

**5. Details of amount available for set off in pursuance of sub rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules 2014 and amount required for set off for the financial year, if any**

SI no	Financial Year	Amount available for set off from preceding financial years (in ₹)	Amount required to be setoff for the financial year , if any (in ₹)
	-	Nil	Nil

**6. Average Net profit of the Company for the last three financial years**

	As per Section 198 (₹ in Lakh)			
	2018-19	2019-20	2020-21	Total
<b>Profit as per Section 198</b>	<b>184,379.48</b>	<b>200,602.81</b>	<b>216,447.50</b>	<b>601,429.79</b>
Adjustment for Dividend Received as per Rule 2 (h) of the CSR Rules		3,057.47		3,057.47
Profit for CSR	*184,379.48	*197,545.34	*216,447.50	598,372.32
Average Profit				199,757.44
CSR Requirement (2% of Average Profit)				3,989.15

**\*Profit before Tax mentioned is profit as per Section 198 with certain adjustments for the calculation of CSR obligation.**

- 7.** (a) Two percent of average net profit of the company as per section 135(5) - ₹ 3,989.15 Lakh  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial year - Nil  
 (c) Amount required to be set off for the financial year, if any - Nil  
 (d) Total CSR obligation for the financial year (7a+7b+7c) = ₹ 3,989.15 Lakh

## 8. a. CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
40,06,00,521/-	Nil	-	-	Nil	-

## b. Details of CSR amount spent against ongoing projects for the financial year – NA

1	2	3	4	5	6	7	8	9	10	11		
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number

## c. Details of CSR amount spent against other than ongoing projects for the financial year

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Local Area	Location of the project		Amount spent for the project (in ₹)	Mode of implementation-Direct (Yes/ No)	Mode of implementation- Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Health Care-Support to Chomu Govt Hospital	(i)	Yes	Rajasthan	Jaipur	55,200	Yes	Directly by Bank	
2	Promoting Education-Support to Balanagar ITI	(ii)	Yes	Kerala	Ernakulam	25,000	Yes	Directly by Bank	
3	Providing Safe Drinking Water-Support to Aluva Powravakasa Samrakshana Samithy	(ii)	Yes	Kerala	Ernakulam	25,000	Yes	Directly by Bank	
4	Covid 19 Support to Kattakkada Police Station	(xii)	Yes	Kerala	Trivandrum	5,000	Yes	Directly by Bank	
5	Promoting Sports-Support to VWCA for organising indoor premier league	(vii)	Yes	Kerala	Ernakulam	20,000	Yes	Directly by Bank	
6	Covid 19-Vaccination Support to Manjapra Grama Panchayath	(xii)	Yes	Kerala	Ernakulam	5,000	yes	Directly by Bank	



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
7	Covid 19-Support to Aluva District Hospital	(xii)	Yes	Kerala	Ernakulam	1,257,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
8	Health Care-Palliative Care Support to Signature Foundation, EKM	(i)	Yes	Kerala	Ernakulam	595,796	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
9	Rural Development Support to Hebri Taluk Office	(x)	Yes	Karnataka	Udupi	73,500	Yes	Directly by Bank	
10	Women Empowerment Support to Seva Kendra, Silchar	(iii)	Yes	Assam	Silchar	20,000	Yes	Directly by Bank	
11	Covid 19 Support to Kadungalloor Grama Panchayath	(xii)	Yes	Kerala,	Ernakulam,	64,975	Yes	Directly by Bank	
12	Rural sports-Support to Bosco Reachout	(vii)	Yes	Assam	Guwahati	25,000	Yes	Directly by Bank	
13	Health Care-Palliative Care Support to CSI Karunalayam	(i)	Yes	Kerala	Ernakulam	71,900	Yes	Directly by Bank	
14	Covid 19 Support to Govt Taluk Hospital, North Parur	(xii)	Yes	Kerala	Ernakulam	41,300	Yes	Directly by Bank	
15	Covid 19 Support to Soukhyam Charitable Trust	(xii)	Yes	Kerala,	Ernakulam	500,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
16	Covid 19 Support to Anoop Jacob, MLA for providing food kits	(xii)	Yes	Kerala	Ernakulam	150,000	Yes	Directly by Bank	
17	Covid 19-Support to Edavetty Grama Panchayath	(xii)	Yes	Kerala,	Kottayam	20,000	Yes	Directly by Bank	
18	Covid 19 Support to District Police Chief, TCR	(xii)	Yes	Kerala	Thrissur	9,954	Yes	Directly by Bank	
19	Eradicating Hunger Support to JSMD	(i)	Yes	Kerala	Ernakulam	45,000	Yes	Directly by Bank	

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Local Area	Location of the project		Amount spent for the project (in ₹)	Mode of implementation-Direct (Yes/ No)	Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
20	Covid 19 Support for free vaccination of mentally challenged	(xii)	Yes	Kerala	Ernakulam	499,980	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
21	Covid 19 Support for providing Groceries to destitute homes	(xii)	Yes	Kerala	Ernakulam	100,000	Yes	Directly by Bank	
22	Support to TVM Corporation for disaster relief covid 19	(xii)	Yes	Kerala	Trivandrum	35,290	Yes	Directly by Bank	
23	Promoting Education Support to Aluva East Police Station-CCTV Repair	(ii)	Yes	Kerala,	Ernakulam	382,290	Yes	Directly by Bank	
24	Covid 19 Support for free vaccination-Kolhapur	(xii)	Yes	Maharashtra	kolhapur	800,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
25	Covid 19 Support for purchasing two oxygen concentrators – Coimbatore District Mini Bus Operators Association	(xii)	Yes	Tamilnadu	Coimbatore	170,000	Yes	Directly by Bank	
26	Prevention of drug abuse-Addl DGP, TVM	(i)	Yes	Kerala	Trivandrum	40,000	Yes	Directly by Bank	
27	Covid protection kit to Govt Officials	(xii)	Yes	Kerala	Trivandrum	67,365	Yes	Directly by Bank	
28	Kattappana Municipality-Covid Protection kit	(xii)	Yes	Kerala	Idukki	100,000	Yes	Directly by Bank	
29	Health Care Sahaya Hasta Manipl Charitable-Medical equipment	(i)	Yes	Karnataka	Udupi	293,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
30	Covid 19 Free Vaccination Indiana Hospital, Mangalore	(xii)	Yes	Karnataka	Dakshina Kannada	500,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
31	Covid 19 Deployment of mobile ATM- during intermittent lockdown	(xii)	Yes	Kerala, Tamilnadu, Karnataka, Maharashtra		13,952,129	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
32	Covid 19 Malappuram District Mobile vaccination	(xii)	Yes	Kerala	Malappuram	778,675	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
33	Protection of flora, Tree Guard/ Tree plantation- Gharaunda	(iv)	Yes	Haryana	Karnal	35,490	Yes	Directly by Bank	
34	Promoting Education Aluva Municipality Project –Our Aluva Survey	(ii)	Yes	Kerala	Ernakulam	76,000	Yes	Directly by Bank	
35	Covid 19 Govt Medical College, Kottayam- Covid Protection kit	(xii)	Yes	Kerala	Kottayam	199,560	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
36	Promoting Education Twice is Wise-Cyber Security Awareness programme	(ii)	Yes	Pan India	Pan India	1,979,445.23	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
37	Welfare of senior citizens Support to St.Joseph's Clergy Home,Boiraghi-mat-Diocese of Dibrugarh	(iii)	Yes	Assam	Dibrugarh	490,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
38	Providing Safe drinking water Nellaiappar Temple for providing safe drinking water	(i)	Yes	Tamilnadu	Tirunelveli	19,000	Yes	Directly by Bank	
39	Promoting Education Barricades- Nagercoil Police	(ii)	Yes	Tamilnadu	Nagercoil	152,625	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
40	Providing Safe drinking water Water purifier to Thirumalai Covil Temple	(i)	Yes	Tamilnadu	Tirunelveli	22,600	Yes	Directly by Bank	

(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
41	Eradicating Hunger Support to Chavara Darshan CMI Public School for providing food kit to the needy	(i)	Yes	Kerala	Kottayam	75,000	Yes	Directly by Bank	
42	Covid 19 Support to Nedumkondom Grama Panchayath-laptop for covid centre	(xii)	Yes	Kerala	Idukki	25,000	Yes	Directly by Bank	
43	Providing Safe drinking water Support to St Antonys Shrine-Safe drinking water	(i)	Yes	Tamilnadu	Kanyakumari	19,000	Yes	Directly by Bank	-
44	Eradicating hunger Support to SOS Childrens Village-Onam feast	(i)	Yes	Kerala	Ernakulam	102,600	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
45	Protection of National Heritage Support to Khsethra Kshema Samithy for construction of heritage gopuram	(v)	Yes	Kerala	Ernakulam	1,434,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
46	Promoting Education Support to EKM Public Library-Digitization	(ii)	Yes	Kerala	Ernakulam	700,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
47	Promoting Education Barricades-Support to Marthandam Police Station	(ii)	Yes	Tamilnadu	Kanyakumari	140,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
48	Support to Thanjavur Diocese-Promoting Education-CCTV	(ii)	Yes	Tamilnadu	Thanjavur	85,000	Yes	Directly by Bank	
49	Founders Day-CSR Activity-Br Khargar	(i)	Yes	Maharashtra	Raigad	5,970	Yes	Directly by Bank	
50	Support to Social Town Foundation-Promoting Education-Talk series	(ii)	Yes	Kerala	Ernakulam	59,000	Yes	Directly by Bank	



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
51	Promoting Education Speak for India-Scholarship to winner-2019-20 Sri Vinayak Gupta	(ii)	Yes	New Delhi	New Delhi	45,078	Yes	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
52	Promoting Education Barricades-Cuddalore Traffic	(ii)	Yes	Tamilnadu	Cuddalore	70,680	Yes	Directly by Bank	
53	Covid 19 Vimala Hospital Kanjoor-free vaccination	(xii)	Yes	Kerala	Ernakulam	195,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
54	Promoting Education BDO, Balasore-smart classroom in schools	(ii)	Yes	Orissa	Balasore	1,255,992	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
55	Promoting Education Barricades-Chinnamannur Police	(ii)	Yes	Tamilnadu	Theni	85,000	Yes	Directly by Bank	
56	Covid 19 Support to TVL Corporation-vehicle for CFLTC	(xii)	Yes	Tamilnadu	Tirunelveli	470,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
57	Promoting Education Barricades-Thenkarai Periakulam Police	(ii)	Yes	Tamilnadu	Theni	51,000	Yes	Directly by Bank	
58	Covid 19 Livelihood Enhancement-Covid Warden Initiatives	(xii)	Yes	Kerala	All Kerala	7,962,008	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
59	Promoting Education Barricades- Theni Traffic Police	(ii)	Yes	Tamil Nadu	Theni	42,500	Yes	Directly by Bank	
60	Promoting Education Barricades-Sengottai Traffic Police	(ii)	Yes	Tamil Nadu	Tenkasi	51,800	Yes	Directly by Bank	

(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
61	Covid 19-Greater Chennai Corporation-15 laptops printers/ printers CFLTC	(xii)	Yes	Tamilnadu	Chennai	735,180	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
62	Health Care St Josphe Pain & Palliative-vehicle to palliative care centre	(i)	Yes	Assam	Dimapur	996,339	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
63	Health Care Support to GH,EKM-Medical equipments	(i)	Yes	Kerala	Ernakulam	1,998,937	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
64	Miyawaki Project-Environmental sustainability	(iv)	Yes	Tamilnadu	Chennai	700,000	Yes	Directly by Bank	
65	Promoting Education Barricades-Perundurai Police Station	(ii)	Yes	Tamilnadu	Erode	90,440	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
66	Promoting Education Barricades-Chennimalai PS	(ii)	Yes	Tamilnadu	Erode	36,175	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
67	Health Care Guardian Angel Peace Mission Centre-Palliative Centre construction	(i)	Yes	Kerala,	Ernakulam	10,000,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
68	Promoting Education Support to Annasalai Police Station-CCTV Surveillance	(ii)	Yes	Tamilnadu	Chennai	455,834	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
69	Health Care Support to TVM District Panchayath for purchasing Ambulance	(i)	Yes	Kerala	Trivandrum	2,005,291	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
70	Promoting Education Support to K P Hormis Charitable Society-Scholarship to the needy	(ii)	Yes	Kerala	Ernakulam	250,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
71	Health Care Support to Anugraha Bhavan	(i)	Yes	Kerala	Kozhikode	21,001	Yes	Directly by Bank	
72	Promoting Education Barricades to TVL Police Station	(ii)	Yes	Tamilnadu	Tirunelveli	152,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
73	Promoting Education Barricades to Calcutta Police	(ii)	Yes	West Bengal	Kolkata	1,325,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
74	Eradicating Hunger Food to Street Dwellers-Mid day Meals through Kudumbasree Units Thalassery	(i)	Yes	Kerala	Kannur	37,500	Yes	Directly by Bank	
75	Health Care Support to Nazareth Hospital-Bipap Machine	(i)	Yes	West Bengal	Patna	44,840	Yes	Directly by Bank	
76	Founders Day CSR Activity-Koduvally-water purifier to Narikuni Pain & Palliative Care	(i)	Yes	Kerala	Kozhikode	16,400	Yes	Directly by Bank	
77	Founders Day CSR Activity-Vaniamkulam-ICCONS -wheel chair	(i)	Yes	Kerala	Palakkad	7,500	Yes	Directly by Bank	
78	Covid 19 Support to Dharmapuri Medical College-Oxygen plant -electrification, infrastructure	(xii)	Yes	Tamilnadu	Dharmapuri	650,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
79	Welfare of orphans Support to Marian Charities-water Heater	(iii)	Yes	Kerala	Palakkad	18,500	Yes	Directly by Bank	
80	Promoting Education Barricades-Mumbai Police Station	(ii)	Yes	Maharashtra	Mumbai	2,124,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
81	Health Care Providence Home,Ayroor-Ambulance	(i)	Yes	Kerala	Kottayam	542,520	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Local Area	Location of the project		Amount spent for the project (in ₹)	Mode of implementation-Direct (Yes/ No)	Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
82	Health Care Kurji Family Hospital-phototherapy machine	(i)	Yes	West Bengal	Patna	43,000	Yes	Directly by Bank	
83	Health Care Santhinikethan, Chittilappilly-Palliative Care-Cots & wheel chair	(i)	Yes	Kerala	Thrissur	136,500	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
84	Health care & Sanitation-AUPS, Chazhiyattiri	(i)	Yes	Kerala	Palakkad	22,500	Yes	Directly by Bank	
85	Eradicating Hunger Food packets to 100 needy people-Theruvinte makkal Charitable Trust	(i)	Yes	Kerala	Kozhikode	2,500	Yes	Directly by Bank	
86	Eradicating Hunger Support to Thelliyoor-JMMA Holistic -food & grocery	(i)	Yes	Kerala	Pathanamthitta	67,600	Yes	Directly by Bank	
87	Support to SEED Project-Environmental sustainability	(iv)	Yes	Kerala	All Kerala	2,596,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
88	Promoting Education Support to Prasanthi School-desk & Bench	(ii)	Yes	Kerala	Kozhikode	18,000	Yes	Directly by Bank	
89	Welfare of Orphans Support to Shreyas Charitable Society-	(iii)	Yes	Kerala	Pathanamthitta	24,500	Yes	Directly by Bank	
90	Disaster Relief Koottikkal Flood Relief	(xii)	Yes	Kerala	Kottayam	83,343	Yes	Directly by Bank	
91	Health Care Daya Charitable –Wheel Chair	(i)	Yes	Kerala	Kozhikode	6,500	Yes	Directly by Bank	
92	Promoting Education Founders Day CSR Activity-Kodakara Branch-Krishnavilas U P School-	(ii)	Yes	Kerala	Thrissur	30,800	Yes	Directly by Bank	
93	Health Care Founders Day CSR Activities-Dhamas Branch-Bele Sheshe Old Age Home-Pulse Oxymeter	(i)	Yes	Uttarakhand	Almora	6,609	Yes	Directly by Bank	



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
94	Promoting Education Barricades to Chennai Zone	(ii)	Yes	Tamilnadu	Chennai	304,440	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
95	Promoting Education Founders Day CSR Activities-Eramalloor-Govt NSLP School	(ii)	Yes	Kerala	Alappuzha	73,160	Yes	Directly by Bank	
96	Welfare of Orphans Founders Day CSR Activities-Hormis Nagar-Emmanuel Orphanage	(iii)	Yes	Kerala	Ernakulam	17,325	Yes	Directly by Bank	
97	Disaster Relief Chennai Zone Flood Relief-food packets to affected families	(xii)	Yes	Tamilnadu	Chennai	187,918	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
98	Promoting Education Barricades-Hosur Police	(ii)	Yes	Tamilnadu	Krishnagiri	170,628	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
99	Health Care CSR Support Karunya Bhavan-differently abled	(i)	Yes	Kerala	Kozhikode	9,805	Yes	Directly by Bank	
100	Covid 19 CSR Support-Santhwanam social Apostolate Centre-Covid kit to students	(xii)	Yes	Kerala	Ernakulam	100,000	Yes	Directly by Bank	
101	Welfare of senior citizens CSR Support-Jeevan Jyothy Ashram-Utensils	(iii)	Yes	Kerala	Kasargode	65,136	Yes	Directly by Bank	
102	Health Care CSR Support-Sree Chithra-5 <sup>th</sup> year allocation	(i)	Yes	Kerala	Trivandrum	1,892,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
103	Promoting Education CSR Support -KVUPS, Kulappully	(ii)	Yes	Kerala	Palakkad	32,400	Yes	Directly by Bank	

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Local Area	Location of the project		Amount spent for the project (in ₹)	Mode of implementation-Direct (Yes/ No)	Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
104	Promoting Education CSR Support-SN English Medium School	(ii)	Yes	Kerala	kottayam	25,000	Yes	Directly by Bank	
105	Health Care CSR Support-Navachethana - 10 cots for destitute home	(i)	Yes	Kerala	Kozhikode	45,000	Yes	Directly by Bank	
106	Promoting Education CSR Support CII IWN	(ii)	Yes	Pan India	Pan India	236,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
107	Eradicating Hunger CSR Support-Manas Centre-food packets-welfare & poverty alleviation	(i)	Yes	Kerala	Kozhikode	9,500	Yes	Directly by Bank	
108	Promoting Education CSR Support- Pius XII School-sanitary napkin incinerator	(ii)	Yes	Kerala	Alappuzha	21,000	Yes	Directly by Bank	
109	Promoting Sports CSR Support-Masters Games Association	(vii)	Yes	Kerala	Ernakulam	10,000	Yes	Directly by Bank	
110	Health Care CSR Support Diocese of Kohima-Holy Redeemer Health Centre-Vehicle	(ii)	Yes	Assam	Dimapur	500,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
111	Providing Safe drinking water CSR Support-Bettiah Holy Cross-water purifier	(i)	Yes	West Bengal	Patna	19,250	Yes	Directly by Bank	
112	Founders Day CSR Activities-MGM School-Safe drinking water-Panposh Branch	(i)	Yes	West Bengal	Sundargarh	26,500	Yes	Directly by Bank	
113	Promoting Education Founders Day CSR Activities-Kalamassery branch-St pauls College, smart library	(ii)	Yes	Kerala,	Ernakulam	77,980	Yes	Directly by Bank	



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
114	Health Care Founders Day CSR Activities-Palakkad branch-Paalana Institute of Medical Sciences-Health Care-Syringe Pump	(i)	Yes	Kerala,	Palakkad	38,640	Yes	Directly by Bank	
115	Promoting Education CSR Activity-Aluva RSS-Nazareth LPS, smart classroom	(ii)	Yes	Kerala,	Ernakulam	57,250	Yes	Directly by Bank	
116	Health Care Founders Day CSR Activities-Areacode-Sayed Hussain Memorial Charitable Trust-Palliative Care Equipments	(i)	Yes	Kerala	Malappuram	84,800	Yes	Directly by Bank	
117	CSR Support-Govt School, Khirzabad-old computer refurbishing charges	(ii)	Yes	Haryana	Yamuna Nagar	26,416	Yes	Directly by Bank	
118	CSR Support- Govt HSS, Nemmara-safe drinking water	(i)	Yes	Kerala	Palakkad	27,000	Yes	Directly by Bank	
119	CSR Support-Divya Karunya Charitable Trust-safe drinking water	(i)	Yes	Kerala,	Ernakulam	49,250	Yes	Directly by Bank	
120	CSR Support-Koppam ALPS-safe drinking water	(i)	Yes	Kerala	Malappuram	9,800	Yes	Directly by Bank	
121	CSR Support-Mar Eusebious Palliative Care-Medical equipments	(i)	Yes	Kerala	Pathanamthitta	150,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
122	CSR Support-Promoting Education Barricades-Puducherry Police	(ii)	Yes	Tamilnadu	Puducheri	168,150	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
123	Promoting Education-Edathuruthy St Anns GHS	(ii)	Yes	Kerala	Thrissur	8,000	Yes	Directly by Bank	

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Local Area	Location of the project		Amount spent for the project (in ₹)	Mode of implementation-Direct (Yes/ No)	Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
124	CSR Support-Pollachi Municipality	(ii)	Yes	Tamilnadu	Coimbaore	162,500	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
125	CSR Support-St Dominics Special School, Mannarkkad	(i)	Yes	Kerala	Palakkad	48,500	Yes	Directly by Bank	
126	CSR Support-Al Ameen College-free vaccination	(iv)	Yes	Kerala	Ernakulam	195,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
127	CSR Support-Mahatma Janasevana Kendram,-food packets	(ii)	Yes	Kerala	Pathanamthitta	5,000	Yes	Directly by Bank	
128	Founders Day CSR Activities-Puducherry Rajiv Gandhi Govt Women and Children Hospital,Puducherry for medical equipments	(x)	Yes	Tamilnadu	Puduchery	67,500	Yes	Directly by Bank	
129	CSR Support-Bahanaga BDO-smart classroom at school	(ii)	Yes	Orissa	Balasure	766,504	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
130	CSR Support-North East Football Foundation	(vii)	Yes	Assam	Guwahati	2,152,502	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
131	CSR Support-Kalamassery Municipality-safe drinking water	(ii)	Yes	Kerala	Ernakulam	56,000	Yes	Directly by Bank	
132	Differently abled-CSR Support-Sneha Sadan, Kalady	(ii)	Yes	Kerala	Ernakulam	98,000	Yes	Directly by Bank	
133	CSR Support-Kripa Nilayam safe drinking water	(i)	Yes	Kerala	Ernakulam	15,500	Yes	Directly by Bank	
134	Health Care CSR Support Konni Medical College	(i)	Yes	Kerala	Pathanamthitta	998,917	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
135	Promoting Education Scholarship to Speak for India Winner-2019-20 Sri Britto Arockiadas	(ii)	Yes	Tamilnadu	Madurai	30,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
136	Eradicating Hunger CSR Support Sree Pragna chakshu Mahila Sewa Kunj-meals	(i)	Yes	Gujarat	Morbi	5,100	Yes	Directly by Bank	
137	Eradicating Hunger CSR Support-Sadbhavana Varsham, Rajkot-meals	(i)	Yes	Gujarat	Rajkot	2,500	Yes	Directly by Bank	
138	Health Care CSR Support-Yousuf Meheralli Centre, Mumbai	(i)	Yes	Maharashtra	Mumbai	1,065,664	Yes	Directly by Bank	
139	CSR Support-GVHSS, Edappally North-Maintenance of school bus	(ii)	Yes	Kerala	Ernakulam	34,000	Yes	Directly by Bank	
140	CSR Support-Health care-Sanitization items Fire Station, Pudukkad	(i)	Yes	Kerala	Thrissur	28,750	Yes	Directly by Bank	
141	Promoting Education CSR Support- St Marys UP School Folding Separation to class rooms	(ii)	Yes	Kerala	Ernakulam	63,000	Yes	Directly by Bank	
142	Health care-Promoting differently abled CSR Support-Snehasparsham-one laptop & desktop for office requirement	(i)	Yes	Kerala	Kozhikode	83,800	Yes	Directly by Bank	
143	Welfare-Setting up hostels for orphansCSR Support-Sisters of Charity-Secunderabad Province Distributing blankets & Groceries	(iii)	Yes	Telangana	Hyderabad	100,000	Yes	Directly by Bank	

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Local Area	Location of the project		Amount spent for the project (in ₹)	Mode of implementation-Direct (Yes/ No)	Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
144	Eradicating Hunger CSR Support-Kochi Corporation-Meals to the needy	(i)	Yes	Kerala	Ernakulam	500,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
145	Health Care CSR Support-Ram Lohia Sansthan-Free Eye Check up, Jamshedpur	(i)	Yes	Jharkhand	East Singhbhum	41,000	Yes	Directly by Bank	
146	Providing Safe drinking water CSR Support-Water purifier to schools-BDO, Balasore	(i)	Yes	Orissa	Balasore	194,350	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
147	Promoting Sports CSR Support-St Josephs College, Irinjalakuda	(vii)	Yes	Kerala	Thrissur	717,800	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
148	Eradicating Hunger CSR Support Rotary Club-Visappurahitha Keralam	(i)	Yes	Kerala	Ernakulam	15,000	Yes	Directly by Bank	
149	Promoting Education CSR Support-Sahaya Hasta Foundation-	(iii)	Yes	Karnataka	Udupi	100,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
150	Protection of Ntaional Heritage CSR Support Calicut Heritage Forum	(v)	Yes	Kerala	Kozhikode	50,000	Yes	Directly by Bank	
151	Promoting Education CSR Support BDO, Jaleshwar-smart class	(ii)	Yes	Orissa	Balasore	148,680	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
152	Setting up old age homes CSR Support- St Vincent's Home-Mattresses for inmates	(iii)	Yes	Kerala	Kozhikode	94,500	Yes	Directly by Bank	
153	Scholarship to Speak for India Winner-2019-20-Vinayak Gupta	(ii)	Yes	New Delhi	New Delhi	3,653	Yes	Directly by Bank	



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
154	Eradicating Hunger CSR Support Chavara Darshan CMI School-food kits to the needy	(i)	Yes	Kerala	Ernakulam	25,000	Yes	Directly by Bank	
155	Health Care CSR Support St Thomas Hospital Chethippuzha-Ambulance	(i)	Yes	Kerala	Kottayam	666,349	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
156	Rural Development Village Adoption, Mardhala	(x)	Yes	Karnataka	Dakshin Kannada	286,408	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
157	Swatch Bharat CSR Support Haritha Keralam Mission	(iv)	Yes	Kerala	Pathanamthitta	53,100	Yes	Directly by Bank	
158	Health Care CSR Support-Jubilee Mission Hospital Burns Unit	(i)	Yes	Kerala	Thrissur	6,500,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
159	Welfare-Setting up orphanages -St Josephs Home, Pullazhy	(iii)	Yes	Kerala	Thrissur	50,000	Yes	Directly by Bank	
160	Swatch Bharat CSR Support Bhigwan Grama Panchayath	(iv)	Yes	Maharashtra	Pune	181,650	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
161	Welfare-Setting up orphanages CSR Support Welfare Association Trust	(iii)	Yes	Kerala	Ernakulam	130,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
162	Welfare-Setting up orphanages CSR Support Welfare Association Trust	(iii)	Yes	Kerala	Ernakulam	127,742.50	Yes	Directly by Bank	
163	Women Empowerment CSR Support-Don Bosco Football Society- Women football team Cochin	(iii)	Yes	Kerala	Ernakulam	500,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Local Area	Location of the project		Amount spent for the project (in ₹)	Mode of implementation-Direct (Yes/ No)	Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
164	CSR Support- Thrissur Municipal Corporation-Safe drinking water	(i)	Yes	Kerala	Thrissur	660,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
165	Welfare –Setting up homes CSR Support for construction of house-YMCA, Alengad	(iii)	Yes	Kerala	Ernakulam	348,013	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
166	Promoting Education CSR Support-ASAP, Kerala	(ii)	Yes	Kerala	TVM, KTM, Malappuram, Palakkad	692,300	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
167	Covid 19 CSR Support-District Collector, Virudhunagar-Oxygen plant -electrification, infrastructure	(xii)	Yes	Tamilnadu	Virudhunagar	3,093,258	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
168	Health Care CSR Support- Bhagalkot Nijalinappa Medical College	(i)	Yes	Karnataka	Bhagalkot	90,000	yes	Directly by Bank	
169	CSR Support Agarwal Charitable Trust Providing safe drinking water	(i)	Yes	West Bengal	Patna	30,000	yes	Directly by Bank	
170	CSR Support-Bosco Reachout-Rural Sports	(vii)	Yes	Assam	Guwahati	75,000	yes	Directly by Bank	
171	Providing safe drinking water CSR Support SSM School- 2 water purifiers to school	(i)	Yes	Kerala	Trivandrum	16,000	Yes	Directly by Bank	
172	Promoting Education, Differently abled CSR Support Chavaragiri CMI Special School- Laptop /projector	(ii)	Yes	Kerala	Kottayam	480,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
173	Promoting Education Founders Day CSR Activities- Iringapuram School	(ii)	Yes	Kerala	Thrissur	28,500	Yes	Directly by Bank	



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
174	Women Empowerment CSR Support-Sewaj Neessim Foundation	(iii)	Yes	New Delhi	New Delhi	200,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
175	Promoting Education- St Sebastians School, Kanjoor	(ii)	Yes	Kerala	Ernakulam	83,850	Yes	Directly by Bank	
176	Women Empowerment CSR Support-CII IWN	(iii)	Yes	Pan India	Pan India	118,000	Yes	Directly by Bank	
177	Infrastructure Support-Childrens Park-Malabar Special Police HQ	(iii)	Yes	Kerala	Malappuram	373,683	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
178	Welfare-Setting up Homes for orphans CSR Support Kripa Theeram	(iii)	Yes	Kerala	Trivandrum	24,849	Yes	Directly by Bank	
179	Health Care-differently abled-Support to Alphons Sadan	(i)	Yes	Kerala	Ernakulam	565,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
180	Women Empowerment CSR Support-Sewa Social service Society	(iii)	Yes	Maharashtra	Pune	95,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
181	Eradicating Hunger-Udayam Charitable Trust	(i)	Yes	Kerala	Kozhikode	50,000	Yes	Directly by Bank	
182	Health Care-Hrudaya Palliative Care	(i)	Yes	Kerala	Thrissur	1,133,108	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
183	Eradicating Hunger Matru chaya Orphanage-groceries	(i)	Yes	Maharashtra	North Goa	14,692	Yes	Directly by Bank	
184	CSR Support Lead Bank Office, Kottayam-Digitization	(ii)	Yes	Kerala	Kottayam	100,000	Yes	Directly by Bank	
185	Promoting Swatch Bharat CSR Support Nagar Parishad, Butibori	(iv)	Yes	Maharashtra	Nagpur	55,500	Yes	Directly by Bank	

(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
186	Setting up homes for orphans-Pelican Centre	(iii)	Yes	Kerala	Ernakulam	247,800	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
187	Environment Sustainability-Support to Irinjalakuda Municipality	(iv)	Yes	Kerala	Thrissur	878,160	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
188	Promoting Education CSR Support-Tahsil Office,Miraj	(ii)	Yes	Maharashtra	Sangli	29,336	Yes	Directly by Bank	
189	Providing safe drinking water CSR Support-Aluva Powravakasa Samithy	(i)	Yes	Kerala	Ernakulam	25,000	Yes	Directly by Bank	
190	Health care-Differently abled-Navjyothi Special School	(i)	Yes	Kerala	Trivandrum	41,200	Yes	Directly by Bank	
191	CSR Support-Diocese of Indore	(ii)	Yes	Madhya Pradesh	Indore	213,200	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
192	Environmental sustainability CSR Support-St George Balika Gram	(iv)	Yes	Maharashtra	Pune	552,720	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
193	Promoting Education CSR Support DB College, Thalayolaparambu	(ii)	Yes	Kerala	Kottayam	30,000	Yes	Directly by Bank	
194	Ensuring Environmental Sustainability Support Tiruvanvandoor Municipality	(iv)	Yes	Kerala	Chengannur	33,000	Yes	Directly by Bank	
195	Setting up homes for orphans-Welfare Services EKM	(iii)	Yes	Kerala	Ernakulam	661,853	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
196	Women Empowerment AIDA, Dimapur	(iii)	Yes	Assam	Dimapur	341,400	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
197	Promoting Education -Islamia English Medium School	(ii)	Yes	Kerala	Palakkad	20,644	Yes	Directly by Bank	
198	Setting up homes & hospital for orphans Snehadham Tau Devilal Old age home	(iii)	Yes	Haryana	Gurgaon	10,000	Yes	Directly by Bank	
199	Promoting Education CSR Support-Cocoon Cyber Security	(ii)	Yes	All Kerala	All Kerala	500,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
200	Promoting Women Empowerment CSR Support CII IWN	(iii)	Yes	Pan India	Pan India	100,000	Yes	Directly by Bank	
201	Promoting Sports Naipunya Institute	(vii)	Yes	Kerala	Ernakulam	100,000	Yes	Directly by Bank	
202	Coivd 19 CSR Support NIT, Trichy	(xii)	Yes	Tamilnadu	Trichy	852,655	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
203	Promoting Education Mount Sinai Boys Home	(ii)	Yes	Kerala	Ernakulam	375,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
204	Promoting Education CSR Support Scholarship to Speak for India Karnataka Winner Shelwyn James S	(ii)	Yes	Karnataka	Bangalore	127,565	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
205	Women Empowerment CSR Support Gokulam FC National Team 2020-2021	(iii)	Yes	Kerala	Malappuram	500,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
206	Women Empowerment CSR Support Gokulam FC Women's National Team 2021-2022	(iii)	Yes	Kerala	Malappuram	2,500,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299

(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
207	Covid 19-CSR Support GCC Chennai	(xii)	Yes	Tamilnadu	Chennai	990,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
208	Promoting Education CSR Support-West Kallada Grama Panchayath	(ii)	Yes	Kerala	Kollam	200,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
209	Women Empowerment Girl Child Education Swayam Shakthi Project 2021-22	(iii)	Yes	Haryana	Panchkula	440,700	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
210	Health Care-CSR Support-Santhwana Charitable Trust	(i)	Yes	Karnataka	Bangalore	900,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
211	Promoting Education CSR Support CCTV Seminaryppady Residents Association	(ii)	Yes	Kerala	Ernakulam	97,859	Yes	Directly by Bank	
212	CSR Support-Puliyoor Grama Panchayath	(iv)	Yes	Kerala	Chengannur	66,000	Yes	Directly by Bank	
213	Health Care-CSR Support-LF Hospital, Angamaly	(i)	Yes	Kerala	Ernakulam	2,500,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
214	Promoting Sports -UC College, Aluva	(vii)	Yes	Kerala	Ernakulam	731,370	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
215	Covid 19-Covid ward at -Aluva District Hospital	(xii)	Yes	Kerala	Aluva	35,334,548	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
216	Covid 19- -Gift A vaccine	(xii)	Yes	Punjab Madya pradesh Maharashtra Karnataka Andra pradesh	Amritsar, Indore, Nashik Dakshin Kannada Guntur	67,200,000	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>



(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
217	Promoting Education –Skill Development-Support to Federal Skill Academy	(ii)	Yes	Kerala TamilNadu Maharashtra	Ernakulam, Coimbatore Kolhapur	12,549,402	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
218	Promoting Education Federal Bank Hormis Memorial Foundation Scholarships	(ii)	Yes	Kerala Tamilnadu Maharashtra Gujarat	All Districts in the 4 states	18,589,958	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
219	Women Empowerment Girl Child Education Swayam Shakthi Project 2020-21	(iii)	Yes	Haryana	Panchkula	404,500	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
220	Women Empowerment Girl Child Education Swayam Shakthi Project 2020-21	(iii)	Yes	Haryana	Panchkula	24,992.40	Yes	Directly by Bank	
221	Covid 19 Free Vaccination-Rotary Club Queens Charitable Trust	(xii)	Yes	Kerala	Ernakulam	416,880	No	Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
222	Promoting Education-Vidyakiranam Project of Govt of Kerala	(ii)	Yes	All Kerala	All Kerala	3,224,479.80	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
223	Covid 19-Livelihood Enhancement-Covid Warden-Phase 1	(xii)	Yes	All Kerala	All Kerala	43,473,656	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
224	Covid 19-Livelihood Enhancement –Covid Warden-Phase 2	(xii)	Yes	All Kerala	All Kerala	31,854,440	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>
225	Promoting Sports-Support to Redeem FC Kochi	(vii)	Yes	Kerala	Ernakulam	1,308,948	No	Through Federal Bank Hormis Memorial Foundation	<b>CSR00006299</b>

(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Local Area	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementation-Direct (Yes/ No)	(8) Mode of implementation-Through Implementing Agency	
				State	District			Name	CSR Registration Number
226	Promoting Sports-Support to Kovalam FC	(vii)	Yes	Kerala	Ernakulam	999,190	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
227	Various projects-approved in 2021-2022- Amount Trfd to FHMF account on 31.03.2022	(i) (ii) (xii)	Yes	Pan India	Pan India www	*79,860,000	No	Through Federal Bank Hormis Memorial Foundation	CSR00006299
<b>Total</b>						<b>40,02,62,538</b>			

\*Federal Bank Hormis Memorial Foundation, implementing partner, identified 3 projects totalling to as ongoing for FY2021-22 and transferred ₹3,28,60,000/-to Federal Bank Hormis Memorial Foundation Unspent CSR account 2021-22 on 29.04.2022

- d. Amount spent in Administrative Overheads - ₹ 337,983/-
- e. Amount spent on impact assessment, if applicable NIL
- f. Total amount spent for the financial year ₹ 400,600,521/-
- g. Excess amount for set off, if any NIL

Sl no.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	398,915,000.00 (3,989.15 Lakh)
(ii)	Total amount spent for the Financial Year	*400,600,521.00 (4,006.00 Lakh)
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

\* CFO Certification of CSR spent from 01.04.2021 to 31.03.2022 obtained

**9. a. Details of Unspent CSR amount for the preceding three financial years**

Sl no.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1	2018-2019	NIL					
2	2019-2020	NIL					
3	2020-2021	NIL					
<b>Total</b>							



**b. Details of CSR amount spent in the financial year for ongoing project of the preceding financial years NIL**

1	2	3	4	5	6	7	8	9
Sl no.	Project ID	Name of the project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing.

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year**

(asset-wise details)

- Date of creation or acquisition of the capital asset(s): None
- Amount of CSR spent for creation or acquisition of capital asset: Nil
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

**11. Specified the reasons, if the company has failed to spend two percent of the average net profit as per section 135(5)**

Not Applicable

Sd/-

**Shri. Shyam Srinivasan**

(Managing Director & Chief Executive Officer)

Sd/-

**Shri. C Balagopal**

(Chairman- CSR Committee)

## Annexure II

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT***FOR THE FINANCIAL YEAR ENDED 31.03.2022*

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**The Federal Bank Ltd**  
Federal Towers, P.B No.103  
Alwaye, Kerala – 683101

We, SEP & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **The Federal Bank Limited (CIN: L65191KL1931PLC000368)** (hereinafter called the "Bank"). Secretarial Audit was conducted for the financial year ended on 31<sup>st</sup> March, 2022 in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31<sup>st</sup> March 2022, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (h) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - (i) The Securities and Exchange Board of India (Bankers to the Issue) Regulations, 1994;
  - (j) The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014;



- (vi) As informed to us, the following other laws are specifically applicable to the Bank:
1. Reserve Bank of India Act, 1934 and Master Directions Issued by the RBI to Commercial Banks;
  2. The Banking Regulations Act, 1949 and Rules, Notifications and Circulars issued by Reserve Bank of India from time to time;
  3. The Banking Ombudsman Scheme, 2006;
  4. The Bankers' Books Evidence Act, 1891;
  5. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 read with The Security Interest (Enforcement) Rules, 2002;
  6. The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
  7. Credit information Companies (Regulation) Act, 2005.
  8. Recovery of Debts due to Banks and Financial Institutions Act, 1993
  9. Negotiable Instruments Act, 2002
  10. The Micro, Small and Medium Enterprises Development Act, 2006
  11. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
  12. Payment of Gratuity Act, 1972 read with Rules made thereunder
  13. Maternity Benefit Act, 1961
  14. Payment of Bonus Act, 1965 read with Rules made thereunder
  15. The Factoring Regulation Act, 2011
  16. Industrial Disputes Act, 1947 read with Industrial Disputes (Banking and Insurance Companies) Act, 1949

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Bank with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the period under review, provisions of the following regulations were not applicable to the Bank:

- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

**We further report that** the Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance and where the same were given at Shorter Notice less than 7 (seven) days, proper consent thereof were obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Bank were carried through on the basis of majority and the dissenting views, if any, were captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Bank commensurate with its size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, following issues have taken place:

Sl. No.	Method of issue	Mode of approval	Date of allotment	Particulars of issue
1	Preferential Allotment on a Private Placement basis.	Approved by Board of Directors in its meeting held on 16/06/2021 and by Members in the Annual General Meeting held on 09/07/2021	23/07/2021	Issue of 104,846,394 equity shares of face value of ₹ 2.00 each at the issue price of ₹ 87.39/-.
2	Preferential Allotment on a Private Placement basis.	Approved by Board of Directors in its meeting held on 16/06/2021 and by Members in the Annual General Meeting held on 09/07/2021	20/01/2022	Issue of 700 Redeemable, Listed, Unsecured, Tier II NCDs of face value of ₹ 1,00,00,000/-.

**We further report that during the audit period there were no other instances of:**

- i. Issuance of securities including Public/Right shares other than Equity shares issued under Employee Stock Option Scheme(s) of the Bank and aforementioned issues;
- ii. Redemption/Buy-back of securities
- iii. Merger/amalgamation/reconstruction;
- iv. Foreign technical collaborations.

This report is to be read with Annexure A of even date and the same forms an integral part of this report.

**For SEP & Associates**

Company Secretaries  
(ICSI Unique Code: P2019KE075600)

**UDIN:** F010085D000545653

**CS EP Madhusudhanan**

Partner  
COP No. 21874, FCS: F10085

Date: 30/06/2022

Place: Kochi



## ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To  
The Members  
**The Federal Bank Ltd**  
Federal Towers, P B No. 103  
Alwaye, Eranakulam KI-683101

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of the provisions of all laws, rules, regulations, standards applicable to The Federal Bank Limited (hereinafter called the "Bank") is the responsibility of management of the Bank. Our examination was limited to the verification of the records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of the Secretarial and records of applicable laws is the responsibility of the management of the Bank. Our responsibility as Secretarial Auditors is to issue Secretarial Audit Report, based on the audit of the relevant record maintained and furnished to us by the Bank, along with explanations where so required.
3. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial and other records, legal compliance mechanism and corporate conduct. We believe that the process and practices we followed provide a reasonable basis for our Secretarial Audit Report.
4. The correctness and appropriateness of financial records and Books of Accounts of the Bank have not been verified.
5. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management as conducted the affairs of the Bank.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Bank after March 31, 2022 but before issue of the Report.
7. We have considered actions carried out by the Bank based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

**For SEP & Associates**

**UDIN:** F010085D000545653

Company Secretaries  
(ICSI Unique Code: P2019KE075600)

**CS EP Madhusudhanan**

Partner  
COP No. 21874, FCS: F10085

Date: 30.06.2022

Place: Kochi

**Annexure III**
**THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND OTHER DETAILS IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No	Requirements	Disclosure
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Shyam Srinivasan, MD & CEO - 27.90 Ashutosh Khajuria, ED - 14.40 Shalini Warriar, ED - 13.84
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Shyam Srinivasan, MD & CEO - 27.40% Ashutosh Khajuria, ED - 30.28% Shalini Warriar, ED - 34.44% Venkatraman Venkateswaran, GP&CFO - NA* Samir Pravinbhai Rajdev, CS - 23.74%
3	The percentage increase in the median remuneration of employees in the financial year	13.33%**
4	The number of permanent employees on the rolls of Company	12,641 (As on March 31, 2022)
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentage increase made in the Salary of total employees for the financial year is around 13.33%, while the average increase in the remuneration of KMP's are as follows. Shyam Srinivasan, MD & CEO - 27.40%*** Ashutosh Khajuria, ED - 30.28% Shalini Warriar, ED - 34.44% Compensation of WTD's/ CEO has been arrived as per the Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff, issued by the RBI, and hence the increase in managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes, it is confirmed.

\* Joined the services of Bank on FY 2021-22 (29-04-2021)

\*\* Median pay is computed on annualised fixed pay which includes basic salary, other allowances, and performance linked incentive / ex-gratia paid to the employees who were in the services of the Bank as on 31.03.2022, along with the value of perquisites.

\*\*\* During FY 2021-22, Mr. Shyam Srinivasan, MD & CEO has relinquished 7,80,000 Stock Options (non-cash) and ₹ 31,50,000/- (cash) offered to him as Variable Pay pertaining to FY 2020-21.

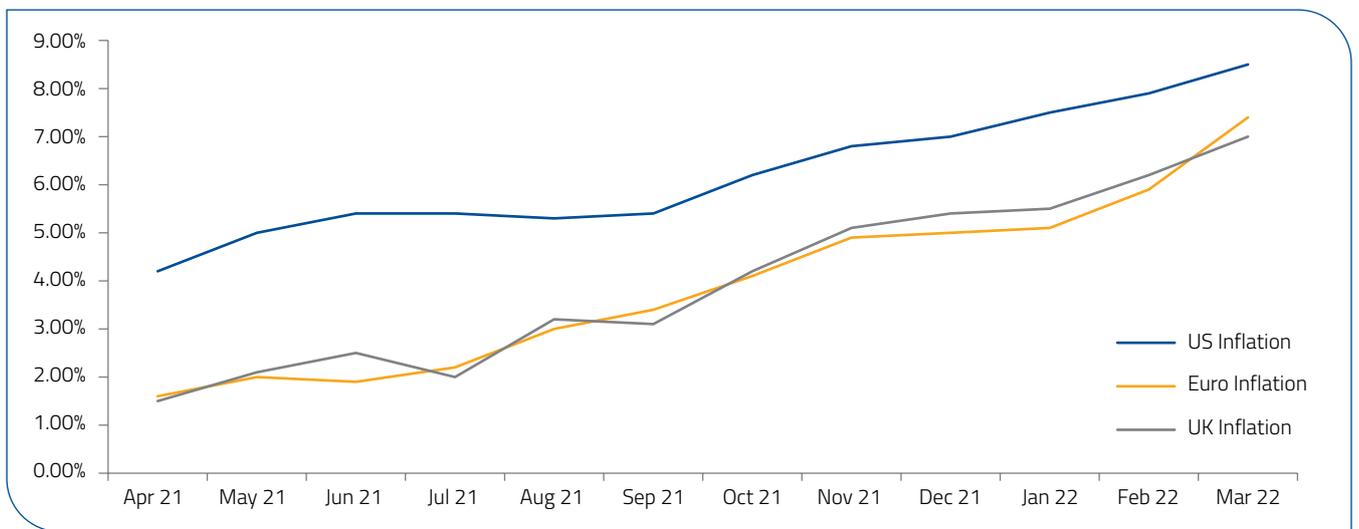


# Management Discussion and Analysis

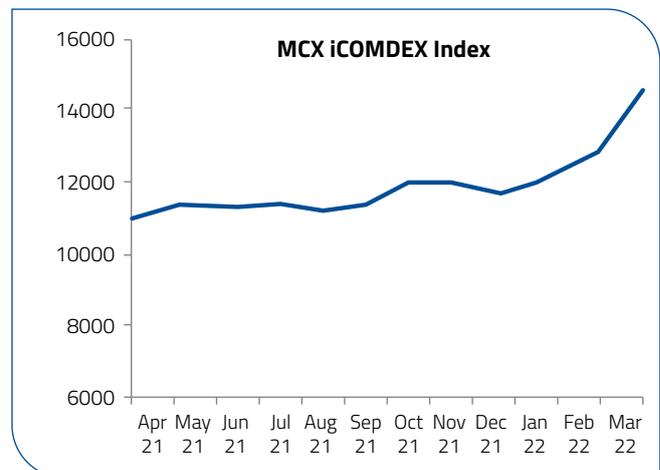
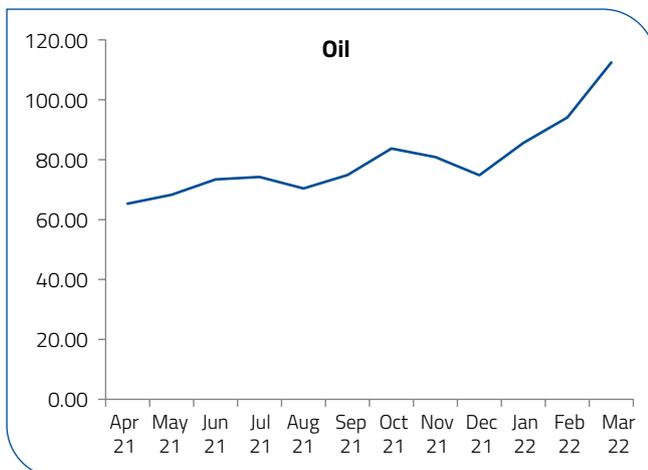
## GLOBAL ECONOMIC SCENARIO

We are going through an unprecedented time in history with multiple global level events occurring simultaneously. The second year of the COVID-19 pandemic saw a second and third wave of infections disrupting life across the globe. Many lives were lost and livelihoods destroyed and central banks across the globe have been pumping money into their respective economies to keep the

wheels turning. The multiple stimulus packages managed to keep the economy afloat, but the runaway consequences have made central banks to take a cautious approach in the implementation of normalisation. A planned gradual easing has turned to aggressive tightening to control inflation.



Inflation in almost all developed economies have been touching record levels and now central banks are in the fragile position of having to balance battling inflation and stimulating growth at the same time. For a long time, central banks deemed the elevated inflation levels as transitory and a gradual tapering was planned to bring things back to normal. But what threw a spanner in the works was the invasion of Ukraine by Russia in February 2022 after multiple rounds of discussions between the countries failed. The invasion brought in a new level of uncertainty to already battered economies and commodity prices which were already elevated, shot through the roof.



Oil crossed triple digit prices for a barrel, Aluminium and Nickel touched all time highs in March 2022 with Nickel trading being suspended temporarily due to a frenzy of intra day trading at the London Metals Exchange. A report by the world bank describes the increase in energy prices over the past two years as the largest since the 1973 oil crisis and is expected to increase further in 2022. The report also mentions that the price increases for food commodities—of which Russia and Ukraine are large producers—and fertilizers, which rely on natural gas as a production input, have been the largest since 2008. The high input prices are seen reflected amply in the Producer Price Index for March 2022 which has grown by 11.2% in the US and 31.4% in the Eurozone, both of which are the highest in history.

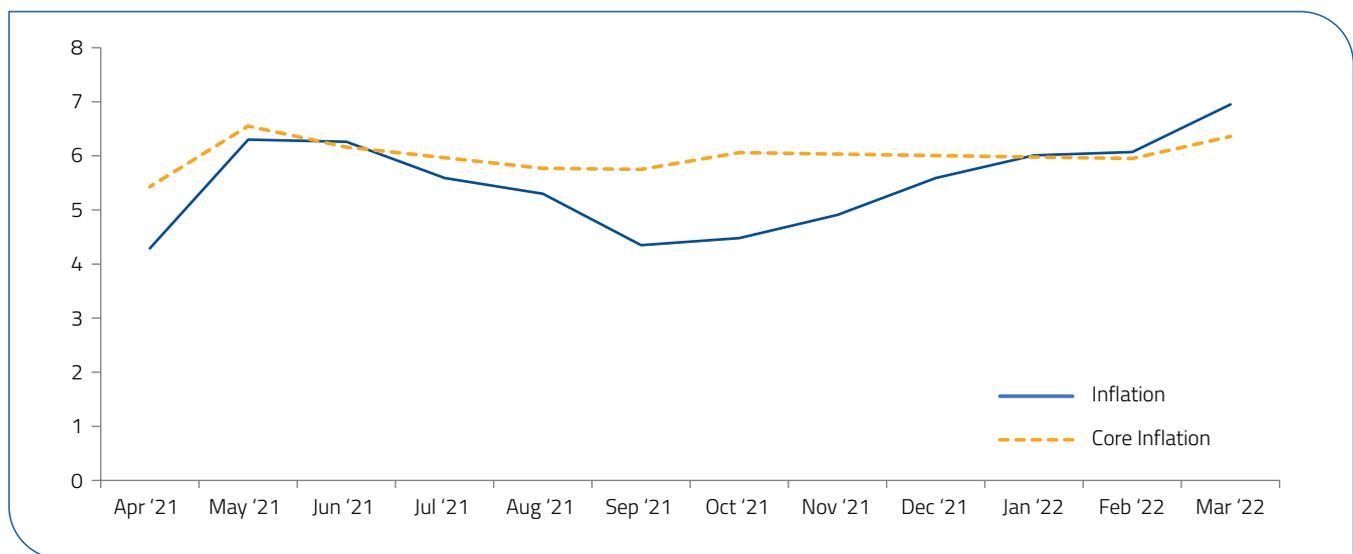
Another factor which is contributing to the uncertainty is the supply chain bottlenecks which are being faced across the globe. As per the report from IMF, shipping times jumped upwards as soon as the COVID crisis hit, and after a marked acceleration from end-2020, the delays surpassed 1.5 days on average by December 2021 – or roughly a 25 percent increase. Long ship queues and long waiting times at US (Long Beach) and European (Rotterdam, Hamburg) ports have frequently made the headlines over the year and the report suggests that the most severe port congestion is concentrated in the US and China. Now with the various sanctions on Russia by the rest of the world, movement of goods will be impacted across the continent adding to the supply chain woes.

With a fresh resurgence in COVID cases in China and strict lockdowns announced in major Chinese cities such as Shanghai and Beijing it is clear that the pandemic is far from over.

Despite all the above the equity markets had a spectacular run. The S&P 500 notched 70 all-time highs in 2021, a record that's second only to 1995 according to a report by The Forbes Advisor. We saw many gravity defying and sometimes logic defying events – the GameStop short squeeze, a frenzy of speculative activity in the NFT and Crypto currency space just to name a few. But the bull run seemed to slow down in the start of 2022.

**INDIAN SCENARIO**

The Indian economy recovered in fiscal year 2021 after a severe contraction in FY 2020. The recovery was despite two waves of COVID-19, especially of the Delta variant, which severely strained the country's health infrastructure. Provisional estimates of GDP for 2021-22 released by National Statistical Office (NSO) on May 31, 2022 placed India's real Gross Domestic Product (GDP) growth at 8.7 per cent which is a slight decline from the growth of 8.9 per cent forecasted by the Second Advanced Estimates released in Feb 2022. Although there was a sequential increase of 30% Q-o-Q in Govt Consumption expenditure for Q4, the decline in Private Consumption expenditure for the same period may have caused the decline in estimates. Quarterly estimates GDP growth were also on a declining trend towards the end of the year with real quarterly GDP growth for Q3 at 5.4 per cent and Q4 at 4.1 per cent against a growth of 20.1 per cent in Q1. On the supply side, real Gross Value Added (GVA) rose by 8.1 per cent in 2021-22 which is a slight decline from the growth of 8.3 per cent forecasted by the Second Advanced Estimates. The two components of GVA which have shown a Q-o-Q decline in Q4 are Agriculture, Forestry & Fishing and Public Administration, Defence & Other Services which include Education, Health, Recreation and other personal services.





Retail Inflation was largely contained within the limit of 4 +/- 2% set by the RBI in the first half of the year, but started crossing the threshold towards Q4 FY22. Core inflation also remained close to the upper band throughout the year despite numerous initiatives by the Govt to tackle food inflation. Wholesale Price Inflation has been at double digits for the entire year and its impact started to seep into retail inflation towards the end of the year. With no respite seen in the global commodity price dynamics the, Monetary Policy Committee finally caved and raised key rates in May with hopes of tackling the inflation trajectory.

Another fallout of the high global commodity prices is the widening CAD which touched a 9 year high in Q3 FY22. The widening CAD is mainly attributed to a widening trade deficit which touched an all time high in Nov 21. But the silver lining in the trade scenario is that merchandise exports have also been at all time highs in same periods. India's merchandise exports touched a record \$420 billion in 2021-22, led by robust growth in petroleum products, engineering, gems and jewellery, chemicals, and pharmaceuticals. The various incentive schemes for manufacturing such as PLI may help to maintain the performance of exports in the long run.

The fiscal deficit for FY2022 is estimated at 6.9% of GDP against a 6.8 per cent projected in the Budget Estimates, with a strong emphasis on capital spending. During April- November 2021, the capital expenditure has grown by 13.5 per cent (YoY), with focus in infrastructure-intensive sectors like roads and highways, railways, and housing and urban affairs. With the enhanced borrowings on account of COVID-19, the Central Government debt has gone up from 49.1 per cent of GDP in 2019-20 to 59.3 per cent of GDP in 2020-21, but is expected to follow a declining trajectory with the recovery of the economy. The General Government finances are also expected to witness a consolidation during 2021-22, after the uptick in deficit and debt indicators during the pandemic year 2020-21.

Despite many central banks turning aggressive in the increase of policy rates, the RBI kept the rates untouched with throughout the year, opting to control liquidity through innovative methods. VRRR (Variable Reverse Repo Rate) auctions, Long Term Repo Operations (LTRO) and even Open Market Operations (OMO) through Operation twist etc were some of the avenues for liquidity management employed by the RBI. However the dovish stance was brought to a sudden halt by a surprise off-cycle Monetary Policy Meeting (MPC) which increased rates in May 2022 followed by another hike in June. More such incremental increases are expected in the future.

India's equity markets had the best performance in Asia in 2021 with the Sensex hitting all time high in October 2021. The encouraging fact behind this performance is that the rally seems to be largely driven by the retail investors. The markets also saw a flurry of IPO action with highest number of issues in history in 2021.

### INDIAN BANKING INDUSTRY

The resilience of the banking industry was tested in FY 2021-22 with various challenges put forward by the pandemic. The biggest factor which underlined the performance of banks in 2021 and will define the industry's growth in 2022 is the ability to capitalize on technology investments and create value. This is evident from the sizzling competition in the Fintech space, with the 100<sup>th</sup> Unicorn was a fintech. The technology disruption in the banking sector may continue for some more time in the future.

Another marked change in the sector is the convergence of regulations for all entities operating in the banking and finance ecosystem. Through numerous working papers, consultations and regulations put forward by RBI such as the Master Direction on Prudential Regulation for AIFs – 2021, Consultative Document on Regulation of Microfinance, Report of the Working Group on digital lending including lending through online platforms and mobile apps, Internal Ombudsman mechanism for select Non-Banking Financial Companies (NBFCs), Revised Regulatory Framework for NBFCs, a clear convergence is seen in prudential regulation norms for all organisations in the banking and finance space, removing scope for regulatory arbitrage by different entities. The industry also saw the announcement of the biggest mergers in the FI space- the merger of HDFC and HDFC Bank. The union of behemoths is expected to propel HDFC Bank to one of the 5 largest banks in the world by market cap. The coming year could see more consolidation in this space.

As per statement of Position of Scheduled Banks as on March 25, 2022 published by RBI, bank credit by SCBs have grown by close to 8.6 per cent year on year. Insights provided by the Quarterly



**The biggest factor which underlined the performance of banks in 2021 and will define the industry's growth in 2022 is the ability to capitalize on technology investments and create value. This is evident from the sizzling competition in the Fintech space, with the 100<sup>th</sup> Unicorn in the startup ecosystem in India being a Neobank.**

BSR-1 filing for December 2021 for outstanding credit of scheduled commercial banks show that, growth in wholesale credit has been lagging. Retail credit, on the other hand, has been generally recording double digit growth, although the pace of growth remains below its pre-COVID level. Growth in personal loans almost doubled even though loans against gold jewellery moderated. Loans for consumer durables rebounded after contracting in the last fiscal year, indicating strengthening consumer purchasing power. Non-food bank credit, which excludes public sector loans for buying crops from farmers, rebounded, growing by 9.6% year on year in January 2022 from 5.5% in March 2020.

Stress tests conducted by RBI as per the Financial Stability Report, December 2021 indicate that the GNPA ratio of all SCBs may increase to 8.1 per cent by September 2022 under the baseline scenario and further to 9.5 per cent under severe stress. Within the bank groups, PSBs' GNPA ratio of 8.8 per cent in September 2021 may deteriorate to 10.5 per cent by September 2022 under the baseline scenario; for PVBs, the share of bad loans may rise from 4.6 per cent to 5.2 per cent and for FBs, it is estimated to increase from 3.2 per cent to 3.9 per cent over the same period. On the other hand, if the stress conditions do not materialise and the situation turns optimistic relative to the baseline, GNPA ratio of all SCBs may moderate. It also found that the systemic risk in the banking sector receded in 2021 from its elevated level during the first wave of the pandemic when stress tested using stock market indicators.

The coming year may be dominated by the continued reimagining of the banking relationships with technology enabled solutions and a reimagining of customer relationship and engagement. The continued push for Financial Inclusion by RBI will also play a part in the future direction of the sector.

## BUSINESS STRATEGY

The COVID-19 pandemic has impacted the entire Banking Industry and may continue to do so, as uncertainty remains about the duration of the pandemic and the timing and strength of the global economic recovery. Your Bank was able to adapt well in confronting the dreadful reality of the COVID-19 wave that we largely encountered as a nation in Q1 2021. As the pandemic continued to evolve, your Bank regularly evaluated the processes in place to execute the business continuity plans. Your Bank's credit diversification played an essential feature of the resilience through the ongoing COVID-19 pandemic. The main aim was to provide its customers with banking services in new and innovative ways, embracing technology as a means of making things simpler, more transparent and more secure.

During the year, International Finance Corporation (IFC) became a significant shareholder of your Bank with 4.99 percent of the Bank's paid-up capital. The addition of this marquee name to the list of prominent shareholders reinforced the trust and confidence reposed by the IFC group on your Bank and its management. The infusion of quality capital further strengthened the Tier 1 and overall CAR of the bank. The equity investment is expected to see your Bank grow and strengthen its ESG portfolio, with increased green portfolio financing for projects including energy efficiency, renewable energy, climate smart agriculture, green buildings, and waste management.

Your Bank has launched its own credit card and opened it up firstly for all employees and later to its existing customers. The Bank has adopted a 'Digital First' card approach by issuing an instant credit card, through a three-click approach. The launch of the product was aligned with the bank's strategy to improve unsecured, high-yielding book and completes the suite of banking products.

During the year, your Bank has carved out FinTech partnerships as a separate unit with an exclusive team in-line with the Bank's strategy of 'Branch-light, Distribution heavy' and pursue the partnership opportunities to build and deliver better propositions and services to its customers. The main FinTech segments your Bank is focussing on are high-margin lending products such as unsecured loans, personal loans, credit cards etc and also expanding the granular liabilities.

In order to attain the vision of making your Bank the 'Most Admired Bank' and the ambition to become the first choice Bank, a three year strategy plan was laid out during the year.

The strategies identified include focusing more on Higher Margin Lending with well-designed risk architecture, build capabilities around Priority Sector Lending, building scale with unique FinTech partnerships, embedding ESG parameters in the business strategy not only to meet the stakeholders' requirements, but also factor in environmental, social and governance (ESG) aspects and build sustainability.

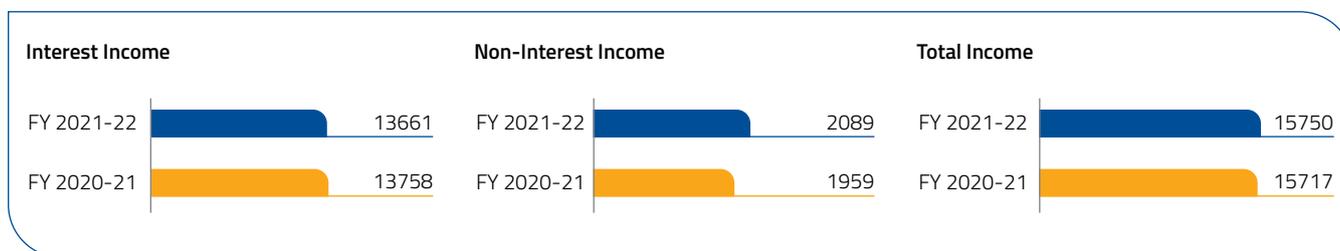
With a clear vision which strives for deeper and more profitable customer relationships and operational excellence to streamline the organization, your Bank is all set to move towards an ever-improving P&L and Balance Sheet. The mantra for our onward journey is consistent high-quality growth with scale up and generate returns. Over the next two to three years, the Bank plans to clock 15-17 % of Business CAGR, i.e., around 1.5x increase in business.



## OVERVIEW OF PERFORMANCE (STANDALONE)

Income

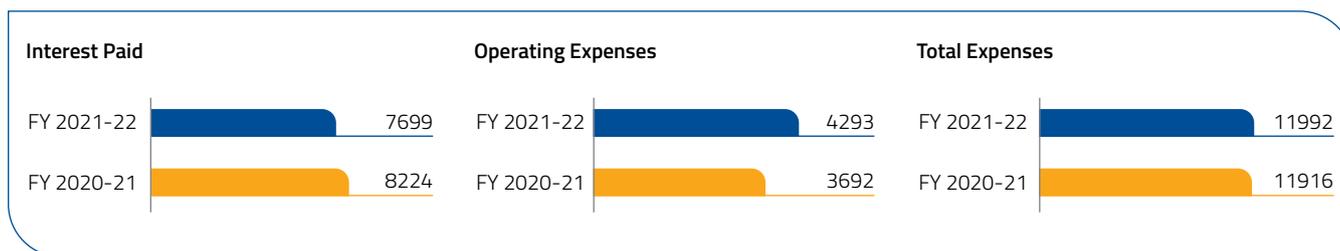
(₹ in Crore)



During the financial year, the yield on average advances (gross) stood at 8.05% and the yield on investments (excluding trading gain) stood at 6.17%. The interest/discount on advances/bills improved to ₹10,830 Crore (March 31, 2022) from ₹10,795 Crore (March 31, 2021), interest on investments reached ₹2,339 Crore in March 31, 2022 and other interest including interest on balances with RBI / other interbank funds reached ₹492 Crore in March 31, 2022. The share of interest income of your Bank to total income stood at 87%.

## Expenditure

(₹ in Crore)



During the financial year, the average cost of deposits of your Bank dropped to 4.33% from 5.00% as on March 31, 2021. The interest paid on deposit stood at ₹7,333 Crore with YoY drop of 6% and other interest expenses stood at ₹366 Crore with a YoY drop of 13%. The staff opex increased by 14% and other operating expenses increased by 19% translating to 16% increase in operating expenses.

## Operating Performance

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Net Interest Income	5,962	5,534
Non-Interest Income	2,089	1,959
Net Total Income	8,051	7,492
Operating Expenses	4,293	3,692
Operating Profit	3,758	3,801

## Net Profit

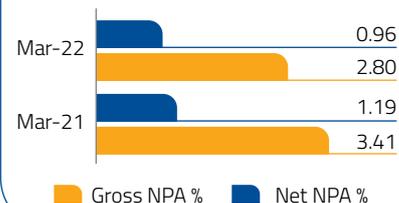


The net interest income of your Bank registered a growth of 8% YoY and Non-Interest Income grew by 7% YoY. During the financial year, your Bank's spread on advances (net) is at 3.27% and spread on investments (gross) is at 2.85%. Net profit registered 19% growth.

## Asset Quality Parameters

Particulars	March 31, 2022	March 31, 2021
GNPA (in Crore)	4,137	4,602
NNPA (in Crore)	1,393	1,569
Provision Coverage Ratio (%)	65.54	65.14
Provision Coverage Ratio (%) (Inc TWO)	80.60	77.65

## Gross and Net NPA %



The asset quality metrics improved during the FY, with reduction in NPA ratios year on year. The Gross NPA of your Bank as on March 31, 2022 stood at ₹4,137 Crore. Gross NPA as a percentage to Gross Advances is at 2.80%. The Net NPA stood at ₹1,393 Crore and this as a percentage to Net Advances is at 0.96%. The Provision Coverage Ratio (including technical write-offs) stood at 80.60%, an improvement of 295 bps. Provisions (excl TWO) improved by 40 bps to reach 65.54%.

### Key Ratios

Particulars	March 31, 2022	March 31, 2021
Return on Average Total Assets	0.94	0.85
Return on Average Equity	10.87	10.38
Cost to Income Ratio	53.32	49.27
Net interest margin	3.20	3.16
Earnings per Share (EPS) ₹ (Annualised)	9.13	7.97
Book value per share (end period) ₹	88.75	80.71

### CASA Ratio



Return on assets and return on equity improved during the year and stood to 0.94% and 10.87% respectively. Earnings per share improved to ₹9.13 from ₹7.97, while book value per share increased to ₹88.75 from ₹80.71. CASA ratio improved by 313 bps supported by robust traction in savings book and current deposits.

### Balance Sheet parameters

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021	% Change
<b>Liabilities</b>			
Capital	421	399	5%
Reserves & surplus	18,373	15,724	17%
Deposits	1,81,701	1,72,644	5%
Borrowings	15,393	9,069	70%
Other Liabilities & provisions	5,058	3,531	43%
<b>Total</b>	<b>2,20,946</b>	<b>2,01,367</b>	<b>10%</b>
<b>Assets</b>			
Cash & balances with RBI	9,999	7,647	31%
Balance with Banks & Money at call	11,011	11,944	-8%
Investments	39,179	37,186	5%
Advances	144,928	131,879	10%
Fixed Assets	634	491	29%
Other Assets	15,195	12,220	24%
<b>Total</b>	<b>220,946</b>	<b>201,367</b>	<b>10%</b>

Total assets increased by 10% to reach ₹220,946 Crore as on March 31, 2022 from ₹201,367 Crore on March 31, 2021, driven by 10% growth in net advances, and 24% increase in other assets.

### Deposits

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021	% Change
Customer Deposits	1,78,101	1,63,609	9%
Certificates of Deposit	2,437	5,985	-59%
Interbank deposits	1,163	3,050	-62%
<b>Total Deposits</b>	<b>1,81,701</b>	<b>1,72,644</b>	<b>5%</b>

### CASA



Deposits growth held up well for your Bank during FY 2021-22 with CASA increasing by 15% YoY. Retail deposits make up 94% of overall deposits and core deposits constitutes 99% of the total deposits. Retail deposits grew by 10% YoY and NR deposits by 7% YoY.


**Advances**

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021	% Change
Retail Advances	47,593	44,866	6%
Business Banking	12,728	11,280	13%
Agri Advances	19,238	16,041	20%
CV/CE Advances	1,275	910	40%
Gold Loans	17,316	15,816	9%
Commercial Banking	14,712	13,054	13%
Corporate Banking	52,094	48,725	7%
Gross Advances	1,47,639	1,34,877	9%

**Net Advances**


The overall advances stood at ₹1,47,639 Crore led by a broad-based growth. Agri advances clocked a YoY growth of 20%, CV/CE at 40%, Business Banking loans grew by 13% and Retail loans at 6% growth and Gold loans at 9%. Corporate Advances and Commercial Banking advances also grew by 7% and 13% respectively.

**Capital Management**

(₹ in Crore)

Particulars	March 31, 2022	March 31, 2021
Common Equity Tier-1 Capital	17,639	15,455
Additional Tier-1 Capital	0	0
Total Tier-1 Capital	17,639	15,455
Tier-2 Capital	1,637	868
Total Capital	19,276	16,323
Common Equity Tier-1 Ratio (%)	14.43	13.85
Total Tier-1 Capital Ratio (%)	14.43	13.85
Tier-2 Capital (%)	1.34	0.78
Total Capital Ratio (%)	15.77	14.62

Capital Adequacy Ratio and Tier – 1/ CET - 1 Ratio of your Bank computed as per Basel III guidelines for the financial year increased by 115 bps and 58 bps respectively. Capital Adequacy Ratio at 15.77% stood well above the regulatory minimum requirement of 11.50%, including a Capital Conservation buffer of 2.50%.

**OPPORTUNITIES AND THREATS**

FY23, could in many ways be the year that determines who emerges stronger from the trials of the past few years. The Annual results that have started to emerge may end up showing a trend of survival of the most agile and the days of heady valuations and pricing based on potential may be behind us. The company of the future may be described by strong fundamentals, agile but established processes with focussed and consistent growth.

The banking and finance sector in India, may also be on the cusp of re-invention going forward. The entry barriers to the sector are slowly diminishing and banks will have competition from different entities at multiple fronts. As per report by RBI, bank credit growth had grown to double digits in March 22. Companies going for capital expenditure encouraged by the Government should help maintain the growth in bank credit throughout the year.

Multiple interest rate increases planned by the RBI throughout the year and an apparent stop in the bull run in the capital markets may encourage depositors to look for safer options in bank deposits. Given this backdrop, Banks which are able to engage best with the customer and provide the best product and service, may see rapid growth for the coming year.

**Business Overview**
**CORPORATE AND INSTITUTIONAL BANKING**

Corporate and Institutional Banking division offers a comprehensive suite of banking products and services, catering Business Houses and Large Corporates, MNCs, Capital Market clients, PSUs, Fintechs and Financial Institutions. It offers customized products and services across working capital, term funding, structured finance, cash management, trade finance and forex management backed by comprehensive electronic banking solutions, which provide easy day to day operations for your Bank's clients.

During FY 2021-22, Corporate advances increased to ₹52,094 Crore from ₹48,725 Crore and total assets (including credit substitutes) reached ₹54,183 Crore from ₹50,888 Crore. The focus of wholesale banking continues to be the preferred banking partner to its clients, with a well-designed client selection strategy and a robust credit underwriting process, which is reflected in its asset quality. Customer engagement under this division has been further strengthened through tailor made and differentiated solutions that caters to the client's banking requirements, enabling your Bank to be the preferred choice for multi-product relationship.

The distribution continues to expand through the Relationship Management structure at numerous locations and touch points, catering to the entire value chain across business verticals. This approach has helped your Bank in tapping various Retail, SME and cross-sell opportunities. Most of your Bank's clients have moved to digital platform of the Bank, "Fed E Biz" and all

products are being offered and serviced through this platform, in line with the philosophy of "Digital at the Fore, Human at the Core". Few clients are being offered API based solution to cater to their structured digital requirement enhancing client's experience.

### COMMERCIAL BANKING

Commercial Banking division focuses on providing end-to-end financing solutions to Mid-Market and MSMEs. Your Bank's offerings in this segment include working capital, term loan, trade finance and advisory services, cash management, supply chain finance, foreign exchange services, structured offerings, gold metal loan and liability products. The Bank leveraged upon its relationship structure, branch network, digital platform (Fed e biz), structured digital solutions and multiple product offerings to add many New to Bank clients as well as increase its wallet share of business with existing clients.

During FY 2021-22, this business scaled up further with a closing advance position of ₹14,712 Crore as against ₹13,054 Crore in FY 2020-21. The business continues to have a diversified and granular portfolio in terms of sectors and geography. Your Bank's focus in Commercial Banking will continue to be the "Bank of First Choice" for all its clients.

### CV/CE BUSINESS

The CV/CE Division finances Small operators, fleet operators and strategic clients for their purchase of new and used Commercial Vehicles and Construction Equipment. In last three years since this vertical formation, Your Bank has gradually expanded the reach to cover Southern and Western India and plan is afoot to cover North and East as well.

During last year, your Bank further grew its CV/CE book by 40% to reach ₹1,275 Crore of advances with a good mix of new and used vehicles spread across different user groups in strategic client segments, while ensuring robust asset quality. Over 80% of its book qualifies for PSL. CV/CE division have dynamic teams in business acquisition, credit underwriting and collections to ensure asset quality throughout its lifecycle. Bank could on-board many new clients with significant cross sell and fee income opportunities. The vertical has signed MOUs with all major OEM players in Commercial vehicle OEMs like Ashok Leyland, Eicher Motors and Schwing Stetter to be a preferred financier for them.

### GOVERNMENT BUSINESS

Government Business vertical focuses on providing end to end solution to the Government departments and entities. This vertical augment the liability book and tap the potentials of these Government departments and entities in building CASA and Term Deposits. This vertical is managed through Relationship Managers posted across numerous locations and touch points to canvass liabilities business from Central & State budgetary allocations and Local and State Government

99

**The Commercial Banking business continues to have a diversified and granular portfolio in terms of sectors and geography. Your Bank's focus in Commercial Banking will continue to be the "Bank of First Choice" for all its clients.**

offices like Panchayats, Municipalities etc. Your Bank offers bespoke CASA products exclusively designed to suit the needs of Government & related entities. The vertical actively engages with Government Departments to digitalize various operations for the Government functioning.

During the year FY 2021-22, the Bank got empanelled by Government of India and RBI for collection of Direct & Indirect taxes (GST and Customs), which would make it convenient for customers to make tax payment digitally and seamlessly.

### BUSINESS BANKING

Business Banking comprises of business loans up to 7.5 Crore (10 Cr at Metros), mainly to Micro, Small and Medium Enterprises. The segment registered a growth of 13%, disbursing 12,000+ loans (excluding GECL) during FY 2021-22, of which 50% loans were disbursed to New To Bank customers.

Business Banking vertical focused on granular growth through neighbourhood banking and remained one of the high yielding portfolios of your Bank in FY 2021-22. While the business vertical is mainly driven through the traditional strong hold branch network, Relationship Managers posted at potential centres across the country contributed in bringing good quality fresh customers to our fold. The DSA arrangement and Asset Banking Advisor (ABA) channel which your Bank introduced during FY 21-22 has contributed to additional sourcing from unexplored markets.

Your Bank, by implementing directive from Ministry of Finance on classification of MSME based on Udyam certificate through an automated system, could improve MSME loans to 60% of Business Banking portfolio.

Your Bank also actively participated in the implementation of COVID-19 relief measures announced by the Government, through Covid relief loans like GECL, LGSCAS and LGSCATSS, thereby assisting the economy to revive. Business banking vertical of your



Bank is actively engaged in implementation and improvisation of various digital channels for quick loan sanctions. Your Bank introduced digital lending platform-‘Federal Insta Loans’ for providing instant In-principle sanction for MSME customers in a digital manner. Digital process was implemented for the renewal of loans too, thereby simplifying the process. In tune with the Environmental and Social Management System (ESMS) policy your Bank has adopted, Bank introduced a scheme for financing Solar Power Generation especially for MSMEs in FY 21-22.

### RETAIL BANKING

During FY22, your Bank could register a growth of 15% in CASA amidst various ongoing issues related to Covid-19 pandemic, recession threats etc. The total deposits grew by 5%. Retail deposits constituted 94% of the total deposits.

The NR flag was flying high amidst all odds in the market and the total NR deposits grew by 4,554 Crs with a whopping growth percentage of 7% whereas the industry grew only by around 2% during the period. With this, the market share of the Bank in NR business clocked 6.72% as against 6.67% in the beginning of the FY.

The NR team had turned up with exciting campaigns and programs which helped the Bank to deliver three times as that of the Industry. The key highlights of the year include launch of separate scheme for Seafarers which is a unique offering in the industry, with hardly few competitors offering services to these niche segment. Imperio NR, the bespoke savings cum segment proposition for HNIs, was also introduced during the year. Your Bank has entered into a strategic tie-up with UAE-based Mashreq Bank to facilitate money transfers from the UAE. With a market share of 17% in personal inward remittances to India, a fully end-to-end automated solution to ensure that our customers get the benefit of instant transfers in a safe and secure manner.

Your Bank has also commenced remittance tie up with new partners from new geographies-, Mashreq Bank and Federal Exchange in UAE, Lotus Forex in Malaysia, Laxmidas Taria Ved

Exchange in Oman and Wall Street Finance in USA. Your Bank now has a market share of 20% in personal inward remittances to India.

The retail loan book of your Bank grew by 6% reaching ₹47,593 Crore, forming 32% of the total advances of your Bank. The retail book has seen good traction across all its major products. Mortgage-backed Housing Loans and Retail Loan against Property (Retail LAP) continue to be the major components of the retail loan book with a combined share of 65%. During the year, the housing loan portfolio crossed ₹21,000 Crore, registering a growth of 14%, Retail LAP portfolio crossed ₹8,000 Crore, registering a growth of 8%, and the auto loan portfolio grew by 17%, crossing ₹4,000 Crore in book size.

Your Bank continues to streamline the internal processes and digital capabilities, thus ensuring better productivity and cost reduction. During COVID-19, your Bank had also strengthened its credit monitoring and credit norms thus helping to manage the portfolio quality.

Your Bank has integrated with the largest Passenger Car OEM, Maruti by offering Instant Car Loan approvals- it is a preapproved journey to existing customers where loan can be approved in a few clicks. Additionally, your Bank has also tied up with other major OEM players including Honda Motors, TATA Motors and Toyota Motors to increase the penetration in Auto loan.

Your Bank had also tied up with the Cred Avenue technology to manage the Direct assignment/securitization portfolio.

### CARDS AND PAYMENT SOLUTIONS

Your Bank has become the 5<sup>th</sup> largest private sector bank in the country in terms of monthly debit card spends. During December 2021, monthly debit spends of your Bank has reached an all-time high at ₹ 1,315 Crore. Your Bank has partnered with leading e-com merchants in the country to conduct promotional campaigns. More than 100+ campaigns have been conducted across leading brands like Amazon, Flipkart, Myntra, INOX, BookMyShow, Indigo, Snapdeal, MMT, Big Basket, Swiggy, Lulu, Reliance Digital etc. to name a few. This has not only helped in enhancing the Bank’s brand presence across leading e-commerce merchants but has also played a key role in increasing spends on debit cards. The number of customers using debit cards for spends on POS and E-Com has increased exponentially.

Your Bank expanded the Debit Card EMI (DC EMI) reach to leading e-com giants including Amazon and Flipkart. Affordability loans of more than ₹46 Crore have been disbursed during the FY through DC EMI, thus establishing consumer finance as a stable business line contributing to a higher yield in the loan book.

Your Bank ventured into organic Credit Cards business in FY22 and the issuance is initially restricted to Existing to Bank customers.

99

**During FY22, your Bank could register a growth of 15% in CASA amidst various ongoing issues related to Covid-19 pandemic, recession threats etc. The total deposits grew by 5%. Retail deposits constituted 94% of the total deposits.**

Bank has set up best in class features for its credit card business consisting of fully digital onboarding journey, instant issuance of virtual credit card, differentiated reward point structure, dynamic APR etc to name a few. The Bank currently issue credit cards to its customers on pre-approved basis as well Secured cards to Non-resident customers. Bank has rolled out 3 variants of credit cards viz; Signet, Imperio and Celesta, specifically curated for young professionals, family and HNI segment respectively. Your Bank is in the process of rolling out several initiatives shortly, including capability to issue cards to New to Bank customers, which will help Bank to take confident stride towards being a prominent credit card issuer in the country.

### FEE INCOME

In FY 2021-22, the WMS business, in collaboration with M/s Equirus Wealth, reached new heights, increasing both AUM and income from the previous year. Overall AUM reached ₹2,926 Cr as of March 31, 2022, earning fee income of ₹10.01 Cr. The total client base reached 48,740, by adding over 41,000 customers in FY 2021-22 itself. Increased focus on digital business acquisition resulted in the launch of an investment platform in FedMobile and the channel was widely accepted as a means of quick and hassle-free client onboarding, adding over 35,000 customers over a span of 6 months exclusively via the digital onboarding route. The retail business conversion was very encouraging, having sourced 14,600 SIPs with a monthly instalment of ₹3.6 Cr and 3,735 lumpsum transactions of ₹16.40 Cr.

The investment product basket was expanded to cater to a wide range of customer requirements. A structured USD product was rolled out exclusively for the bank's customers, partnering with SCube, an investment firm based out of Singapore.

The Bank registered a business figure of ₹ 108 Crore in Insurance and Para Banking Fee Income. Some of the key highlights of FY22 are given below.

- The insurance business has been the largest contributor to non-banking fee income totalling to ₹85 Crore. During the financial year, your Bank has partnered with Aditya Birla Health Insurance & Star Health and Allied Insurance for offering various health products.
- Revenue from MF for the investments done in Federal ARN reached ₹ 2 Crore.
- Launched SGB application through FedMobile and touched 6.35% market share in SGB Tranche X FY22. This is the highest ever market share for SGB.
- Your Bank has launched PIS account opening online through Internet Banking, FedNet.
- Improved the penetration of 'Sovereign Gold Bond' with pan India market share @ 2.83%

- The Bank has partnered with an Insuretech company- Turtlefin, for the digitalisation of insurance distribution across channels.

### AGRI BANKING

The importance of Agri sector in India's social and economic fabric is much above this indicator as nearly three quarters of the Indian population is still dependent upon rural/agriculture income. India continues to be a dominant player in exports of Agriculture commodities and is an Agricultural power house globally. Your Bank's network is strategically placed in Rural & semi-urban centres along with a good network of Agricultural RM/Development officers which is a big enabler for reaching out to the farmer community for supporting them. The tailor made products suiting to meet all types of farming requirements of the farmer with a committed workforce makes us the preferred banking partner for the farmer community.

Your Bank has introduced new agricultural products like Agri infrastructure Fund scheme/Financing against ENWR/Financing FPO against Credit Guarantee Scheme understanding the market requirements and priorities set by government for financing new avenues/segments . Agricultural advances of your Bank has registered a remarkable growth of 20 % in FY 2021-22 despite external challenges and stood at ₹19,238 Crore as on March 31, 2022 against the base figure of ₹16,041 Crore. Your Bank is committed towards giving additional focus on this sector which holds a significant place in the Indian economy. Your Bank continued it's focus on priority sector lending overachieving the targets for Priority sector and Agriculture lending.

As individuals in the low-income category and small businesses continue to be hit by reduced earnings, your Bank's gold loan business registered a growth of 9.40% earning a yield of 11.07%.

Various new Gold Loan schemes like Fed Smart Saver, GGL & KGL Limited were specifically offered by your bank to the customers with attractive features to tide over the difficult times. Tailor-made schemes such as Agricultural Gold Loans, Business Gold Loans, Overdraft Loans, EMI Gold Loans and Bullet Repayment Loans to suit the needs of various sections of the society were contained in the portfolio during the year.

Your Banks digitally-powered doorstep Gold Loan services in association with various Fintech partners to enhance ease of availing loans during the year which includes Rupeek Fintech Pvt Ltd, Oro corp Technologies Pvt Ltd.

### Micro lending through Business Correspondents (BCs)

Reaching the unbanked to bring them under the financial umbrella has always been the priority of your Bank which is being effectively driven through its various financial inclusion programmes under Branch and Business Correspondent (BC) channel.



As permitted by RBI and in compliance with Bank's Board approved policy on engaging Business Correspondents, your Bank has a network of seven Corporate Business Correspondents tie-ups across selected geographies, exclusively for sourcing and servicing of Micro lending portfolio, in which four Corporate BCs were added in FY 2021-22. In FY 2021-22, your Bank could on board 36,184 new customers with a total business of around ₹140 Crore through these Business Correspondent tie-ups. As part of efforts on technological process improvements in Micro lending, your Bank developed an exclusive Loan Origination System for micro lending vertical, named FEDMI.

### Financial Inclusion

The objective of Financial Inclusion is to extend financial services to the large unserved population of the country and unlock their growth potential. It also strives to achieve more inclusive growth by making finance available to the poor in particular. Through methods like financial literacy, your Bank is committed to channelize the savings of the unserved population of the country and offer new lending avenues to this group.

### Financial Literacy through Rural Branches and Financial Literacy Centres (FLCs)

Your Bank believes that business exists in the society and any business requires social sanction for its survival and growth. Thus, it is crucial for organisations to have a social commitment.

Financial literacy programmes intend to provide basic banking knowledge to people across various walks of life. The financial literacy classes are organised and conducted by our branches in rural areas to spread financial awareness amongst the masses. Currently 157 Rural branches of your Bank are conducting financial literacy campaigns for general public and school children in these areas.

**Federal Ashwas Financial Literacy Centres (FAFLCs)** are your Bank's initiative to provide free, unbiased, fair and coordinated financial education through financial literacy classes and credit counselling and have proved to serve as effective financial literacy and credit counselling centres in rural and semi urban areas. The centres aim to create awareness and educate the targeted segments including farmers, micro & small entrepreneurs, self-help groups, senior citizens and school children about products from various banks, thus benefitting the entire industry. Other than this, the FLCs also organise 'Going Digital' camps for the rural populace to provide awareness about the Digital Banking and Digital payment services prevailing in the banking industry.

During the financial year ended March 31, 2022, FLCs could conduct both offline and online literacy classes and financial counselling to the needy people. FLC Counsellors also participated in Block Level Bankers' Committee (BLBC), District Level Review Committee (DLRC) and other meeting conducted

by the lead bank/ SLBC through Offline and online mode. Around 1113 literacy camps (including 408 online sessions) and 845 counselling sessions (including Tele counselling) were undertaken by these centres during the FY 2021-22, benefitting more than 36,000 people.

Your Bank participated in the Financial Literacy Week (FLW) observed by RBI during February 14 to 18, 2022 across the country. The theme for FLW 2022 was **"Go Digital Go Secure"**, which is one of the strategic objective of National Strategy for the Financial Education 2020-25 and the focus will be on the following topics:

- Convenience of digital transactions
- Security of digital transactions
- Protection to customers

During the financial literacy week, your Bank conducted the following activities:

- Branches displayed posters on FLW-2022 theme at prominent places within the branch premises and distributed FLW-2022 leaflets to customers
- Displayed the FLW-2022 message on home page of your Bank's website in English and Hindi
- Financial Literacy Centres (FLCs) of your Bank conducted special camps on each day of the FLW-2022, while focusing on the key theme – Go Digital Go Secure.

Your Bank offers Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts to the general public with an overdraft (OD) facility to eligible cases (mainly to weaker section & low income household groups), with OD facility of up to ₹10,000/- to eligible customers, with an objective to ensure access to financial services, namely savings & deposit accounts, remittance, credit, insurance, pension in an affordable manner. The main attraction of PMJDY scheme is zero-balance bank account with RuPay debit card and with free accidental insurance cover of ₹2 Lakhs. Till date, your Bank has opened more than 6.40 Lakhs accounts with an outstanding balance of ₹331.18 Crore. The average balance in PMJDY accounts as on March 31, 2022 is ₹5,175/-.

Aadhaar and mobile seeding in PMJDY accounts with your Bank is 88% and 96% respectively as on March 31, 2022.

Your Bank is also actively participating in the PM's social security schemes (Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana) launched by the Government of India in 2015. The PMSBY and PMJJBY schemes provide low cost insurance benefits to the general public for death or disability due to accident and for death due to any reason respectively. Atal Pension Yojana

(APY) is the Government backed pension scheme provided to unorganised sector.

Your Bank could help around 600 families of our deceased customers who joined the low cost insurance schemes (PMJJBY and PMSBY) by settling claims amounting to ₹12.00 Crores.

### INTEGRATED TREASURY OPERATIONS

Your Bank's treasury operations involve Balance Sheet Management, Liquidity Management, maintenance of Statutory Reserve Requirements, trading in Money Market Instruments, Bonds and Debentures, Equity, Alternate Investment Instruments and Foreign Exchange. The Treasury & Forex dealing room is located in Mumbai and your Bank has dedicated and full-fledged dealing desks in the major segments namely; Foreign Exchange Interbank and Merchant Forex, Derivatives-Currency Options / Cross Currency Swaps / Interest Rate Swaps, Currency Futures, Interest Rate Futures, Overnight Index Swaps, Non Deliverable Forwards. Domestic - Money Market, Government Securities, Bonds and Debentures, Certificates of Deposit, Commercial Paper, Interest Rate Swaps and Equity. Your Bank is also providing a web-based trading platform and intraday trading facilities to clients in the CSGL segment. Treasury activities are further being augmented by a robust Front Office System which efficiently captures all the front end dealings of the Bank and has a robust risk management and monitoring capabilities. This ensures total automation of the treasury activities and its seamless integration with your Bank's core banking system.

### FOREIGN EXCHANGE BUSINESS

Foreign Exchange Business of your Bank has taken a leap in the past 4 years and the entire business model has been revamped to focus on the distribution of Forex and Interest Rate products, oriented towards the hedging needs of the clients. The Treasury Sales Team spread across the country, is offering these hedging products to the Bank's clients. Seamless co-ordination between the Treasury Sales team, the Relationship Managers spread across various centres and the team at the dealing room in Mumbai has resulted in enhanced distribution of these products to the customers. The Derivatives Desk of your Bank has significantly expanded its Treasury product basket, thereby bringing in a diversified revenue stream, besides significantly adding value to the existing customer relationships. The extensive usage of data analytics in understanding customer business has also helped the Bank in increasing the Forex business through its branches.

Your Bank conducted regular one-on-one meetings with exporters/importers at the zonal level to strengthen relationships, assess the financial position of units, support additional credit requirements and acquire new relationships. Your Bank is closely associated with various trade bodies/ associations

including Federation of Indian Exporters Organisations (FIEO), Engineering Export Promotion Council (EEPC) etc. for deepening relationships with exporter/importer communities and offering them apt guidance.

Your Bank has a dedicated Foreign Exchange Cell at Mumbai, catering to all the requirements of the clients / branches with respect to foreign exchange, trade finance, FDI/ODI/ECB and cross border transactions. The Bank has been giving thrust to the development of forex business and is continuously working to improve the operating skills of relevant personnel through meetings, interactions and training programmes. Your Bank is also on the forefront of conducting Foreign Exchange Dealers Association of India (FEDAI) training programmes for the banking fraternity. This enables the designated branches to improve their operating efficiency substantially. Your Bank is a member of the Managing Committee of FEDAI

Foreign exchange business of your Bank is conducted through two 'A' category branches and ninety two (92) 'B' category branches/ offices and the IFSC Banking Unit (IBU) Branch in GIFT City (Gujarat International Financial Tech City). The entire foreign exchange/trade finance transactions are centralised to extend timely and efficient service to forex clients and improve effectiveness of the branches. Your Bank has introduced the concept of Trade Hubs/Corporate Client Service Centres in all metro cities and other major centres to bring more efficiency in handling trade transactions. SWIFT operations are also centralized to ensure speed and reliability. Presently, all financial messages in SWIFT are generated only through Straight Through Process (STP), whereby contents of such messages flow directly from the accounting system (Core Banking Solutions) to SWIFT platform without any manual intervention. In the trade finance segment, export credit facilities are provided in both rupee and foreign currency for pre-shipment and post-shipment activities of the exporters. Non-fund based facilities, such as letter of credit, stand by letter of credit (SBLC), guarantees etc., including various structured products are also extended by your Bank.

99

**Foreign Exchange Business of your Bank has taken a leap in the past 4 years and the entire business model has been revamped to focus on the distribution of Forex and Interest Rate products, oriented towards the hedging needs of the clients.**



## FEDERAL BANK – IFSC BANKING UNIT (IBU)

Your Bank opened its IFSC Banking Unit (IBU) at India's first International Financial Service Centre (IFSC) located at GIFT City (Gandhinagar, Gujarat) in November 2015. IFSC in GIFT City is conceptualized and designed at par with other global financial centres operating in various parts of the world viz. Hong Kong, Dubai, Singapore etc. The branch is like an overseas branch situated in an overseas jurisdiction, enabling your Bank to explore International business opportunities. IBU is regulated by International Financial Services Centres Authority (IFSCA) with effect from October 01, 2020, who is the uniform regulator for all financial institutions, including Banks in the IFSC.

Various products offered and activities handled from the Federal Bank IBU are:

- Credit facilities to Wholly Owned Subsidiaries (WOS)/Joint Ventures (JV) of Indian companies registered abroad
- Credit facilities to overseas companies
- Retail Lending to Non-resident Individuals
- Current account facility for resident individuals for making overseas investments
- Savings and Current account for Non-resident Individuals
- External Commercial Borrowings (ECB)
- Trade Finance Products
- Non-fund based facilities (Standby Letter of Credit/Bank Guarantee etc.)
- Acceptance of foreign currency deposits
- Treasury operations

With the opening of IBU, your Bank caters to both domestic and international clients for their various funded and non-funded investment requirements at multiple jurisdictions. IBU boosts the balance sheet of your Bank by empowering it to extend various foreign currency loans to eligible entities as well as Non-resident Individuals across different foreign jurisdictions. Your Bank also participates and extends facility in foreign syndicated Loans to large corporates. It also extends facilities like External Commercial Borrowing (ECBs), Trade Credit facilities etc to resident entities. Federal Bank IBU has executed transactions in various segments like manufacturing, metals, media & entertainment, health care, electrical, food, construction, retail etc.

## DIGITAL & TECHNOLOGY

Digital, the word in itself is a definition and has become an indispensable part of our daily routines irrespective of the demography. With the arrival of the pandemic in 2020, an existential effort by institutions across industries, began. The core part of this strategy to "Go Digital" for this was to turn out to be deciding factor in the survival of the fittest. Digital is no more a differentiating factor but a necessary and mission critical one.

Your Bank has always been the flag bearer of introducing novel and useful digital initiatives time and again. Products like FedBook and Selfie app to open accounts are testimony of your Bank's inclination towards digital innovation. Today, a prospective customer of your Bank can open a full-fledged account in less than 5 minutes, using the Video KYC services, facilitated by e-KYC services of UIDAI and the new regulations allowing the usage of Video calling service for completing customer due diligence. The technology enables them to open accounts as per their preferred scheme from the comfort of their office or any other Indian location.

Your Bank also had launched FedSwagat, an online appointment booking solution to allow the customers to book an appointment with a branch staff avoiding all the hassle of a queue in these uncertain times.

Your Bank also introduced an AI based personal assistant 'Feddy' which is a true omnichannel virtual assistant for customers to help them with their queries. To make Feddy a true flagship banking assistant, we launched an industry first true '24x7' Live feature in Feddy across channels such as WhatsApp, Google Maps + Search and Website. Now customers need not call the legacy call center, for they can now connect with a bank's agent over the chat on all these popular platforms.

With the ever-evolving digital landscape came the Account Aggregator ecosystem which was hailed as the next UPI moment. Launched in September 2021, Your Bank was amongst 4 Banks in the industry to have gone Live in the ecosystem; displaying the

99

**With the ever-evolving digital landscape came the Account Aggregator ecosystem which was hailed as the next UPI moment. Launched in September 2021, Your Bank was amongst 4 Banks in the industry to have gone Live in the ecosystem; displaying the necessary agility and technical prowess to undertake the task of developing the necessary infrastructure.**

necessary agility and technical prowess to undertake the task of developing the necessary infrastructure.

Getting more and more customers to migrate to digital channels has been made simple by the multitude of functionalities in FedMobile. Once such feature was the launch of Sovereign Gold Bond facility.

Your Bank has made a name for itself when it comes to the resiliency of the technical infrastructure supporting our digital initiatives and platforms. Your Bank has handled the largest number of successful UPI requests as a remitter and second most as a beneficiary in its category for the month of March-22.

**New Age Digital Platforms**

Your Bank has been marching toe to toe with the digital space and the rapid evolutions it is going through. Your Bank has launched Careerbook platform which allows the educational institutions to digitize and manage the end-to-end tasks such as fee collection, attendance, exams etc.

Your Bank offers the best security possible across all the platforms and one such initiative was to join the Visa and MasterCard network for the tokenization of the cards such that the ease of transaction is in proportion to the security of the credentials.

Your Bank offers digital journeys for multiple flows such as an auto loan platform 'GoNoGo' which is has been loaded with new features such as a STP flow and E-Nach. Both these facilities allow us to complete the customer journey, strictly digitally.

Self-service is the way to go for it reduces the cost for customer interaction and dependency on the availability of an agent for the customer. Your Bank has launched a self service kiosk for cheque deposits thus helping to reduce the counter transactions. This is made available as a part of the wider package of a smart branch ecosystem.

**Major Launches in FY 2021-22.**

Your Bank has launched many digital initiatives during the year.

1. **Feddy Live Agent** – Being a first in the industry, we have Introduced a 24x7 live agent functionality in Feddy. This feature will allow customers to interact with a human agent through Feddy. Customers or general public can live chat with Bank’s agents through public platforms like WhatsApp, Goggle search, Google maps and our website.
2. **Fintech partnerships** – Your Bank has tied up with Fintech partners epiFI and Jupiter to provide personalised, user-centric banking and investment experience primarily focusing on the salaried, millennial user segment. In partnership with Federal Bank, these partners provide

Savings Accounts, Recurring Deposits, Debit Cards, Payments and UPI services to its users. Your Bank aims to add strength to its CASA book leveraging the agile delivery capabilities of such partners.

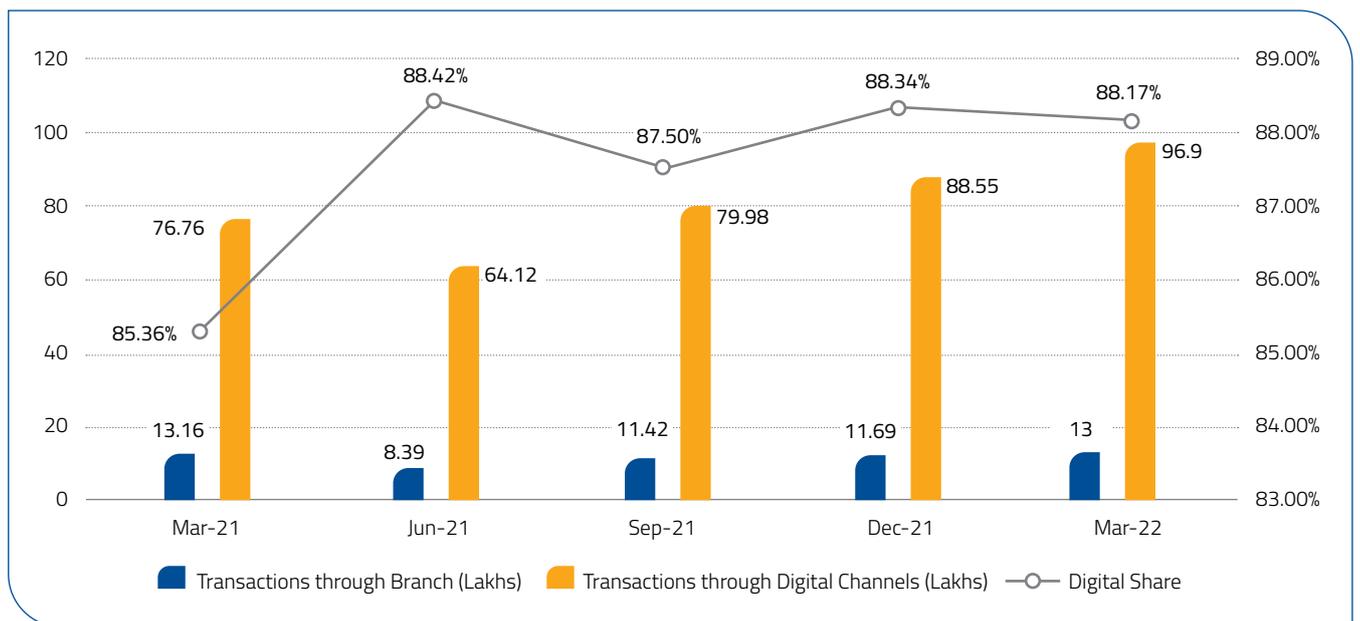
3. **Participation in Account Aggregation** – Account Aggregation is a new concept wherein data aggregated by financial institutions, insurance companies, etc. can be used for consumption digitally entirely based on a valid customer consent. Your Bank has partnered with FinViu an aggregator to become one of the first 8 banks to go live on this ecosystem.
4. **Tokenization** – Your mobile is now your debit card. As part of increasing the security in card transactions, tokenisation allows you to store your debit card on your smartphone and when making payments, this token is used for completing the transaction which is completely secure. We are live with this technology on both Visa & MasterCard networks.
5. **Careerbook** – Your Bank has launched Careerbook during the period under report. Careerbook is a unique platform for educational institutions wherein they can manage their fee payments also for admissions, attendance, exams or any other student management activity. Careerbook also allows schools to connect to BBPS-the bill payment service of NPCI and this will allow parents to make payments through 150 plus UPI Apps and Mobile/Net Banking of all the banks.
6. **Launching of Cheque Deposit Kiosks** – To reduce the time spent by branch employees behind cheque related operational activities, we have launched a self-service cheque deposit kiosk for customers. Customers can visit branch and deposit the cheque directly in the kiosk by entering appropriate cheque details. The facility is live in 96 branches.
7. **GoNoGo** – Your Bank’s digital Car Loan platform GoNoGo is now equipped with 2 new features - STP & E-Nach. With STP (Straight Through Processing), all eligible existing & prospective customers will get instant auto loans without going through underwriting process. Also, E-Nach integration has helped automation of mandate registration further making it paperless.
8. **Fed-e-Studio** – In our initiative to digitize the branches by providing self-service kiosk, we have introduced 2 new features, Passbook Printing & Loan against Deposits. With introduction of Passbook printing in Fed-e-Studio, now customers can authenticate themselves & get their passbook printed through the Kiosk. Customers can also authenticate themselves with an OTP & within seconds avail the loan for the desired amount.



9. **Sovereign Gold Bond (SGB) in FedMobile** – We have launched the functionality of applying Sovereign Gold Bond through FedMobile. This will serve as a major digital platform for the issuance of SGBs in future.
10. **Dynamic QR on POS machines** – In our continued efforts to simplify accepting & making payments journey for both merchants & customers, your Bank has implemented Dynamic QR in our POS machines. Now merchants can enter bill the amount in POS machine and the machine will display a dynamic QR consisting of the same bill amount which the customer can scan & pay using any Scan & Pay apps installed in their mobile phone.
11. **e-Rupi Voucher** – e-RUPI is a cashless and contactless person and purpose specific digital payment solution launched by National Payment Corporation of India. Federal Bank is now Live as an issuer in e-RUPI. The vouchers can be shared with beneficiaries via SMS or QR code. Voucher Beneficiary (the one who receives the voucher) can redeem the voucher without a card, smart phone or payments app, at the merchants accepting e-RUPI.
12. **Credit Card Module in FedNet** – Hero feature of our Bank's Credit Card – Virtual card is now accessible in Bank's Internet Banking platform FedNet as well. This will serve as an additional platform from which the customers can perform card life cycle management activities. All the functionalities which are currently available in FedMobile's credit card module will be available in FedNet as well.
13. **GST Enabled UPI** – We are live on GST enabled QR code payments. Now our customers will be able to make payments using GST enabled QR codes.
14. **Minor A/c Opening through IAO** – To simplify and standardize the on-boarding process of Minor Accounts (Self and Guardian Operated), we have now introduced this new service in our Instant account opening (IAO) module.

## DIGITAL PENETRATION

Bank's digital users grew by 47.48% YOY and the monthly Mobile Banking volumes crossed ₹14,000 Crore mark during the Fiscal Year.



## FINTECH PARTNERSHIPS

### Fostering new Partnerships in the Open Banking Era

India is the fastest growing Fintech Markets in the world and the size of the industry is expected to be USD 125 Bn by 2025. Fintech financial services are transforming the entire banking system and they work in different financial domains and customer segments. Fintech firms considering their market size, capital and the business objectives work with the concept of creating more value for the end users in a specific area of business. Fintechs provide innovative products and services to end consumers with the help of partnerships with Banks and NBFCs. Your Bank has considered partnership with Fintech firms as a strategic decision to acquire more customers and grow business.

Your Bank has partnered with many Fintech companies in the country where the Fintechs make use of the API/Open Banking capability and business knowhow of the Bank while making contribution in terms of use of cutting-edge technology to create innovative products and enabling a hyper personalised customer experience. A few partnerships that commenced in FY 2021-22 are:

**Epifi Technologies Private Limited:** Fi Money is digital platform created in partnership with Federal Bank and epifi that aims at providing hyper-personalised and frictionless savings and investment services to salaried millennials and working professionals. The partnership rides on the Open Banking capabilities of your Bank and helps acquisition of new customers for the Bank through the FI mobile banking application. The project was launched to customers during April 2021 and the partnership has helped the Bank to add more than 1.5 million customers in a span of 12 months from the date of launch of the service.

**Amica Financial Technologies Limited** and Federal Bank has partnered to create the Jupiter Money app which aims to provide a fully digital banking experience to customers with features like wealth management, portfolio analysis etc, aimed at Millennials and GenZ customers. The partnership is created to help the Bank attract the young customers to the Bank who want a completely digital and hassle-free banking experience. The partnership has helped the Bank to acquire more than a million customers to the Bank in a period of 9 months from the launch.

**FPL technologies Ltd** and Bank has partnered to issue India's first metal credit card to customers especially new to Bank customers. The card is different from most of the credit cards in the market in terms of form factor, partner offers and innovative reward mechanism. The card has received wide acceptance among customers and the OneCard app is providing a unique experience to customers in many ways including the slide to pay option that helps customers to prevent online frauds.

### Empowering the Milk farmers in rural areas of Gujarat State

– We have tied up with a Fintech Company, M/s Digivridhi Technologies Pvt Ltd (M/s DGV) for enabling financial services to the Milk Farmers who are associated with AMUL in the State of Gujarat. Various basic banking transactions like cash withdrawal, deposit, fund transfers etc. are offered to the rural dairy farmers and in addition to this, value added services like Bill payment, Recharges etc., are also extended to them.

## CREDIT HEALTH MANAGEMENT

Credit Administration Department ensures the credit administration functions of the Bank for borrowers with aggregate exposure of ₹2 Crore and above. The department ensures compliance of all pre-disbursal covenants of credit sanctions and error free documentation before disbursing a limit. The department prepares the documents as per sanction terms, verifies the executed documents once they are submitted for setting up of limit, and ensures creation of charge and perfection of securities within the stipulated timeframe through regular follow up. The department also regularly follows-up and ensures proper compliance of post disbursal covenants of credit sanction. Further, the department ensures sufficiency and protection of underlying assets, and also ensure that the securities are updated and revalued at regular intervals. The department constantly endeavours to ensure an excellent turnaround time.

## STRESSED ASSET MANAGEMENT

Gross NPA as a percentage of Gross Advances of the Bank stood at 2.80% and Net NPA as a percentage of Net Advances of the Bank stood at 0.96%. The Provision Coverage Ratio (including technical write offs) stood at a healthy 80.60%.

Your Bank constantly improves its collection and recovery architecture to improve its asset quality. It also uses various analytics tools to predict the propensity to default and collection score of the borrowers. Collection strategies are formed based on these analytics driven reports. Your Bank strengthened the collection mechanism through increased team strength and improved partnerships. Enhanced use of digital tools and analytics has also helped your Bank to maintain one of the industry best collection efficiency, despite the challenges faced by the COVID-19 pandemic.

Your Bank has recorded highest recovery & upgradations in NPA accounts during FY 22 and achieved healthy credit cost.

## RISK MANAGEMENT

The Risk Management philosophy of your Bank is to take risk by choice rather than by chance. Your Bank seeks to build scalable and resilient businesses while operating within the guardrails of risk management. Your Bank is exposed to various risks that are inherent to any banking business. The major risks are credit risk, market risk including interest rate risk and liquidity risk, information



and cyber security risk and other operational risks. Your Bank has a robust risk management framework in place, which covers the policies, procedures, methodologies and framework established to systematically manage the material risks.

- The Board of Directors oversees and approves the risk policies and strategies to establish an integrated risk management framework and control system in your Bank
- The Risk Management Committee (RMC) of the Board oversees the management of various risks associated with business, systems and processes
- Executive Level Committees ensure effective implementation of risk management policies
- Integrated Risk Management Department headed by the Chief Risk Officer coordinates various risk management functions of your Bank
- An independent risk governance structure has been put in place, duly ensuring independence of risk measurement, monitoring and control functions

The risk management framework is subjected to review and up-gradation on an ongoing basis, in tune with regulatory guidelines and best practices in the industry. In order to focus on maximization of return on capital, your Bank has aligned its business strategies to a Risk Appetite Framework. A risk-based pricing framework has been implemented for pricing of loans to evaluate returns vis-a- vis risks taken.

### Credit Risk Management

Macro factors such as slowdown in economic growth, imbalances in the economy, stress in certain industries etc and micro level factors such as borrower specific issues, poor underwriting standards, inadequate monitoring, weak collection and recovery mechanism etc are some of the few factors that contribute to the credit risk of a Bank.

Your Bank has a centralized credit risk management division independent of its business functions. It has strong credit appraisal and risk management practices in place for identification, measurement, monitoring, controlling and reporting credit risk.

99

**During challenging periods, like the one triggered by the Covid pandemic, where the economic activities become highly dynamic and volatile, your Bank conducts stress testing of the portfolios and ensures necessary remedial actions.**

Further, your Bank has a distinct credit risk architecture, policies, processes and systems for managing credit risk in both its retail and wholesale businesses. Wholesale lending is managed on an individual as well as portfolio basis. In comparison, retail lending, due to the granularity of individual exposures, is managed largely on a portfolio basis across various products and customer segments. For both categories, there are robust follow up and monitoring mechanisms including automated EWS system in place to ensure credit quality and minimise defaults. The factors considered while sanctioning retail loans include income, demographics, employment, credit history of the borrower and tenor of the loan. In wholesale loans, credit risk is managed by capping exposures on the basis of the borrower group, industry, credit rating grades and geography, amongst others.

Your Bank follows a policy of portfolio diversification and evaluates its total financing exposure to a particular industry in the light of its growth forecast and profitability. Your Bank's Credit Risk division monitors all major sectors of the economy and specifically tracks industries in which the Bank has credit exposures. Your Bank also has a framework for managing concentration risk with respect to single borrower and group exposures, based on the internal rating and track record of the borrowers. The exposure limits for lower-rated borrowers and groups are substantially lower than the regulatory limits. Your Bank is continuously reviewing and validating the credit rating models / score cards for its appropriateness and predictiveness. Credit risk management in your Bank, through its various policies, risk assessing tools and risk mitigating measures, ensures robust credit growth with superior asset quality.

Your Bank has formed a dedicated Market Intelligence Unit with focus on large borrowers to facilitate the collection and processing of multiple sources of information with an objective to prevent adverse selection of borrowers and throw up early warning signals of possible fraud or credit risk, both at the sanctioning stage and through the lifecycle of the credit relationship.

During challenging periods, like the one triggered by the Covid pandemic, where the economic activities become highly dynamic and volatile, your Bank conducts stress testing of the portfolios and ensures necessary remedial actions.

Currently, credit risk capital is computed using the standardized approach. RBI guidelines on Basel III capital regulations have been implemented and your Bank is sufficiently capitalized as per the current requirements under Basel III.

### Market Risk Management

Market Risk arises largely from the Bank's statutory reserve management and trading activity in interest rate instruments, equity and forex market. Your Bank has well-developed framework, comprising of Board approved policies and established

practices, for management of the market risk. Your Bank has set risk appetite and Value at Risk (VaR) limits to measure and control interest rate risk, equity price risk, forex risk, liquidity risk and other market related risks. Your Bank is using various tools like stress testing, modified duration, PVBP, VaR, position limits, loss limits, NOOP limit, AGL etc to monitor and contain market risk. It has established an independent Mid Office at the floor of Treasury, as part of Market Risk Division, which reports to the Head of Market Risk and functions as the risk control unit for the activities of Treasury and IBU. Your Bank's Market Risk Management division monitors key parameters on a periodic basis and recommends changes in policies, processes and methodologies. The Mid Office scrutinizes the treasury deals and transactions from both market risk and operational risk perspectives. Your Bank has put in place detailed policies for the conduct of business exposed to market risk and for effective management of all market risk exposures. The policies and practices also take care of monitoring and controlling of liquidity risk arising out of its banking book, trading book and off-balance sheet exposures.

Currently, capital charge for market risk is computed under the Standardized Duration Approach. Value at Risk (VaR) is the tool used for monitoring risk in Bank's trading portfolio. The VaR and Stressed VaR for market portfolios are monitored daily.

#### **Liquidity Risk Management & Interest Rate Risk Management**

Liquidity risk is the potential inability to fund increase in assets, decrease in liabilities or meet obligations as they fall due, without incurring unacceptable losses. Your Bank monitors Liquidity Risk through Liquidity Coverage Ratio (LCR), Structural Liquidity Gaps, Dynamic Liquidity monitoring, Liquidity Ratio analysis, prudential limits for negative gaps in various time buckets etc.

Interest rate risk is the risk where changes in market interest rates affect the Bank's earnings through changes in its Net Interest Income (NII) and the market value of equity through changes in the economic value of its interest rate sensitive assets, liabilities and off-balance sheet positions. Interest Rate Risk on Trading Portfolios is monitored through Market Risk Measurement tools such as, VaR, PV01 etc on a daily basis.

The policy frameworks for management of liquidity risk and interest rate risk are established vide the Bank's Asset Liability Management policy. Your Bank has established appropriate risk appetite limits and other tolerance limits for both liquidity risk and interest rate risk. While the maturity gap and stock ratio limits help manage liquidity risk in your Bank, regular assessment of its impact on the NII and economic value help mitigate interest rate risk. This is complemented by a stress testing programme covering both liquidity and interest rate risk. Your Bank conducts various studies to assess the behavioural pattern of noncontractual assets and liabilities and embedded options available to customers, which are used while managing maturity

gaps. Further, your Bank also has necessary framework in place to manage intraday liquidity risk. Your Bank's Asset Liability Management Committee (ALCO) is responsible for monitoring its adherence to liquidity risk and interest rate risk limits.

Liquidity Coverage Ratio (LCR), a global standard to assess organisation's ability to meet its payment obligations, is used as a measure to assess your Bank's liquidity position. LCR level ensures that the Bank has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30 day calendar liquidity stress scenario. Based on Basel III norms, RBI has mandated a minimum LCR of 100% from January 1, 2019. Your Bank's LCR as on March 31, 2022 stood at 134.91% and the average LCR was at 179.72% for the quarter ended March 31, 2022.

RBI has also mandated minimum Net Stable Funding Ratio (NSFR) of 100% with effect from October 01, 2021. NSFR indicates that the Bank maintains a stable funding profile in relation to the composition of its assets and off-balance sheet activities. As a prudent risk management practice, your Bank has been monitoring this ratio, and is adequately prepared to meet the RBI mandated requirements. Your Bank's NSFR as on March 31, 2022 stood at 144.44%

#### **Operational Risk Management**

Your Bank has a comprehensive framework comprising of policies, processes and systems for measurement and management of operational risks. Operational risk is primarily managed by prescribing adequate controls and mitigation measures, which are being reviewed and updated on a regular basis, to suit the changes in business practices, structure and risk profile. Your Bank is identifying and assessing operational risk through Risk and Control Self Assessments (RCSA) and monitoring of Key Risk Indicators (KRI). New products and processes or any modifications to existing products and processes are vetted to identify and understand the nature and degree of the risks the Bank would be exposed to and suitable checks and controls are implemented to mitigate such risks. Your Bank has also put in place a fraud prevention framework, whereby various transactions are monitored by dedicated teams from the angle of fraud risk and Anti Money Laundering (AML).

#### **Business Continuity Management**

Your Bank has put in place a comprehensive Bank wide Business Continuity Management (BCM) plan and procedure to ensure continuity of critical operations of the Bank in the event of any disaster/ incident affecting business continuity. Your Bank's Business Continuity Program is developed considering the criticality of the functions performed and the systems used. In terms of the Business Continuity Management Policy approved by the Board, Business Continuity Management (BCM)



Committees have been formed at all units of the Bank, which acts as a Primary Crisis Management Team in the event of any business disruption. A Central Crisis Management Team (CCMT) is in place to take responsibility and act swiftly in case of any breakdown/ failure of critical systems, occurrence of natural disasters/ accidents/ pandemic affecting business continuity. Periodic drills and tests are conducted to evaluate the effectiveness of the business continuity arrangements and necessary steps are taken wherever needed.

Your Bank has received ISO 22301 certification for the Business Continuity Management System implemented in its IT, centralized operations and clearing functions.

### **INFORMATION SECURITY & CYBER SECURITY**

Your Bank has a robust information and cyber security framework for securing its IT infrastructure and systems. The Information Security Team headed by the Chief Information Security Officer (CISO) formulates and periodically reviews the information and cyber security policies and practices. Bank has a Security Operations Center (SOC) which performs security monitoring round the clock. Dissemination of information and cyber security awareness among the staff and customers is undertaken on a regular basis through various modes.

Your Bank has received ISO 27001 accreditation for its critical IT areas including Data Center, DR Site, ATM Switch etc. Your Bank has also received the PCI-DSS certification for its card payments infrastructure.

### **INTERNAL FINANCIAL CONTROLS**

Your Bank has put in place a comprehensive internal control framework which is supplemented with appropriate procedures across all its business and support activities. The internal controls implemented are intended to manage/ mitigate the risks, ensure compliance with laws and regulations, and provide reliable and timely financial reporting.

Your Bank has sound processes for periodic assessment and review of internal controls. Risk Control Matrices are prepared for all processes and products. Risks inherent in all business/ support activities are identified and assessed on a periodic basis. The related controls are also identified and evaluated in terms of their effectiveness. The adequacy and effectiveness of these controls are independently assessed on a regular basis and if gaps are observed, action plans are prepared and implemented by the product/ process owners for remediation of risks and control improvements. These aspects are periodically reviewed by the Operational Risk Management Committee.

### **COMPLIANCE WITH BASEL FRAMEWORK**

Currently, your Bank is using Standardized Approach for credit risk, Basic Indicator Approach for operational risk and Standardized

Duration Approach with respect to market risk for computation of capital charge under Basel guidelines. Further, your Bank is gearing up with data build up and system requirements for migrating to advanced approaches. Capital Adequacy Ratio of your Bank as on March 31, 2022 under Basel III norms stood at 15.77%. Your Bank's Common Equity Capital level of 14.43% offers good cushion for further expansion and growth in asset portfolio and is in compliance with the requirements of Basel III norms. The Capital Adequacy ratio at consolidated bank level stood at 16.33%.

RBI guidelines on Basel III demand building of capital and liquidity buffers in phases and seek to enhance the minimum core capital, introduce a capital conservation buffer, and prescribe a countercyclical buffer. Your Bank has complied with the guidelines for maintaining Capital Conservation Buffer and is well capitalised and fully prepared for maintaining Countercyclical Capital Buffer, when RBI mandates it. Your Bank has also complied with the Liquidity Coverage Ratio (LCR) prescribed under Basel III norms. The LCR of your Bank on a consolidated basis as on March 31, 2022 stood at 136.35%.

### **CAPITAL MANAGEMENT FRAMEWORK**

Your Bank's approach to capital adequacy is driven by strategic and organisational requirements while taking into account the regulatory and macro-economic environment. Capital management involves an on-going review of the level of capitalization against the set risk appetite and to maintain a strong capital base to support long term stability, planned business growth and mitigate inherent risks in various businesses.

Your Bank endeavours to maintain strong Tier I capital position as part of the overall business strategy and as a source of competitive advantage. It provides assurance to regulators and credit rating agencies, while protecting the interests of depositors, creditors and shareholders. Strong capitalization also enables the Bank to take advantage of attractive business opportunities. Your Bank strives to strike a balance between the need for retaining capital for strength and growth while providing an adequate return to shareholders and sets an internal Capital Adequacy ratio target that includes a buffer in excess of the minimum regulatory requirement. In addition to the regulatory risk based capital framework, your Bank is also subject to minimum Leverage Ratio requirement and maintains a Leverage ratio which is higher than the regulatory requirement.

Your Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) to identify, assess and manage all risks that may have a material adverse impact on its business/ financial position/ capital adequacy. The ICAAP framework is guided by a comprehensive Board approved ICAAP Policy. ICAAP is aimed to ensure that your Bank maintains capital commensurate to its risk profile and

improves upon its risk management systems and framework on an ongoing basis. It involves realistic assessment of level of risks inherent in the business operations of the Bank and setting aside adequate capital to cover all such risks. The annual ICAAP is placed before the Board and the Risk Management Committee (RMC). Quarterly review of the ICAAP is conducted and placed before the RMC. The capital management framework is also complemented by the risk management framework, which covers the policies, processes, methodologies and frameworks established for the management of material risks.

Additionally, the Board approved Stress Testing Policy and Framework entails the use of various techniques to assess potential vulnerability to extreme but plausible stressed business conditions. Based on the stress testing policy approved by the Board, your Bank conducts stress tests on various portfolios and assesses its impact on the capital ratios and the adequacy of capital buffers for current and future periods. Your Bank periodically assesses and refines its stress testing framework in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market movements that could arise as a result of market conditions and the operating environment.

#### **ENVIRONMENTAL & SOCIAL MANAGEMENT SYSTEM**

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

#### **COVID -19 CONCERNS**

The outbreak of Covid-19 pandemic posed serious threat to lives and livelihoods across the world and impacted the global economy, including that of India. The impact of the pandemic posed various challenges in terms of aspects like business continuity and asset quality. The RBI and Government of India came out with various measures to manage the situation and adequate measures were put in place by your Bank to respond dynamically to these challenges and minimise impact. Though the impact has subsided, your Bank is closely monitoring the situation and necessary steps are in place to ensure business continuity. The credit quality is being assessed under various stress scenarios at close intervals. Bank is also closely watching the liquidity position and contingent liquidity position and available sources of funds to meet contingent scenarios are being assessed periodically.

#### **HUMAN RESOURCES**

Innovations and improvisations, all sustainable and digital; have always marked the way forward for your Bank. Despite the challenges the economy was facing, fortunately, the last fiscal year also could feel the varied flavours of Brand Federal being much accepted, recognised and celebrated. Your Bank ensured that the processes and applications get the periodic revamp, and each Federal got to upgrade and transform themselves to the next best version, which make your Bank team more current and informed, and thereby emerge much sharp and confident. Your Bank proved that Braving the Odds is not just an expression, it was their way of doing things! Though the trials were many, varied and erratic – hitting at the most unpredictable moment, your Bank stayed connected and together during these tough times and contributed to reinforce a robust growth while ensuring sustainability. The total human capital of your Bank stands at 12790 at the end of the financial year. The average age of the employees is 36 years and the current male-female ratio is 59:41. Your Bank has enlivened the core values always - by being ethical and responsible in the roles, always agile and committed to excellence, with thoughtfulness in relationships and sustainability in actions. These values echo in attitude and actions in your Bank and make every stakeholder feel that a true Federal CARES!

#### **Employee Engagement, Wellness & Welfare**

For the last two years, your Bank has been successfully conquering many of the challenges posed by the pandemic. An environment of innovation is encouraged, and the refinements being done take the Bank to a new territory of growth, where success is not only measured by the profit we generate, but how effectively we are able to positively influence and engage the employees and thereby all other stakeholders. Many activities including sports and family get-togethers, virtual as well as physical, were conducted pan India, had rev up the energy levels, morale and positivity among the employees. Founder's Day was observed in your Bank in a solemn manner with programs that ensured responsible social involvement of employees in various projects with relevance to ESG & Sustainability. In order to take care of the stress related issues during the COVID times; your Bank continued with the facilities of SMILES, the employee counselling program. Other major activities of your Bank in the wellness and welfare front included conducting for COVID 19 vaccination drives pan India for Federals and their families, financial support to employees who required emergency financial assistance to care for themselves and their immediate family members affected by COVID- 19 and for those employees who had lost their family members due to COVID-19, facility for doctor e-consultation for employees and end-to-end Digital platform - Fed-e-Life for pensioners.

#### **Connect, Communicate and Collaborate**

Your Bank believes that Connect, Communication, and Collaboration are the three most vital aspects for the growth,



both internally and externally. Many of the communications during the pandemic times used the latest technology available like intranet, group calls, blogs, social media that helped your Bank to reach towards a wider audience and aid employees to collaborate with each other. All the meetings were done in virtual platforms as webinars and interactions, which seldom required people movement. This helped curbing the possible chances of COVID infection for employees as well as reducing the cost on travel, for your Bank.

### Rewards & Recognition

As elevations, incentives and PMS scores would not be enough to sustain employee morale, your Bank has broadened the Rewards and Recognition plans. Zonal level Rewards and Recognition programs were crafted for identifying and recognising teams/employees with outstanding and inspiring qualities. Customer Service Champion, which is a Team Excellence Award for Branches were also instituted, where minimum customer complaints/ escalations, ATM/CDM maintenance/ uptime and ambience of the branch were the parameters for selecting the branches. Your Bank has instituted Talent Champion Awards for recognizing those individual employees who have brought accolades or have been recognised in external events, which may be cultural, sports or any other non-banking activities. This would not just help in celebrating the recognitions but motivate more employees to participate in events and get engaged in a creative and productive manner. Your Bank also ensured maximum employee engagement by instituting Engagement Champion Awards for the Best Engaged Team and this would be awarded based on the overall engagement levels of the team members in various activities organised by your Bank.

### Great Place To Work – Admired by Federals

Your Bank could excel with the formula of Perseverance, Purpose, Drive, Determination and with the committed efforts and collective actions of each of the team members. And many of those required stretching beyond the threshold and braving through the odds of the season. All the good work, dedication and drive has been paid off with the honour that has brought admiration and recognition to the Brand Federal. Your Bank has been certified as the Great Place to Work for the second time consequently. Great Place to Work Institute has recognized your Bank as one among India's 50 Best Companies to work for in 2021. It has also recognized your Bank under Best in Banks category. Your Bank received this certification for excelling on the 5 dimensions of a High-Trust, High-Performance Culture – Credibility, Respect, Fairness, Pride and Camaraderie. Chief Human Resources Officer of your Bank has been selected as the HR Leader of the Year at the Economic Times Human Capital Awards, for the various initiatives undertaken by your Bank in aligning business objectives with HR functions, new policies and practices in training, engagement etc., the progressive HR practices of your Bank that equips to maintain good relations with various representative bodies, new

technologies/ software's/ processes adopted, implementing the initiatives by connecting the dots of people, processes, organization design and culture and also for the initiatives implemented for an improved ROI, improved performance of business and employees, cost effectiveness, improved work culture, etc, along with other initiatives on employee wellbeing, welfare and connect.

### Resource Re-skilling

As part of revamping the Relationship Management framework your Bank is expanding the relationship banking network even more and are looking forward to gain a significant pie of market share in the coming days. In order to focus on new opportunities for growth and sustaining relations with our existing customers and acquiring new customers, your Bank has posted a team of young vibrant Officers as Relationship Managers in various business verticals, who are having very good communication skills and have the aptitude to source leads from potential markets in line with Bank's business strategy. The main focus behind this is to help the Branches in identifying leads and converting the leads into closings. Our future manpower recruitments will mainly be focusing on various Relationship Roles. By providing more Relationship Managers, your Bank will be able to support the Branches/ Verticals in business acquisition and thereby converting the branches/verticals into centres of excellence.

### Employee and Industrial Relations

The Industrial Relations scenario during the last year had been congenial and various representative bodies were given due importance to maintain harmonious relations.

### Learning and Development

Driven by the theme of B.I.G. – Business and Individual Growth, the Learning & Development Division of your Bank is committed to provide an ecosystem of continuous learning to employees enabling their growth and development along with that of the organisation. A wide range of sharply focussed training/learning solutions that include (a) Instructor-led training programs in functional domains and soft skills, (b) Self-paced e-learning and micro-certification programmes, (c) Capacity building certifications support, (d) MOOC Partnerships, (e) Executive coaching support, (f) mentoring, (g) communication clubs, (h) knowledge sharing forums (i) institutional training etc. provide every employee with multiple opportunities to continuously upskill, re skill and develop themselves to stay relevant and confidently scale up to the needs and challenges of changing times. During FY 2021-22, your Bank navigated the pandemic times with undisrupted learning and training dissemination by going 100% Digital.

A Learning Need Analysis survey conducted at the beginning of the financial year maps the Knowledge, Skills & Attitude gaps. An Academic Council chaired by Executive Director and Chief Human Resources Officer with members drawn from various

administrative and business verticals, field representatives and faculty team meet twice in a financial year to chalk out the priority training areas for the Bank and to review the progress and effectiveness of Training interventions. Effectiveness is measured using Kirkpatrick's Model which involves measurement at 4 levels – Reaction, Retention, behavioural Changes and Business Impact through a dedicated feedback mechanism.

### Virtual Townhall Meetings

Virtual Townhall Meetings were rolled out in the Bank in FY 22 covering all employees Pan India. The meetings were conducted Region and Department wise over MS Teams. Heads of Zones, Regions & Departments along with the HR Department led the Meetings. Messages intended to be delivered was shared to all the leaders from HR Department to ensure that the same message percolates down. Sharing of Bank's strategy, Numbers achieved, Quizzes formed part of the presentation and the meeting concluded with a high tea at their respective units.

### Training Highlights FY 2021-22

- **Leadership Talent Pool** – Custom curated Executive coaching cum leadership development interventions to build a strong leadership pipeline under the categories of Lumineux and Infinti.
- **MOOC partnership** - Arrangement with LinkedIn Learning for à la carte learning in a continuous and engaging way.
- **Digital & Technology** - Institutional training and arrangement with for upskilling and reskilling in Digital, Automation, Blockchain, etc. Skill development training programmes in Agile solutions, Trade and Forex, Data Analytics, Fintech and New Customer Experience Platforms.
- **Role Specific Skilling** - Focussed role specific skilling and curated behavioural interventions for various roles such as Branch Heads, other branch officers, non-officers, Operations team, Compliance, Credit and Risk teams and Talent Pool interventions in Trade & Forex and Relationship roles etc., for future proofing.
- **Diversity & Inclusion** - Women Leadership Certification Programs and focused Executive Development programme for women officers by various external partners, in addition to multiple internal women leadership trainings. Training programmes for ICC members (Internal Complaints Committee) and employees on various aspects of POSH.
- **Communication & Management Clubs** – Tie-ups/arrangements with Industry partners for Communication upskilling, confidence building and managerial effectiveness for aspiring leaders.
- **DAKSHA** – An online webinar series by external industry experts and stalwarts in Industry enabling Knowledge sharing.
- **Master class series**- An online webinar series by internal resources for tacit knowledge sharing and soft skills

- **Digital Induction Training**- A carefully curated blend of virtual training sessions, self-learning videos, remote activities, simulations, engagement tools and gamified leader boards which gives the essential learning as well as desired social and cultural immersion even in a virtual environment.
- **Junior Development Programs:** Intensive blended learning journey spread over 18 months for overall development of new recruits under Junior Banking Certification Program which includes Self-Learning, Webinars, Remote Proctored Assessments and Mentoring support.
- **Compliance through Mandatory e-learning** – Dedicated E-learning drives in all regulator prescribed areas like Information Security Awareness, Business Continuity Management, KYC & AML Guidelines, Banking Ombudsman etc to ensure Growth with Compliance. E- Learning on Information Security Awareness was provided to 10,386 employees (95.2 % of Officers and Non-officers) as part of the mandatory learning programmes. E-learning on Business Continuity Management was provided to 6,489 employees including Senior Management (99% officers)
- **Gamification of Learning** - A dedicated Learning Management System (LMS) enables gamification through scoreboards, unique and personalized dashboards and Digi badges

### Key Statistics 2021-22

- Against total employee strength of 12,790 training was provided to 11,535 employees in the current FY under blended modes of learning. (including 936 employees trained via external institutes)
- 99% of our officers including executives, and 91% of total employees have participated in various self-paced e-learning programmes.
- 4.88 Lakhs person hours of learning generated under various training and self-paced e-learning modules, which is approximately equivalent to an average of 5 days of classroom training per employee.

### Performance Management System

- Performance Management System in your Bank helps employees stay focussed and ensures continuous improvement at Individual, Group and Organisational levels.
- Half-yearly Performance Review discussions and Year-end Performance Evaluation are conducted and the performance of Officers against their set goals are analysed. The Officers are given online feedback on their level of performance against the allotted goals. Employees awarded with lower grades are given an opportunity to submit their grievance through an online platform.
- An independent committee then looks into the grievances and arrives at a judicious decision, which is communicated to the employees concerned.



## INSPECTION AND AUDIT

Inspection and Audit independently evaluates the adequacy, completeness, operational effectiveness and efficiency of all internal controls, risk management/governance systems and processes of your Bank. The Audit Committee of the Board provides direction and reviews the adequacy of internal audit function, including its reporting structure, staffing, coverage and frequency of audits. The Head of Inspection & Audit Department is designated as the "Internal Auditor" of the Bank and reports directly to Managing Director & CEO. An executive level committee named the "Inspection Review Committee of Executives" headed by the Managing Director & CEO oversees the audit and inspection functions and reviews the audit procedures and methodologies, effectiveness of audit systems, progress in completion of audits, risk rating of branches, and significant audit findings.

The Audit & Inspection Policy, Information System Audit Policy and the Internal Audit Procedure & Guidance Manual, which serve as the basic guidance documents for internal Audit function, were subjected to annual review during the year. The review covered appropriate modifications and refinements based on the observations made by Reserve Bank of India in the Risk Based Supervision, other regulatory guidelines, changes in internal rules and guidelines, and directions of the Audit Committee of the Board and the Board of Directors. The review and modifications ensured that the audit systems and procedures are contemporary and continue to be an effective tool for monitoring control and compliance in your Bank. Inspection & Audit is responsible for self-assessment of the Bank's internal financial controls by testing and validating the effectiveness of controls on an ongoing basis.

All activities (including outsourced activities) and all entities (including subsidiary companies) of your Bank fall within the ambit of internal audit. The major audits undertaken by your Bank during the financial year are:

- **Risk Based Internal Audit** - Your Bank has leveraged on Risk Based Internal Audit (RBIA) as a tool to assess the risks in its processes, operations and effectiveness of related controls. Risk Based Internal Audit conducted at branches focuses on prioritizing the audits and audit resources based on the level of inherent business risks and control risks. 731 Risk Based Internal Audits were conducted during the year.
- **Information System Audit** - Information System Audit collects and evaluates the evidence to determine whether the information system safeguards assets, maintains data integrity and availability, achieves organisational goals effectively and consumes resources efficiently. It focuses on the risks that are relevant to information assets and assesses the adequacy of controls implemented for mitigating the risks. All critical IT infrastructures in your Bank are subjected to Information System Audit by information systems

professionals from reputed CERT-IN empanelled external audit firms and Certified Information System Auditors (CISA) of your Bank. Critical Information Systems are subjected to Vulnerability Assessment & Penetration Testing (VAPT) every quarter. In addition to this, Information System Audit covering physical security of IT systems and business continuity procedures is conducted at branches/ offices. During the year 2021-22, Information System Audit was conducted in 1,286 branches/ offices.

- **Management Audit** - Management Audit in your Bank essentially focuses on identifying the adequacy and effectiveness of processes adopted for decision making in various Head Office Departments of the Bank, Zonal Offices, Large Corporate Hubs, National and Regional Credit Hubs, Loan Collection & Recovery Divisions, Currency Chests, Regional Cheque Processing Centers, your Bank's Subsidiary Companies etc. The feedback from management audit is relied upon by the auditee units to improve the processes, procedures and systems in place in such offices. During the year 2021-22, Management Audit was conducted in 127 offices.
- **Offsite Audit** - Offsite audit is a forward looking diagnostic tool to identify gaps in the systems and procedures of your Bank. The entire revenue audit in your Bank is undertaken through Offsite Audit. Your Bank leverages Computer Aided Audit Tools (CAAT) for generating and analysing exceptions while conducting offsite audits.
- **Concurrent Audit** - Your Bank is increasingly relying on 'Concurrent Audit' as an early warning system to ensure near real-time detection of irregularities and lapses and is also used as a tool to prevent frauds. Your Bank has implemented the revised Concurrent Audit framework, duly approved by the Audit Committee of the Board, as per RBI circular dated September 18, 2019, with effect from April 1, 2020. During the year under review, Concurrent Audit was in place in 247 branches and 81 offices, covering 57.59% of total advances and 42.35% of total deposits of your Bank. The offices covered under the Concurrent Audit include Treasury Department, Operations Department, Information Technology Department, Loan Collection and Recovery Department, Zonal Credit Administration Divisions, Depository Participant, International Financial Service Center Banking Unit, National Credit Hubs, Large Corporate Hubs, Regional Credit Hubs, Centralised Retail Credit Hubs, Corporate Client Service Centers, Retail Assets and Cards, Transaction Banking Department, Digital Center of Excellence, Regional Cheque Processing Centers, Transaction Monitoring and Fraud Prevention Department, AML Monitoring Department, Credit Monitoring Department, Exceptionally Large Branches and Branches where RBIA risk rating is assessed as "High". Concurrent Audit is also conducted in all the currency chests as required by the Reserve Bank of

India. 301 External Auditors / Audit Firms, 12 Retired Officers and 13 internal audit staff were engaged for concurrent audit assignments during the period.

- **Due Diligence Audit** - A comprehensive Risk Based Due Diligence of Partners/Service providers is conducted to ensure that they are financially stable, comply with all regulatory norms, and have all the required information security controls in place to safeguard the interests of all the stakeholders of the Bank.

The Inspection & Audit Department is manned by appropriately qualified personnel and has a staff strength of 113 officers (as on March 31, 2022) with expertise and exposure in all activities of the Bank, such as branch operations, credit sanction, credit monitoring, clearing operations, information technology, risk management and treasury operations.

During the FY 2021-22, audits were undertaken at various operating units, considering the audit universe and in tandem with the Annual Audit Plan approved by the Audit Committee of the Board. Data on major audits conducted during the year is as follows:

Type of Inspection / Audit	Number of Audits conducted
Risk Based Internal Audit	731
Information System Audit	1286
Management Audit	127
Revenue Audit	1272
Gold Loan Audit	1432
Credit Audit	1007
Legal Audit	504
Bi-monthly audits at Currency Chests	54
Audits of outsourced agencies / managed services	230

**TRANSACTION MONITORING AND FRAUD PREVENTION**

Your Bank is having a fully equipped Transaction Monitoring & Fraud Prevention Department with state-of-the-art monitoring tools working round the clock. The transactions in Core Banking and various online channels are monitored by the Transaction Monitoring Team. On the onset of Fintech partnership arrangements in bank, we have started deploying specific scenarios to monitor the Accounts opened through Fintech Arrangements. With special focus on UPI, a new team has been set up to monitor UPI transactions on NPCIs eFRM tool. Monitoring of POS acquiring and Payment Gateway (Cards) transactions is also under the purview of the Department to have a holistic control over the transaction monitoring activities of the Bank. Proactive Risk Manager (PRM) tool has been implemented for monitoring Debit Card transactions in view of the increased technology-led vulnerability in the market. Other special tools are also used for monitoring cyber frauds. The card monitoring

activity also takes place round the clock. With the launch of Credit Cards (CUG & Staff Launch), monitoring of Credit Card transactions on dedicated tool – Falcon has also commenced. Transaction Monitoring Team could identify suspicious online transactions and take immediate remedial measures to prevent further occurrence. The close association with Cyberdome of Kerala Police has been instrumental in preventing many fraudulent transactions and making recoveries to a reasonable extent. Bank has associated with Ministry of Home Affairs on their new initiative of Citizen Financial Cyber Fraud Reporting Portal and cases reported on the portal are being processed on priority by the dedicated team.

**LEGAL COMPLIANCE**

In recent times, the legal environment in the country has become very dynamic, with new laws and amendments to the existing laws being enacted at a very brisk pace. In order to cope up with this change and to ensure legal compliance, it is imperative that a robust legal risk management process to be laid down. The process helps your Bank to mitigate the legal risk which falls under the larger umbrella of operational risk.

Your Bank has a healthy compliance and legal risk management culture. The processes are designed to ensure legal and regulatory compliance and enable detection and prevention of any breaches. The Legal Department of your Bank frames processes and controls that can efficiently manage and mitigate the legal risks stemming from the daily business transactions of the Bank. Further, your Bank has a well laid system, which ensures that the documentation process is contemporary and in tune with industry standards, thus minimising the menace of legal risk, and in the meantime enhancing customer experience. Additionally, a “Manual of Instructions on Documentation” has been published by Legal Department comprising of all the general instructions pertaining to documentation for the reference of branches and other functionaries, and the same is also updated periodically.

Legal Hubs are set up at all the Zones of your Bank to ensure compliance with local laws and render legal support to the branches, underwriting teams and credit administration teams. New products, processes and schemes introduced by your Bank invariably undergo legal vetting by the Legal Department to ensure legal compliance and proper analysis of legal risks involved. Moreover, the Legal Department is rendering professional and expert advice on various legal issues associated with your Bank.

With the strong objective of making your Bank a Zero Customer Complaint Bank, strenuous efforts are being made to reduce the number of suits/ complaints filed against the Bank before different courts/ consumer forums. The fortnightly publication of “Legal Decisions Affecting Banks” circulated by Legal Department based on verdicts rendered by Supreme Court/ various High Courts/ Tribunals coupled with various educational circulars issued by Legal Department, keeps all teams well informed on



legal challenges/ issues and steps to be taken to avert compliance failures. Legal Department, a repository of statutes, also updates the teams/offices/ branches of the relevant amendments/ modifications made to statutes from time to time. Standard Loan Agreements are modified/ simplified from time to time to make them contemporary and in tune with industry standards.

Other than this, the Legal Department has formulated a framework for legal compliance of local laws compiling the Land and Stamp Laws, related customs and practices etc., in vogue in different states. It has also published Stamp Duty tracker for guidance of branches/ offices. Moreover, Zonal Legal Hubs have been holding sessions on legal topics for enriching branch level functionaries. With a view of imparting awareness on latest developments/ amendments in law and to strengthen the knowledge base of the Legal Officers of your Bank, the department is also conducting Biennial Conference of Legal Officers where legal luminaries address the participants on contemporary topics.

The Department is also conducting Panel Advocates Meet across various Regions/Zones, which helps the Bank in understanding the best practices on legal/documentation side and also helps in deriving optimum services from the panel advocates. Value addition is imparted by holding interactions amongst the members of Legal Department and Legal Hubs through audio-visual means, which also helps in resolving the hitches faced by the Legal Hubs, thereby enabling them to function efficiently and contribute to the overall growth of your Bank.

## REGULATORY COMPLIANCE

Compliance, with all applicable laws and regulations, is quintessential to the success of the Bank. Hence, your Bank balances growth and controls simultaneously in its aspiration for the Most Admired Bank status. Your Bank's compliance philosophy declares that the Bank has neither appetite nor tolerance for any compliance risk on account of non-compliance with regulations.

Your Bank adopts risk-based approach and has put in place appropriate policies and processes to ensure enterprise-wide compliance. To manage compliance risk, we have built a comprehensive Dynamic Compliance Risk Management Framework (CRMF), containing processes covering implementation of regulations, identification of risks, and remediation of risks on time. To identify any known or hidden risks, we have a variety of monitoring and testing programs, like branch and department self- testing by frontline staff, review by Compliance Monitoring Officers and Compliance Quality Assurance Cell (C-QAC). Every employee of your Bank is committed to maintain the highest level of compliance standards, both in professional and personal life.

Your Bank has taken many steps to strengthen its compliance structure. It has revised the Compliance Policy and the Policy

on Combating Financial Crime, keeping in view the regulatory requirements and best domestic and international practices. It has also extended the compliance program to the subsidiaries and group companies. Additionally, your Bank has also framed a robust annual Compliance Risk Assessment Program and Quality Assurance Program to rate the compliance risk and ensure sustenance of compliance standards. Key objectives of the Compliance Department are (a) Benchmark Regulatory Compliance, (b) Integrate Risk Management in Business, (c) Never err on Critical Compliance, (d) Always be Fair and Transparent and (e) Fit to Partner the Digital & Fintech Journey. Towards these objectives, the Bank has set a protocol where every Business Unit & Department will have Compliance Monitoring Officers who handle the first level of compliance, closely associating with respective heads. These are supplemented by Zonal level Compliance Monitoring Officers who are empowered to directly report to central Compliance.

On the technological front, your Bank is also embarking on tech-based innovations to rewrite its compliance controls and standards. The Continuous Compliance Monitoring (CCM) is a new technological solution leveraging the data analytics and artificial intelligence. The solution will be industry's first and help multiple control functions such as compliance, audit, vigilance and C-QAC to comprehensively monitor scenario-based alerts on any transactional deviations within 24 to 48 hours. The upgraded Anti- Money Laundering solution that your Bank has implemented during the year provides exhaustive list management and screening capabilities of individual transactions and customers, comparable with the Financial Action Task Force (FATF) recommendations and international standards. Moreover, the Bank has developed an electronic comprehensive obligation register covering more than eighty statutes and thirty regulatory authorities/ industry bodies. The obligation register will be supplemented by a manual of instructions to each department for process mapping, gap identification and periodic confirmation of compliance through self- testing, monitoring, concurrent and internal audits. The periodic compliance confirmation to the Board and the Regulator by your Bank will be based on the actual testing and affirmations carried out on all transactions from time to time. With this, your Bank can proudly present its Compliance Model as a benchmark for the industry.

## MARKETING

It is often heard that challenges may give rise to new opportunities, to explore new avenues and make it a way of life. To describe the last two years as 'Challenging' will be an understatement as it was something beyond that. However, those times did give us a chance to explore and execute things that were otherwise minimal. Your Bank adopted Digital Marketing as the main media to drive awareness and promotion for the brand and the products. Digital Marketing campaigns were executed quite frequently with an objective to promote the brand, product and services and to ensure conversions.

Though Digital Marketing was the main marketing media for your Bank in FY 2021-22, other marketing media like Radio, Print & Television were also used sparsely and basis the requirements from business teams. Within Digital, Social Media was given prime importance by ensuring regular content and engagement on platforms such as Facebook, Instagram, Twitter and LinkedIn. Apart from product and offer related content, importance was also given for RTMs (Real Time Marketing posts), festival related wish content, milestones etc. As the count of followers on social media has become an important indicator, your Bank had executed curated campaigns to increase followers on Facebook, Instagram and Twitter.

Through the year, your Bank had executed campaigns to promote various products such as Federal 24 7, Car Loans, FedMobile, Gold Loans, Sovereign Gold Bonds etc. The year also saw your Bank employing M/s Nielsen to undertake a 'Brand Perception Study' to understand the level of awareness, recall and various other key brand parameters. The insights derived out of this study will be utilized to design campaigns in future. The year also saw your Bank winning the following awards

- Great Place to Work® Certification (Feb 2022-23)
- Best mid-sized Bank' in the 26<sup>th</sup> 'Business Today - KPMG Annual Survey
- BFSI Technology Excellence Awards 2022
- IBA's 17<sup>th</sup> Banking Annual Technology Awards

## SERVICE QUALITY

An increase in adoption of digital banking by consumers and enhanced reliance on technology based solutions to overcome

day-to-day challenges has made it imperative for any business to leverage innovation and technology for improving the existing products and procedures and delivering quality experience to customers. Your Bank thus initiated a Quality movement in 2012 with the following objectives:

- Ensure standardization in the look and feel of branches
- Raise pan India branch performance with regard to customer experience
- Ensure uniformity and predictability across the Bank's touch points
- Create system, processes and procedures, inherently capable of continuous improvement
- Ensure standardization in customer communication

In pursuit of this, your Bank has employed a dedicated team to facilitate identification and implementation of process improvements which are critical from a customer point of view. This team liaises with other teams to evaluate various customer touch points and strives to improve various services. The team had identified and executed 100+ process improvements, large and small, to ensure responsive and frictionless customer service. One of the initiatives was upgrading of the self-service facility (Fed e Point) via website, where the customer can avail various banking services through a single portal. The services available in this portal was scaled up from 6 to 20 key services which includes updating PAN/AADHAAR, activation/deactivation of e-statement, intra bank account transfer.

## Customer Grievance

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

**Note:** Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and Reserve Bank Integrated Ombudsman scheme 2021 and covered within the ambit of the Scheme



### Customer Delight

Your Bank is always keen on relationship building, customer convenience and delight. With the purpose of enhancing customer experience and brand trust, it initiated opening of new branches, capacity building of contact center, web based portal for self-service, digital products and also observes customer-day on 15<sup>th</sup> of every month. Branches are also sanitized and laced with fine interiors, at par with industry standards. The security aspect has been given utmost importance with modern equipment like closed circuit TV, motion sensors, infra-red cameras and fire alarm systems. Your Bank has also started online real time remote security and surveillance of ATMs and branches towards this end. Further, it is progressively equipping its branches with fake note detectors, note sorting machines and currency authenticating machines, in compliance with the regulatory guidelines. Your Bank has installed 1885 ATM/Recyclers which will enable customers to withdraw/deposit cash in their account 24 X 7. With these measures, your Bank is focussing on ensuring excellence in operations, service delivery with least gaps based on customer feedback and strives to maintain high level of customer satisfaction along with reduced count of customer complaints through an efficient redressal mechanism.

### STRATEGIC PLANNING

Corporate planning department of your Bank formulates long term objectives which aims to ensure a viable relation between the resources and the environment, favourable for the growth and the pursuit of Bank's fundamental goals. The department co-ordinates diverse functions like Planning, Budgeting, Monitoring of Business Performance, Business Analytics, Cost Management and Management Information systems. The Department articulates performance measurement mechanism to monitor the performance of each business units. The strategic priorities followed by the department in the yesteryears has helped to maintain a good position through the pandemic.

Your Bank follows a healthy co-existence of the branch channel with alternate distribution channels including Relationship Managers, Field Sales teams, and Digital Acquisition; thereby leveraging multiple engines for customer acquisition and engagement; embracing its goals with focus, quality, granularity, regularity and sustainability. The department, through its various initiatives, brings synergy between the distribution channels to deliver desired results. Cost Management has also become a vital part to ensure sustainability in the long run pushing the department to maintain a holistic approach and adopting an agile operating model, while connecting cost reduction and investment decisions.

With a core analytics data science team functioning for more than 5 years now, your Bank has built a strong foundation with advanced capabilities for tapping the huge potential of data,

uncovering the strategic opportunities it holds. The data science team is best engaged and is leveraging the rich underlying internal and external data across the business functions, evolving along the way into a Centre of Excellence for efficient delivery of the state-of-art analytical frameworks. The main focus includes addressing the core of business problems, thus optimizing the costs with enhanced efficiency, and exploiting every possible opportunity for establishing enhanced and additional revenue centers for business. Powered by machine learning (ML) and artificial intelligence (AI) capabilities, the team is aligned towards the principal objective of enhancing customer experience, value and delight by ensuring high quality customer acquisition, servicing, personalization, next best actions and retention, thereby enabling fostering the deeper healthy customer relationships at each step.

MIS team, a multi-functionary cell under Corporate Planning Department, coordinates comprehensive report generation and automation, ensuring data quality, accuracy and timeliness of information for management decision making as its prime objectives. The agile reporting of MIS enables branches and offices to align and organize themselves to the set goals. The automated reports/ insights to individual business units, by making use of cutting-edge business intelligence tools, enable the users slice and dice data, helping them to derive meaningful insights and empowering them to take informed business decisions. The Regulatory Reports Cell, which functions under MIS, is a specialized team that deals with generation and automation of regulatory reports of your Bank, ensures integrated and prompt generation of reports to stakeholders for onward submission to the regulators. Your Bank also has a Quality Assurance Cell for MIS, that ensures the accuracy and consistency of data captured in the Bank's systems and validates the critical reports generated by the MIS team.

### CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility activities of your Bank touches a wider footprint through areas like Health, Education, Women Empowerment, Environment Sustainability and other activities.

The CSR projects are executed under the Federal Bank Hormis Memorial Foundation, which acts as a special purpose vehicle for the implementation of CSR activities of your Bank. The last financial year witnessed second wave of the COVID-19 pandemic/ its medical and socio-economic impacts, and our major CSR spends focussed for Covid 19 related activities- Health Care, Livelihood Enhancement & Awareness Programmes which comes under eligible CSR Activities stipulated by the Ministry of Corporate Affairs.

Major CSR projects undertaken during FY 2021-2022 by your Bank are as follows:

**PROMOTING EDUCATION**

**(a) Federal Bank Hormis Memorial Foundation Scholarships:**  
The foundation is providing scholarships to the needy students for pursuing professional courses for many years. During the year, the Trust has offered scholarship to 180 meritorious students, 20 students from each stream.

**(b) Federal Skill Academies**  
While India has the largest percentage of youth population in the world, it has a very high percentage of unskilled youth as well. For addressing this issue, Bank included skilling as one of the activities under CSR Policy to create a larger skilled workforce.

**(c) Vidyakiranam Project-Educational Support in association with CII**  
To help the deserving students across the State, Government has launched 'Vidyakiranam' project to make available tablets for marginalised and underprivileged students for attending the on-line classes seamlessly. We have supported the initiative by providing 474 tablets to eligible students studying in various schools in Kerala.

**(d) Traffic Barricades in Metro Cities-Promoting Road Safety-Traffic Engineering & Awareness.**  
During the second wave of the pandemic, Bank has supported Police Departments in Chennai, Mumbai for law enforcement and covid containment measures. Messages for creating traffic awareness and covid prevention were displayed on the barricades provided.

**(e) Cyber Security Awareness programme**  
Cyber Cell in Vigilance Department has devised a plan in alliance with Marketing Department and a creative partner to conduct a yearlong campaign on Cyber Security.

This campaign is intended to create awareness on Cyber Frauds among General Public under CSR Activity- Promoting Education- educating the masses through print, audio and visual media.

**(f) Support to ASAP-Promoting Education**  
Support to ASAP(Additional Skill Acquisition Programme) by Govt of Kerala for establishing Community Colleges in Kerala enabling access to better education and professional training. We have sponsored a part of tuition fee of 91 students for one year .

**(g) Transformation of Govt Schools- Odisha under 5T scheme of Govt of Odisha**  
State Government of Odisha has started an initiative under the name " 5T" for transforming Government High Schools in Balasore District by providing well-furnished infrastructure

to enable quality education to students. The Bank has supported the scheme by sanctioning 3 projects to BDO, Balasore, BDO Jaleshwar BDO, Bahanaga .

**(h) Nammukku Naame Project- Govt of Tamil Nadu**  
Govt of Tamil Nadu has launched Nammukku Naame Thittam project which is being implemented with the help of public/ corporates in all urban areas of Tamil Nadu to restore water bodies, create parks, recreation and sports facilities, tree plantation, construct or upgrade school buildings, dispensary buildings etc . The Bank has supported the initiatives.

**FOUNDERS DAY – THEME -ESG**

Every year we celebrate 18<sup>th</sup> October, birthday of our visionary founder as CSR day of the Bank. Bank conducted various CSR activities through our branches Pan India to commemorate his vision, which helped for the welfare of the society in general. This year we sanctioned 49 projects on the above theme from various branches, Pan India

**WELFARE & POVERTY ALLEVIATION**

The Bank has supported various projects for the upliftment of economically backward sections, countering malnutrition and supporting the right to education of socio-economically disadvantaged children by associating with various Govt initiatives and NGOs across India . The Bank has also done various CSR projects to Old age homes, Orphanages, other NGOs, for setting up hostels/improving infrastructure facilities etc and for providing food kits to the needy.

**HEALTH CARE**

**(a) Sponsoring Trauma Care Units- Support to Sansad Mobile Swasthya Sewa, Himachal Pradesh.**  
Supported a public healthcare programme in remote rural villages in Hamirpur, Himachal Pradesh, a fleet of Mobile Medical Units which covers five districts,800 Panchayaths and 13000 beneficiaries.



**The Bank has supported various projects for the upliftment of economically backward sections, countering malnutrition and supporting the right to education of socio-economically disadvantaged children by associating with various Govt initiatives and NGOs across India.**



**(b) Support to SCTIMST (Sree ChithiraThirunal Institute for Medical Sciences and Technology)**

Your Bank joined hands to set up a Comprehensive Centre for Cognitive Rehabilitation of Children with Neuro disorders.

**(c) Support to Guardian Angel Peace Mission Centre, Angamaly**

Bank has joined hands with the Palliative centre to construct one floor of the proposed building, having an area of 10721 sq ft in order to accommodate more number of patients requiring palliative care due to the spike in demand for inpatient services and the project is nearing completion.

**(f) Other supports in Health Care Sectors**

Support extended for	Support to:
Enhancing Medical facilities- Setting Up ICU Facilities	LF Hospital, Angamaly
Palliative Care-Purchasing a vehicle for palliative care purposes	St Joseph's Pain & Palliative Care Trust, Dimapur
Enhancing Medical Facilities- procuring medical equipments required for Cardiology Unit	General Hospital, Ernakulam
Palliative Care-Purchasing a vehicle for palliative care purposes	Signature Foundation, Ernakulam
Health Care-For purchasing an ambulance	Holy Redeemer Health Centre, Dimapur
Health Care-For purchasing an ambulance	St Thomas Hospital, Chethipuzha, Changanachery
Health Care-For purchasing an ambulance	Vimala Hospital, Kanjoor
Enhancing Medical Facilities- Construction of Hospital Block	Nirmal Rani St Joseph's Hospital, Olarikkara
Enhancing Medical Facilities- Dialysis Unit	MAGJ Hospital, Mookkannur
Enhancing Medical Facilities- Procuring various medical equipments	Konni Medical College, Pathanamthitta
Health Care-For purchasing an ambulance	Hridaya Palliative Care, Irinjalakuda

**PROMOTING WOMEN EMPOWERMENT**

**(a) Project "SwayamSakthi "**

Since 2018-19, Your Bank is supporting Drshtikona Consultancy And Program Management Services Pvt Ltd partnering with Himalayan Social Institute for the above project

The Project envisages to enable Girl Child who has not completed her education by providing 'Bridge Education'. Remedial Education is given to them for fulfilling their aspirations and dreams for a better livelihood and career prospects by continuing their study in a regular school.

**(b) Kochi Corporation-HEAL Project**

The bank has supported the initiative by sponsoring Fabric Shredding machine & Washing cum drying Machine for the Textile shredding unit being set up by Kochi Corporation, which will provide livelihood opportunities for Kudumbasree and other needy women.

**(c) Support to AIDA, Dimapur**

Supported ANMA Integrated Development Association (AIDA), the development wing of the Salesians of Don Bosco, Dimapur Province is committed to the socio economic and educational development of marginalized sections of the society in four north eastern states for over 35 years. Currently it reaches out directly to 200 villages.

**(d) Support to Sewa Social service Society, Khadi, Pune**

We have supported the NGO towards training and setting up of 2 stitching units for underprivileged women in rural areas of Pune and Raigad districts of Maharashtra

**PROMOTING ENVIRONMENT SUSTAINABILITY & SWATCH BHARAT**

**(a) SEED – Student Empowerment for Environment Development**

To build awareness amongst student fraternity to conserve the earth's natural resources, Federal Bank joined with Mathrubhumi, a leading Newspaper daily in Kerala in the SEED Programme since 2012. SEED (Student Empowerment for Environmental Development) is an initiative aimed at spreading the message of ecological conservation. Schools carry out simple but effective steps in environment protection like Planting & Protection of saplings, Agricultural Activities, Bio-diversity conservation, Energy Conservation, Conservation of Water bodies, Cleanliness & protection of public health, Reduce, Reuse and Recycle Plastic waste and intervention in local area environmental issues through SEED Police. Bank is supporting this noble cause for the past ten years.

- (b) Support to Town Panchayath, Kushal Nagar**  
Support to Town Panchayath, Kushalnagar for Grill Fencing the bridge on Cauvery River located in Kushalnagar in order to protect the river from getting polluted.
- (c) Support to St.George Balikagram, Home for the Female Children of Leprosy Patients, Pune for - Installation of 7KWP Grid Interactive Roof Top Solar Photovoltaic Power Plant**
- (d) Support to Bhigwan Grama Panchayath** for purchasing a Garbage Collection Vehicle (Three Wheeler Electric Model)

**DISASTER RELIEF-COVID 19 PROJECTS-FY2021-2022**

As a responsible organization committed to the welfare of society, the Bank has provided major share of our mandatory allocation in Covid related relief measures in FY2021-22 also, which includes, livelihood enhancement projects, improving health care facilities, vaccination awareness programmes, promoting vaccination in selected districts, providing free vaccines to disadvantaged sections of society through various organizations, distributing groceries to the underprivileged etc.

Brief details of projects are given below:

- (a) Sanjeevani –A Shot of Life & Vaccination of 5 Districts Pan India-in association with NW18 & United Way of Mumbai**

**Sanjeevani –A Shot of Life –**

On 16 January 2021, India started its national vaccination programme against the SARS-CoV-2 virus which has caused the COVID-19 pandemic. The drive prioritized healthcare and frontline workers, and then those over the age of 60, and then those over the age of 45 and suffering from certain comorbidities.

As part of our CSR activities, Bank joined hands with E18 group for educating the masses on the benefit of vaccination through Sanjeevani Programme

The project, one of the largest vaccine awareness drive in India was started on 7<sup>th</sup> April 2021. The event was held across a period of nine months commencing from April 2021 to December 2021.

The project has been implemented by E18 group, a digital media company having reach over India and broadcasting in 11 regional languages.

The project has two-pronged approach of mass mobilization through reaching audience via digital media while also simultaneously running “Sanjeevani Ki Gaadi” for on ground mobilization to encourage vaccination coverage .

The impact of the project have surpassed the expected coverage and beneficiary number. Both Central & Local Govt representatives applauded the project contributing to national cause.

**Gift A Vaccine - (Promotion of Vaccination in 5 Districts) in association with United Way of Mumbai**

The Sanjeevani campaign supported by Federal Bank has been carrying out awareness activities across 1000 villages in 5 districts in India. This initiative covers mass awareness, facilitation of vaccinations and strengthening of vaccination centres.

The project was implemented for a period of 10 months across 1000 villages in 5 districts- Amritsar, Indore, Nashik, Guntur & Dakshin Kannada. Program started on 24<sup>th</sup> May 2021 and completed in March 2022. The project has been well received by District Health Offices and other relevant authorities.

- (b) Covid Warden- Livelihood Enhancement Project-**

From the month of September 2021, the Bank associated with M/s SB Global Educational Resources Pvt Ltd, the implementing partner of Federal Skill Academies for creating a cadre of **skilled Trainee Covid Wardens** for effective crowd management and Covid protocol implementation. These Covid Wardens are assigned for a period of 4 months from September 2021.

Unemployed youth/those lost their jobs due to the pandemic belonging to the age group 20-35 including women from different locations covering all districts of Kerala were selected through a well-defined process. The selected candidates were groomed through a 3 day on line training program on effective communication, people management and covid protocol.

The trainees on completion of the skilling program were posted as “Trainee COVID Wardens” for covid protocol enforcement at various branches in Kerala and also with several non-commercial establishments. The project was continued till March 2022 due to hike in covid cases in January 2022.

- (c) Support to Aluva District Hospital-Conversion of 100 bed block in Aluva District Hospital into Covid Care Facility/ ICUs**

The Bank has provided support for setting up an ICU unit for COVID Care in Aluva District Hospital at the request of National Health Mission which was well appreciated by the Govt. during the massive second wave of Covid-19.



### Other initiatives

Support extended for	Support to:
Conducting Free Vaccination Drive	Various Supports to Hospitals, Govt Departments, Elected representatives of various constituencies.
Oxygen Concentrators/ cylinders/oxyimeters/ Oxygen Plant	Support to Panchayaths, District Administrations
Enhancing Medical Facilities	Various Hospitals,
Covid Protection Gears	Support to Local Authorities, Police Departments, Medical College, Govt Offices
Setting up CFLTC, Covid Care Centres, Distribution of groceries, food packets in constituencies, orphanages	Support to various District Administrations, CII, Local Authorities etc
Distribution of Medicines	Thalayolaparambu Municipality Soukhyam Charitable Trust

### PROMOTING SPORTS & CULTURE

Your Bank has supported various organizations/Educational institutions for promotion of sports activities:

Support extended for	Support to:
Construction of Tennis Court	St Jospeh's College, Irinjalakuda.
Towards training expenses, mess expenses, salary of coaches, jerseys etc for their Senior Team during 2021-22 season	M/s Kovalam FC
For supporting Senior Girls team of M/s Don Bosco Football Academy in 2022 edition of Kerala Premier League	M/s Cochin Don Bosco Society- Don Bosco Football Academy
For supporting Women's National team of Gokulam FC	M/s Gokulam FC
For rebuilding basketball court	U C College, Aluva

### FEDERAL OPERATIONS AND SERVICES LIMITED

Federal Operations and Services Limited (FedServ) is a wholly owned subsidiary company of your Bank fully dedicated to operational and technology-oriented services of the Bank. The company has helped the Bank in re-engineering various operational activities and implement various process improvements since its inception, in 2018. FedServ has been effective in providing support on 109 operational activities for the year ended March 31, 2022 and is expected to provide support on 30+ additional processes during FY 2022-23. FedServ's primary objective is to enhance the customer service level by up keeping and upgrading processes on a continuous basis while ensuring that all the perceived risks are duly mitigated.

### FEDBANK FINANCIAL SERVICES LIMITED

Promoted by The Federal Bank Limited, Fedbank Financial Services Limited ("Fedfina") is a retail focused NBFC, headquartered in Mumbai, Maharashtra. It is one among the five private bank-promoted NBFCs in India. Fedfina is registered with the Reserve Bank of India as a Systemically Important Non-Deposit Taking Non-Banking Financial Company (NBFC-ND-SI).

Fedfina has a vision to empower emerging India with easy access to loans. It operates a "twin engine" business model, which focuses on two complementary products, namely gold loans and instalment loans catering to MSMEs (Micro, Small and Medium Enterprises) and ESEI (Emerging Self-Employed Individuals). This business model provides Fedfina with an opportunity to grow as well as a countercyclical hedge for Fedfina against disruptions in the Indian economy and the retail loans industry.

### Business Overview

Fedfina operates a twin-engine business model with two complementary products, i.e., instalment loans to MSMEs and ESEIs and gold loans. Fedfina also has other instalment loan products such as housing loans and unsecured business loans that are offered to target customer segments. It has largely focused on a collateralized lending model for its retail finance segment targeting ESEI consumers and the emerging MSME sector. As on September 30, 2021, 86.25% of Fedfina's total Loan Assets are secured against tangible assets, namely its customer's gold or property.

Fedfina has delivered consistent and one of the industry leading performances across various benchmarks, such as AUM Growth, NNPA and GNPA levels and cost of funds. As of September 30, 2021, Fedfina covered 136 districts in 15 states and Union Territories through 463 branches, with a strong presence in Southern and Western regions of India. During H1F22, it added 104 branches as against 359 branches as on March 31, 2021. Fedfina has a "Phygital" door-step model, a combination of digital and physical initiatives, for providing customized services to its customers across all their products.

## Performance in FY 2021-22

The financial numbers of Fedfina mentioned herein below are in accordance with notified Indian Accounting Standards ('Ind-AS').

### Revenue/ Profit Parameters

The revenues from operations for FY 2021-22 grew by 25.7% to ₹869.3 Crore (PY ₹691.8 Crore) on the back of growth of 24.0% in the loan book. Net profit grew 67.7% to ₹103.5 Crore (PY ₹61.7 Crore).

Profit and Loss Statement (₹ Cr)	For the Year ended March 31, 2022	For the Year ended March 31, 2021	Growth (%)
Revenue from Operations	869.3	691.8	25.7%
Total Income	883.6	697.6	26.7%
Profit Before Tax	139.2	76.9	81.0%
Net Profit	103.5	61.7	67.7%

Fedfina has been raising capital via issues, in the past three years. On June 29, 2021 it raised capital aggregating to ₹200 Cr through a rights issue. The net worth in FY 2021-22 grew 38.2% to ₹1,153.5 Crore (PY ₹834.8 Crore).

The on-balance sheet loans as on March 31, 2022 was at ₹5,644.8 Crores, compared to ₹4,552.1 Crores as on March 31, 2021 registering a growth of 24.0%. The total assets grew 19.9% in FY 2021-22 to ₹6,555.7 Crore (PY ₹5,466.3 Crore).

Financial Disclosures (₹ Cr)	As at Mar 31, 2022	As at Mar 31, 2021	Growth (%)
Net Worth	1,153.5	834.8	38.2%
Loan Book	5,644.8	4,552.1	24.0%
Total Assets	6,555.7	5,466.3	19.9%

### Asset Quality and Capital

Ratios	As at Mar 31, 2022	As at Mar 31, 2021	Growth (bps)
CRAR	23.04%	23.52%	- 48 bps
Gross Non Performing Assets (GNPA)	2.23%*	1.01%	122 bps
Net Non-Performing Assets (NNPA)	1.75%	0.71%	104 bps
Provision Coverage Ratio (PCR)	22.07%	29.86%	- 779 bps

$GNPA = \text{Stage 3 Loans} / \text{Total Gross Loans}$

$NNPA = [\text{Gross Stage 3 Loans} - \text{Impairment allowance for Stage 3 Loans}] / [\text{Total Gross Loans} - \text{Impairment allowance for Stage 3 Loans}]$

$PCR = [\text{Total Impairment allowance for Stage 3 Loans}] / [\text{Total Stage 3 Loans}]$

\*NPA for FY22 is computed in accordance with the RBI circular issued on November 12, 2021, and is not comparable with earlier reported NPA.

### Competitive Strengths

#### "Twin engine" business model ensures growth and risk insulation across economic cycles

Fedfina has a "twin engine" business model, which focuses on two complementary retail products, namely instalment loans to ESEIs and MSMEs, and gold loans. Fedfina believes that this business model provides it with growth opportunities while mitigating the risk across economic cycles. The credit demand from ESEIs and the MSME segment, drives business growth when there is an upturn in the economy. On the other hand, the demand for gold loans drives business growth when there is a downturn in the economy. Gold loan portfolio offered by the Fedfina provides an active hedge against the cyclicity in the Indian retail lending industry that may arise due to economic or other factors.

In particular, the credit analysis and valuation methodology done by Fedfina requires market knowledge and practical experience developed over a period of time, which it believes will allow it to continue to grow and service its customers.

#### Focus on performance of its large branch network and extracting operating leverage

Fedfina is present across 15 states and UTs with a strong presence in Southern and Western regions of India. The presence across these states gives it the ability to meet the demand from under penetrated markets and customer categories. It has more than tripled its branch network from 149 branches as of March 31, 2019 to 463 branches by September 30, 2021 and most of its branches have still not reached a mature stage. Fedfina intends



to continue to focus on branch level AUMs to increase its total number of customers and total AUM. Further, it has adopted a contiguous strategy wherein the aim is to expand across regions in India where it has a presence and expand to adjacent geographies by evaluating areas with established credit culture.

**Well diversified funding profile with an advantage of lower cost of funds**

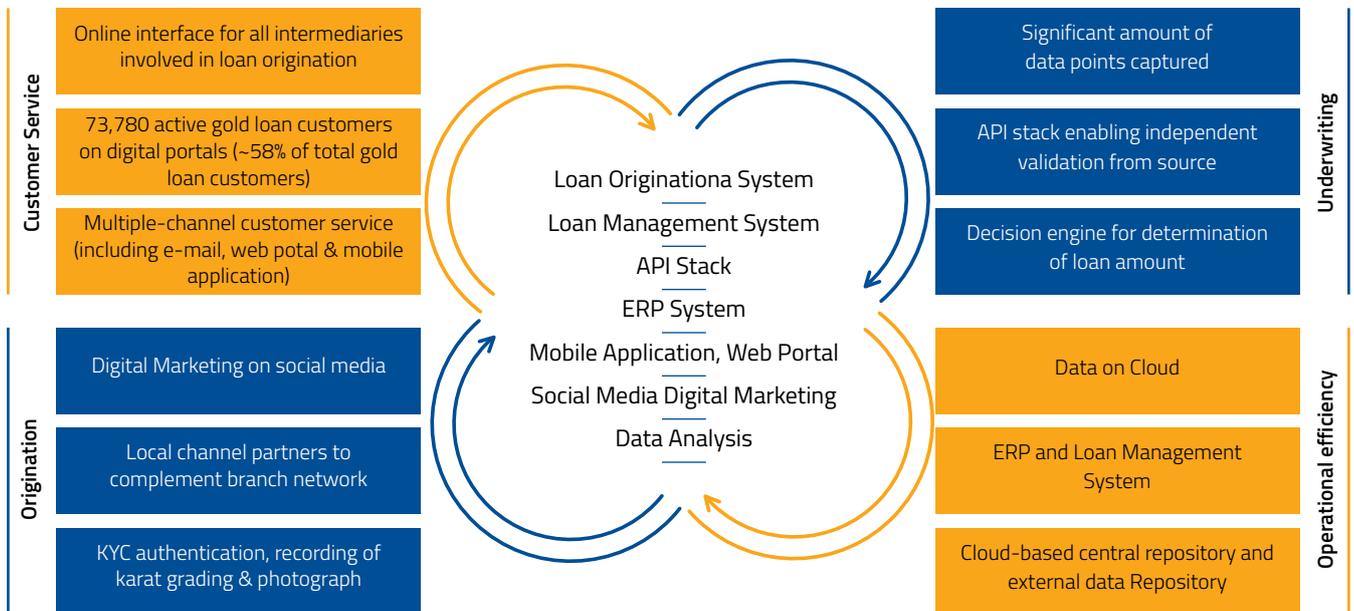
Fedfina’s ability to access diversified sources of funding is a key contributor to its growth. It intends to continue to diversify its funding sources, identify new sources and pools of capital and implement robust asset liability management policies with the aim of further optimizing borrowing costs and help expand its net interest margin. It has the ability to access borrowings at a competitive cost due to its stable credit history, credit ratings, conservative risk management policies and strong brand equity. Fedfina has borrowing from more than 20 entities, banks, NBFCs, Financial Institutions and Mutual Funds, as on September 30, 2021 with a long term rating of AA- / Stable for its long term bank facility and non-convertible debentures (by India Rating and Research Pvt. Ltd.).

Historically, it has secured financing from diversified sources of capital from banks, financial institutions, mutual funds and other financial institutions, including term loans, proceeds from loans securitized, proceeds from the issuance of NCDs, proceeds from loans assigned and commercial papers, to meet its capital requirements. In addition, it has access to capital from its Promoter, The Federal Bank Limited.

Fedfina’s diversified sources of borrowing, stable credit history, credit ratings and effective asset –liability management have allowed it to gain better access to cost –effective debt financing

**Technology driven company with scalable operating model**

Fedfina is technology driven, using systems with digital infrastructure to manage a scalable and sustainable operating model. This enables it to expand and scale businesses and drive growth in revenue at lower incremental costs. Its technology stack is deployed with customized tools and applications that enhances operational efficiency, automation and customer convenience.



It is able to capture significant amounts of data points through credit bureau data, API stack enabling independent validation from source, customer financials, observations from front end teams, and feedback from credit underwriting and management teams. The data gets stored in a highly secured manner and through a cloud services platform. The integrated loan management and loan origination systems provide a seamless transaction processing capability and standardization of processes across

branches which finally flows into a cloud-based central repository, thereby enabling superior portfolio management and customer engagement

It offers mobility solutions for customers providing them with transparency and convenience of engagement and transaction execution. The digital application allows customers to perform a variety of transactions and share their experiences which manifests in the form of customer ratings.

**Capital Raise**

Fedbank Financial Services Limited has filed its DRHP with the Securities & Exchange Board of India, on February 19, 2022, for a fresh issue of equity shares aggregating upto ₹9,000 million and an offer for sale of up to 45,714,286 equity shares by certain existing shareholders of Fedbank Financial Services Limited (the "Offer") The filing of the red herring prospectus by Fedbank Financial Services will be subject to market conditions, regulatory approvals and other considerations and will be in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and other applicable laws.

**Disclaimer:** Fedbank Financial Services Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed a draft red herring prospectus ("DRHP") with the Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited. The DRHP is available on the website of the SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) as well as on the websites of the book running lead managers, ICICI Securities Limited, IIFL Securities Limited, JM Financial Limited and Equirus Capital Private Limited, at [www.icicisecurities.com](http://www.icicisecurities.com), [www.iiflcap.com](http://www.iiflcap.com), [www.jmfi.com](http://www.jmfi.com) and [www.equirus.com](http://www.equirus.com) respectively, and the websites of the stock exchange(s) at [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com), respectively. Any potential investor should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" of the RHP, when available. Potential investors should not rely on the DRHP for any investment decision.

The equity shares proposed to be offered in the Offer have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, ("U.S. Securities Act") and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and accordingly, the equity shares are being offered and sold within the United States solely to persons who are reasonably believed to be qualified institutional buyers ("QIBs") as defined in Rule 144A under the U.S. Securities Act, and that are qualified purchasers ("QPs") as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "U.S. Investment Company Act") (persons who are both a QIB and a QP are referred to as "Entitled QPs"). The equity shares are being offered and sold outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Each purchaser is hereby notified that sellers of equity shares may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act.

Until the expiry of 40 days after the date of commencement of the Offer, an offer or sale of the equity shares within the United States by a dealer (whether or not participating in the offer) may violate the registration requirements of the U.S. Securities Act.

**Fedfina Financial Services Limited has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act. Fedfina Financial Services Limited is relying on the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act, and as a result the equity shares are being offered and sold in the United States and to U.S. Persons only to persons who are Entitled QPs.**

Fedfina Financial Services Limited Company may be a "covered fund" for purposes of the "Volcker Rule" contained in the Dodd-Frank Act (Section 619: Prohibitions on Proprietary Trading and Certain Relationships with Hedge Funds and Private Equity Funds). Accordingly, entities that may be "covered banking entities" for the purposes of the Volcker Rule may be restricted from holding Fedfina Financial Services Limited's securities and should take specific advice before making an investment in Fedfina Financial Services Limited.

**AGEAS FEDERAL LIFE INSURANCE COMPANY LIMITED**

**Performance Summary**

During FY 2021-22, AFLI continued to play to its strengths such as best-in-class customer service, high customer retention, and a committed workforce, among many others. This has helped it to keep overall premium growing over the previous year.

AFLI has witnessed strong and sustainable growth in New Business Premium (NBP) by 29% and in Renewal Premium by 5% over the last year. Retail new business premium growth is 23% for the life insurance industry private players and AFLI has grown by 27%. AFLI has also improved its market share on APE basis over the last year despite a challenging environment. The company achieved 36% growth rate on Individual APE-basis which is 4<sup>th</sup> highest in the industry.

FY 2021-22 saw a continued thrust on customers shopping for financial products to build a stronger future and in turn, live the life and lifestyle of their choice. AFLI continues to work on its stated objectives and build a healthier and better society by helping its customers in this process.

In today's hyper-connected world, the importance of digitization cannot be over emphasized. Ageas Federal progressed firmly on its pre-defined path to embrace the importance of putting people at the center of everything it does. Employees were fully equipped with all the digital interventions needed to discharge their roles. To make insurance easy and straightforward for its customers, AFLI has reimagined the customer experience with its digital innovations. By investing in newer technology and focussing on digital channels and online applications, it has attempted to make the process simple and straight-forward for its customers at each stage of their journey.



**FY 2021-22 saw a continued thrust on customers shopping for financial products to build a stronger future and in turn, live the life and lifestyle of their choice. AFLI continues to work on its stated objectives and build a healthier and better society by helping its customers in this process.**



AFLI has been agile and swiftly moved in line with macro-economic changes like interest rates, performance of various financial markets and modified its product suite to ensure balanced product mix for the company and at the same time, offer better terms to its customers.

With retail life insurance market expanding at a pace lower than anticipated, existing insurers are chasing a smaller globe and trying to increase their pie. AFLI stayed well connected with its distribution partners and improved its market position in Individual new business premium sales.

The life insurance market continues to be fiercely competitive. AFLI continues to hold the fort and is working on surging ahead at the opportune time. With a growth of 5% in renewals, AFLI has had another successful year in maintaining high retention ratio for its existing customers.

Against this backdrop of business performance and cost effectiveness, the Operating Cost Ratio (Operating Cost to Gross Written Premium) improved to 12.5% from 12.7% during the year. The Company registered a profit before tax of INR 104.3 crores, down by 23% over the earlier year due to sharp increase in death claims, strengthening of Covid reserves and new business strain on account of new business premium growth.

#### Awards and Accolades

The organisation's commitment to creating an exceptional employee experience has earned it several accolades during the year. Ageas Federal was recognised as a Great Place to Work® for the third consecutive year and also featured among 'India's Best Workplaces in the Insurance sector' by Great Place to Work® Institute (India). Additionally, the organisation was recognised as one of 'India's Top 15 Best Employers' by Kincentric.

99

**The organisation's commitment to creating an exceptional employee experience has earned it several accolades during the year. Ageas Federal was recognised as a Great Place to Work® for the third consecutive year**

AFLI received the award for 'Best Brand Building Campaign - Life Insurance' for its impactful rebranding campaign at the 3<sup>rd</sup> Annual BFSI Technology Excellence Awards 2022. The organization was also honoured with the award for 'Best CSR Initiatives - Life Insurance' at the Banking Frontiers | InsureNext Conference & Awards 2022, as well as the award for 'India's Best Life Insurance Company for Customer Obsession' at the 4<sup>th</sup> Insurance Alerts & Excellence Awards 2021.

#### Transformation Journey

In FY2020-21, the Company transitioned to a new identity as Ageas Federal Life Insurance pursuant to Belgium-based Ageas Insurance International NV increasing its shareholding to 49% by acquiring 23% of stake from IDBI Bank. Further to this rebrand, Boston Consulting Group (BCG) was engaged for a comprehensive strategic review which concluded in August '21. The new strategy was approved by the Board and is now in the process of being implemented. The outcome of the comprehensive review revealed the following main strategic objectives for the organisation:

- 1) Multi-channel business model
- 2) Customer-centric offerings and approach
- 3) Digital and data-driven growth
- 4) Build and nurture a culture with sustainability at the forefront

To achieve these objectives, a strategic agenda has been put in place to guide the organisation on its Transformation Journey.

#### Products

AFLI's comprehensive product suite of 24 plans offers customers financial protection for themselves and their families, while effectively meeting their diverse needs and varying life-stage requirements.

Reinsurers were badly hit by the surge in claims during the pandemic, especially during the second wave, and hence, there was pressure on them to hike term plan rates. With this revision, AFLI has relooked at rates for its protection plans and has filed new plans with the regulator on both the individual and group platforms. Additionally, the economic uncertainty and falling interest rate regime in the country during the COVID-19 scenario resulted in customers displaying a greater interest in guaranteed products. Looking at this opportunity, AFLI has filed a different, appealing offering on the savings platform that allows for systematic savings and provides long-term income. Furthermore, with ULIPs seeing greater traction due to the buoyant stock markets over the past couple of years, AFLI has filed a new ULIP single-pay proposition, offering enhanced benefits to customers.

### Risk Management Framework & Risk Mitigation Measures

Discipline is a key component of a visionary organization focused on greatness. To this end, AFLI is continuously evolving its risk management framework for timely identification, intervention and mitigation of risks. The risk management structure is guided by development, implementation and monitoring of financial and operational strategies.

AFLI is thus able to not only assess the risks but also ensure mitigation, thereby improving efficiencies and enhancing the value that it delivers to its stakeholders by aligning risk appetite and strategy with growth and return. Its assessment process ensures timely response decisions to minimise operational surprises and losses.

Cognizant of the strong connect between risk and return, it does not believe in risk avoidance; rather it is focused on understanding and managing risks effectively. This approach helps it to identify the acceptable risks and optimise the same for expected returns.

AFLI has a well-defined governance structure which clearly outlines the organisational hierarchy and the scope of responsibilities of all the Governance bodies involved in the risk management function. The Company's risk management governance structure includes the Board of Directors (Board), the Risk Management Committee (RMC), the Operational Risk Management Group (ORMG), the Asset Liability Committee (ALCO), the Anti-Fraud Committee, the BCP Crisis Management Team, the Product Concept Committee, Outsourcing Committee (OC) and Information Security Committee (ISC).

Risk Taxonomy continues to be a vital component of its risk management framework and helps ensure a consistent and comprehensive approach to risk identification, assessment, monitoring and response. Guided by this mechanism, AFLI is able to properly highlight and define all the identified risks within the Company, which helps it to evolve the necessary risk management efforts. It also helps establish ownership of the various risk categories and provides a link to the overall governance structure of the Company. As a result, risk management becomes a shared responsibility and is not owned by the Risk Management Department alone.

### EQUIRUS CAPITAL PRIVATE LIMITED

Based on Consolidated Financials, total gross revenue generated by the Company during the financial year ended March 31, 2022, was ₹152.23 Crores as compared to ₹65.41 Crores during the previous financial year. (YoY growth 133%) Profit before tax posted by the Company for the financial year ended March 31, 2022, was

₹43.57 Crores (29% of revenue) as against of ₹3.95 Crore (6% of revenue) reported in the previous financial year ended March 31, 2021. Profit after tax was ₹35.16 Crores for the financial year ended March 31, 2022, as against ₹3.40 Crores in the previous financial year. Net worth is increased to ₹97.81 Crores from ₹53.79 Crores in Previous year.

As on March 31, 2022, the Company had the following subsidiaries:

1. Equirus Securities Private Limited - Institutional broking business in the cash and derivative segment
2. Equirus Wealth Private Limited - Wealth Management and PMS business
3. Equirus Insurance Broking Private Limited - General Insurance Broking

The company has observed strong growth during the year in all business including business of subsidiaries. Some of the highlights of the performance is as under:

- As a BRLM, the Company had closed the equity capital market transaction like Anand Rathi Wealth Limited (IPO), G R Infraprojects Ltd (IPO), KRSNAA Diagnostics Limited (IPO), Metro Brands Limited (IPO), Minda Industries Limited (QIP), Rolex Rings Limited (IPO).
- The Company had filed DRHP's for 13 Companies for the purpose of IPO. i.e. for BIBA Fashion Limited/ Corrttech International Limited /Dreamfolks Services Limited/ Ebixcash Limited/ Fabindia Limited/ Fedbank Financial Services Ltd/ Godavari Biorefineries Ltd/ Harsha Engineers International Limited/ Hexagon Nutrition Limited/ Protean eGov Technologies Limited/ Prudent Corporate Advisory Services Limited/ Shri Bajrang Power and Ispat Limited/ TVS Supply Chain Solutions Limited.
- PMS fund, ELHF is rated number 1 fund and rated as top performing fund in Small and Med. category (three years) by CRISIL + PMSbazar and in all categories in five years horizon by IIMA & PMS AIF world.
- With integration of Fed Mobile app, its wealth business has on boarded 40k+ clients.
- It's insurance broking subsidiary got license from IRDA in August 2021 and commenced insurance broking business too.
- Institution broking business is rated in top 15 in most of the fund house.
- Investment banking, advisory and fixed income has outperformed in revenue during the year.



# Report on Corporate Governance

A report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("the SEBI Listing Regulations") for the Financial Year 2021-22 is given herein below:

## PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. The Bank fosters a culture in which high standards of ethical behavior, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its Board of Directors, Management and Employees. The Bank has established systems and procedures to ensure that its Board of Directors are well-informed and well-equipped to fulfil its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholder value. The Bank places utmost importance in creating value for all its stakeholders and it actively promotes sustainable business practices. The Bank promotes a safe, healthy and happy workplace and always strives to be the employer of choice. The Bank's initiatives towards improving its Environmental, Social and Governance (ESG) performance and its contribution towards Sustainable Development Goals is placed in the Annual Report.

## BOARD OF DIRECTORS

### A. Composition of the Board

The Board has an optimum combination of Executive and Non-Executive Directors with Independent Directors constituting more than one-third of its total strength. As on March 31, 2022, Bank's Board comprises of 11 Directors out of which eight Directors are Non-Executive Directors and three are Executive Directors, including one woman executive director. The Bank has a Non-Executive Independent Chairman and seven other Independent Directors, including one woman Independent Director. The Board represents diverse combination of professionalism, knowledge, expertise and experience as relevant for the banking business. Detailed profile of our Directors is available on the website of the Bank at <https://www.federalbank.co.in/key-personnel>.

The composition of the Board is governed under the relevant provisions of the Companies Act, 2013 read

with the relevant rules made thereunder, the SEBI Listing Regulations, the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India (RBI), as amended, from time to time and the Articles of Association of the Bank. None of our Directors serve as Director in more than seven listed companies and none of the Executive Directors serve as Independent Directors in any listed company. Further, none of our IDs serve as Non-Independent Director of any company on the board of which any of our Non-Independent Director is an ID.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may reasonably be anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, the Independent Directors have in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs. The present tenure of Independent Directors of the Bank is subject to Regulation 10 A of the Banking Regulation Act, 1949 and also subject to the tenure fixed for appointment of all the Independent Directors of the Bank by the shareholders/Board. As required under Regulation 46 of the SEBI Listing Regulations, as amended, the terms and conditions of appointment of IDs including their roles, responsibilities and duties are available on our website at <https://www.federalbank.co.in/shareholder-information>.

During the Financial Year 2021-22, none of our Directors served as Member in more than 10 Committees or as Chairperson in more than 5 committees across all listed entities where they serve as a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

None of the Directors or their relatives are related to each other. None of the Directors have any business relationship with the Bank nor have received any loans and advances from the Bank during the year. The Bank has not issued any convertible instruments; hence, disclosure in this respect is not applicable.

The composition of the Board and Directorships held as on March 31, 2022 are given below;

Name of the Directors	Category	Number of Directors	% to total number of Directors
Mr. C Balagopal	Non - Executive Independent Directors	8	72.73
Mr. A P Hota			
Mr. Siddhartha Sengupta			
Mr. Manoj Fadnis			
Mr. Sudarshan Sen			
Ms. Varsha Purandare			
Mr. Sankarshan Basu			
Mr. Ramanand Mundkur			
Mr. Shyam Srinivasan	Executive Directors	3	27.27
Mr. Ashutosh Khajuria			
Ms. Shalini Warriar			
<b>Total</b>		<b>11</b>	<b>100</b>

During the year, Mr. C Balagopal (DIN: 00430938) was appointed as Part Time Chairman of the Bank w.e.f. November 22, 2021 till June 28, 2023 as approved by RBI vide its letter dated September 09, 2021. Mr. Sankarshan Basu (DIN: 06466594) and Mr. Ramanand Mundkur (DIN: 03498212) were appointed as an Additional Non-Executive Independent Director on the Board of the Bank for a period of five years effective from October 01, 2021. The shareholders in the 90<sup>th</sup> Annual General Meeting held on July 09, 2021 approved the appointment of Ms. Varsha Purandare (DIN: 05288076) as an Independent Director of the Bank for a period of five (5) years with effect from September 08, 2020, not liable to retire by rotation. The shareholders in the 90<sup>th</sup> Annual General Meeting held on July 09, 2021 approved re-appointment of Mr. Shyam Srinivasan (DIN: 02274773) as Managing Director & Chief Executive Officer of the Bank

for a period of one year with effect from September 23, 2020 to September 22, 2021. The Shareholders further approved the re-appointment of Mr. Ashutosh Khajuria (DIN: 05154975) as Executive Director of the Bank for the period from April 01, 2021 to April 30, 2022, and Mr. A P Hota (DIN- 02593219) as an Independent Director of the Bank for his second term, with effect from July 10, 2021 up to January 14, 2026 (both days inclusive)

Ms. Grace Koshie (DIN- 06765216), Non – Executive Non- Independent Director of the Bank, retired from the Directorship of the Bank effective from November 21, 2021, upon completion of her tenure of 8 years in the Bank in accordance with the regulatory requirements of RBI/MCA. Mr. K Balakrishnan, retired from the Board of the Bank as an Independent Director w.e.f. September 24, 2021 upon completion of his tenure (September 25, 2018 till September 24, 2021). The Board placed its appreciation for the valuable contributions made by Ms. Grace Koshie and Mr. K Balakrishnan for the overall development of the Bank.

Mr. Shyam Srinivasan (DIN: 02274773), Managing Director & Chief Executive Officer of the Bank was re-appointed as Managing Director and Chief Executive Officer of the Bank for a period of three years effective from September 23, 2021 with the approval of RBI vide its letter . DOR. GOV. No. S289/08.38.001/2021-22 dated July 09, 2021.

Mr. Ashutosh Khajuria (DIN: 05154975), Executive Director was re-appointed as the Executive Director of the Bank effective from May 01, 2022 to April 30, 2023 with the approval of RBI vide its letter DOR. GOV. No. S441/08.38.001/2022-23 dated April 21, 2022.

#### **B. No. of Board Meetings, Attendance and other Directorships/ Committee memberships**

Nineteen (19) Board meetings were held during the financial year ended March 31, 2022. These were held on April 29, 2021, May 17, 2021, May 28, 2021, June 11, 2021, June 16, 2021, June 29, 2021, July 23, 2021, August 12, 2021 [September 01, 2021 (Adjourned meeting of Board Meeting dated August 12, 2021 )], September 22, 2021, October 07, 2021, October 22, 2021, November 16, 2021, [November 17, 2021 (Adjourned meeting of Board Meeting dated November 16, 2021)], December 20, 2021, January 12, 2022, January 25, 2022, February 08, 2022, March 14, 2022, March 24, 2022 and March 30, 2022. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under the Companies Act, 2013, Regulation 17 of the SEBI Listing Regulations and Secretarial Standards. The requisite quorum was present for all the meetings.



Relevant details of the Board of Directors of the Bank as on March 31, 2022 are given below:

Name of the Director	Attendance Particulars			No. of Directorships and Committee positions in other Public Companies (1 & 2)			Shareholding in the Bank (equity shares of ₹2/- each) (As on March 31, 2022)
	No. of Board Meetings		Attendance at the last AGM held on July 09, 2021	Other Directorships <sup>#</sup>	Committee Memberships	Committee Chairmanships	
	Held	Attended					
Mr. C Balagopal	19	16	Yes	1	Nil	Nil	Nil
Mr. A P Hota	19	19	Yes	3	3	Nil	Nil
Mr. Siddhartha Sengupta	19	19	Yes	4	2	1	Nil
Mr. Manoj Fadnis	19	19	Yes	4	1	3	Nil
Mr. Sudarshan Sen	19	19	Yes	1	1	Nil	Nil
Ms. Varsha Purandare	19	18	Yes	9	6	4	Nil
Mr. Ramanand Mundkur <sup>1</sup>	19	10	NA	Nil	Nil	Nil	Nil
Mr. Sankarshan Basu <sup>1</sup>	19	10	NA	Nil	Nil	Nil	Nil
Ms. Grace Koshie <sup>2</sup>	19	12	Yes	Retired from the Board of the Bank as Chairperson and Non-Independent Non-Executive Director w.e.f. November 21, 2021 upon completion of her tenure of 8 years on the Board of the Bank.			
Mr. K Balakrishnan <sup>3</sup>	19	8	Yes	Retired from the Board of the Bank as an Independent Director w.e.f. September 24, 2021 upon completion of his tenure			
Mr. Shyam Srinivasan	19	19	Yes	2	Nil	Nil	7,98,595 equity shares
Mr. Ashutosh Khajuria	19	19	Yes	1	1	Nil	4,52,000 equity shares
Ms. Shalini Warriar	19	18	Yes	1	Nil	Nil	Nil

<sup>1</sup> Mr. Ramanand Mundkur & Mr. Sankarshan Basu joined as Independent Director of the Bank w.e.f. October 01, 2021.

<sup>2</sup> Ms. Grace Koshie retired from the Board of the Bank as Chairperson and Non - Independent Non – Executive Director w.e.f. November 21, 2021 upon completion of her tenure of 8 years on the Board of the Bank.

<sup>3</sup> Mr. K Balakrishnan retired from the Board of the Bank as an Independent Director w.e.f. September 24, 2021 upon completion of his tenure (September 25, 2018 till September 24, 2021).

**Note:**

1. Directorships in Indian Public Companies (listed and unlisted) excluding The Federal Bank Limited and Section 8 Companies.
2. In terms of Regulation 26(1)(b) of the SEBI Listing Regulations, the disclosure includes chairmanship/membership of the Audit Committee and Stakeholders' Relationship Committee in other Indian Public companies (listed and unlisted) excluding The Federal Bank Limited. Further, membership excludes positions as Chairperson of Committee.

<sup>#</sup> Details of other Board Directorships are separately mentioned in Annexure 1 to this report.

**C. List of core skills/ experience/competencies identified by the Board**

The Members of the Board are committed to ensuring that the Board is in compliance with the highest standard of Corporate Governance. The Bank considers the principles relating to fit and proper norms as prescribed by the RBI and confirms that each Director is also in compliance with the norms as prescribed by the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI) under applicable laws, whilst determining the composition of its Board.

Section 10A (2) of the Banking Regulation Act, 1949 read with RBI notification no. DBR. Appt. BC. No.38/29.39.001/ 2016-17 dated November 24, 2016, requires that not less than 51% of the total number of members of the Board of Directors of a banking company shall comprise of persons who shall have special knowledge or practical experience, in respect of one or more of the matters, namely: Accountancy, Agriculture and rural economy, Banking, Co-operation, Information Technology, Credit, Treasury Operations, Human resources, Governance, Compliance, Economics, Finance, Small – Scale Industry, Law, Payment & settlement systems, Risk management, Business Management. The Bank is in compliance with the above requirements as the Directors of the Bank has rich experience and specialized knowledge in the said areas of relevance to the Bank.

The Bank has identified above skills/expertise/competencies as required to be possessed by its Board, in the context of its businesses and the sectors, for it to function effectively. The details of the names of the Directors possessing the required skills/expertise/competencies are detailed as under:

## Board Skill Matrix

Whether the skill set/area of expertise/knowledge is possessed by the Director of the Company

Skill set/Area of expertise/Knowledge	Mr. C. Balagopal	Mr. A P Hota	Mr. Siddhartha Sengupta	Mr. Manoj Fadnis	Mr. Sudarshan Sen	Ms. Varsha Purandare	Mr. Ramanand Mundkur	Mr. Sankarshan Basu	Mr. Shyam Srinivasan	Mr. Ashutosh Khajuria	Ms. Shalini warrior
<b>KNOWLEDGE</b>											
Specialisation / Expertise in one or more fields	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
In the field of:											
Banking	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes
Economics	Yes	-	-	Yes	Yes	-	Yes	Yes	-	-	Yes
Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
Compliance	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
Law							Yes				
Agriculture	Yes	-	-	-	-	Yes			-	Yes	-
Rural Economy	Yes	-	-	-	-	-			-	-	-
Information Technology	-	Yes	-	-	-	Yes			Yes	-	Yes
Payment and Settlement Systems	-	Yes	-	-	-	-			Yes	-	Yes
Investment Banking	-	-	-	Yes	-	-	Yes		-	-	-
Finance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Accountancy	-	-	-	Yes	Yes	-			-	Yes	Yes
Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Risk Management	-	-	Yes	-	Yes	Yes		Yes	Yes	Yes	-
Credit	Yes	Yes	Yes	Yes	Yes	Yes			Yes	Yes	Yes
Treasury Operations	-	-	Yes	-	Yes	Yes		Yes	Yes	Yes	-
SSI	Yes	-	Yes	-	-	Yes			-	Yes	-
Retail Lending	-	-	-	-	-	Yes			Yes	-	Yes
Wealth Management	-	-	-	-	-	-			Yes	-	Yes
SME Banking	-	-	Yes	-	-	Yes			Yes	-	Yes
Investment	Yes	Yes	Yes	Yes	Yes	Yes			Yes	Yes	Yes
Human Resource			Yes								
Co- Operation	Yes							Yes			
Business Management			Yes		Yes	Yes					

## D. Board Procedure

The Board has complete access to all information within the Bank. All the meetings are conducted as per well designed and structured agenda and in line with the compliance requirement under the Companies Act, 2013, SEBI Listing Regulations and applicable Secretarial Standards prescribed by ICSI. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated separately in advance or placed at the meeting) to enable the Board/Committee to discharge their responsibilities effectively and take informed decisions. Agenda also includes minutes of the previous meetings of all the Board and unlisted subsidiaries for the information of the Board. The information as mentioned in Part A of Schedule II of the SEBI Listing Regulations is placed before the Board at its meeting for its consideration, whenever applicable. The Board/ Committee agenda and notes are uploaded on the Bank's e-meeting portal wherein the Directors can review the same in a secure environment and at their convenience. Video conferencing facility is provided to facilitate Directors to participate in the meetings. The members of the Board exercise due diligence in performance of their functions as Directors of the Bank and follow highest degree of business ethics, transparent practices and code of good governance

amidst cordial environment. For any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board / Committee Meeting for noting.

The Board/Committee has an effective post meeting follow up procedure. Items arising out of previous Board/ Committee Meetings and their follow up action report are placed at the immediately succeeding meeting for information of the Board/ Committees.

The Board has established procedures to periodically review compliance report pertaining to all laws applicable to the Bank as well as steps taken by the Bank to rectify instances of non - compliance, if any.

The Board of Directors has satisfied itself that plans are in place for orderly succession for appointment to the Board of Directors and Senior Management.

The Minutes of the Board/Committee meetings are circulated to the Chairman and other Members of the Board/Committee for their comments/inputs in accordance with the Secretarial Standards on meetings of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India (ICSI).



### E. Remuneration to Directors

During the year, Mr. Shyam Srinivasan, Managing Director & Chief Executive Officer, was paid ₹29,445,130.00 (gross), Mr. Ashutosh Khajuria, Executive Director was paid ₹15,194,240.00 (gross) and Ms. Shalini Warriar, Executive Director was paid ₹14,609,104.00 (gross) in accordance with the terms and conditions approved by Reserve Bank of India.

The Non-Executive Independent Directors, except Chairman of the Board, are paid only sitting fees and profit related commission for attending every meeting of the Board/ Committees of the Board within the limits as prescribed under the Companies Act, 2013 and Banking Regulation Act, 1949. For Chairman, besides honorarium as permissible under Banking Regulations Act, 1949, and rules/regulations made thereunder, he /she was paid only sitting fees for attending every meeting of the Board / Committees of the Board.

No pecuniary relationship/transaction exists for Independent Directors/Non-Executive Directors vis-à-vis the Bank, other than payment of sitting fees for Board/ Committee meetings/ monthly remuneration during the year as per law. The Independent Directors of the Bank also had no pecuniary relationship with the Bank, its subsidiary or associate companies or their promoters or directors during the three immediately preceding financial years or during the current financial year.

During the Financial Year 2021-22, the Bank did not advance any loan to any of its Directors.

The criteria of making payments to Independent Directors/ Non-executive Directors of the Bank are contained in the Comprehensive Compensation Policy for Non-Executive Directors and is available on the website at <https://www.federalbank.co.in/shareholder-information>.

**The Non-Executive Directors are paid sitting fees as per the provisions of Companies Act, 2013 and as per SEBI Listing Regulations as indicated below:**

Sl No.	Name of Directors	Sitting fee paid to Non-Executive Directors for FY 2021-22 (In ₹)
1	Mr. C Balagopal	1,825,000.00
2	Mr. A P Hota	2,950,000.00
3	Mr. Siddhartha Sengupta	3,170,000.00
4	Mr. Manoj Fadnis	2,690,000.00
5	Mr. Sudarshan Sen	2,750,000.00
6	Ms. Varsha Purandare	3,000,000.00
7	Mr. Ramanand Mundkur	2,210,000.00
8	Mr. Sankarshan Basu	1,730,000.00
9	Ms. Grace Koshie*	1,410,000.00
10	Mr. K Balakrishnan*	955,000.00

### Note:

In addition to above sitting fees;

- ₹5.00 lakhs each were paid to Mr. C Balagopal, Mr. A P Hota, Mr. K Balakrishnan, Mr. Siddhartha Sengupta, Mr. Manoj Fadnis and Mr. Sudarshan Sen towards profit related commission. Mr. K Balakrishnan retired from the Board of the Bank as an Independent Director w.e.f. September 24, 2021 upon completion of his tenure.
- ₹1.47 lakhs and ₹2.81 lakhs were paid to Ms. Shubhalakshmi Panse and Ms. Varsha Purandare respectively towards profit related commission.
- Mr. C Balagopal was appointed as Part - Time Chairman of the Bank w.e.f. November 22, 2021 consequent to the retirement of Ms. Grace Koshie. ₹ 8.96 Lakhs was paid to Mr. C Balagopal as honorarium during the year.
- \*₹ 11.55 Lakhs was paid to Ms. Grace Koshie towards honorarium. Ms. Grace Koshie retired from the Directorship of the Bank effective from November 21, 2021, upon completion of her tenure of 8 years in the Bank.

**The details of remuneration paid to Mr. Shyam Srinivasan, MD & CEO, Mr. Ashutosh Khajuria and Ms. Shalini Warriar, Executive Directors during FY 2021-22 are as under:**

Particulars	Mr. Shyam Srinivasan MD & CEO (₹)	Mr. Ashutosh Khajuria ED (₹)	Ms. Shalini Warriar ED (₹)
Basic Pay	22,500,000.00	2,600,004.00	2,600,004.00
Allowances & Perquisites	6,945,130.00	7,751,403.00	7,166,267.00
Stock Option*	-	3,542,833.00	3,542,833.00
Severance fees	-	-	-
Variable Pay (Cash)	Nil	1,300,000.00	1,300,000.00
<b>Total</b>	<b>29,445,130.00</b>	<b>15,194,240.00</b>	<b>14,609,104.00</b>

\*Fair Value of Stock Options granted as per the Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff, issued by the RBI on November 04, 2019

### Note:

- In addition to above, employer contribution to Provident Fund of ₹22,50,000/- was paid to Mr. Shyam Srinivasan, MD & CEO, ₹260,004/- was paid to Mr. Ashutosh Khajuria, Executive Director and ₹260,004/- to Ms. Shalini Warriar, Executive Director during the FY 2021-22.
- During FY 2021-22, Mr. Shyam Srinivasan, MD & CEO has relinquished 780,000 Stock Options (non- cash) and ₹3,150,000/- (cash) offered to him as Variable Pay pertaining to FY 2020-21.

**F. Separate Meeting of Independent Directors**

Pursuant to Schedule IV of the Companies Act, 2013 during the year the Independent Directors met on June 15, 2021, April 27, 2022 and June 29, 2022 without the presence of Non-Independent Directors. The meetings of Independent Directors were chaired by Mr. C. Balagopal, Independent Director.

All the Independent Directors attended the meeting held on April 27, 2022. The Independent Directors, inter alia, evaluated the performance of the Independent Directors and the Board of Directors as a whole and Committees of the Board, evaluated the performance of the Chairman of the Board after taking into account the views of Executive and Non-Executive Directors and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Bank, the Management and the Board for FY 2021-22. In the meeting held on June 29, 2022, all the Independent Directors have evaluated the performance of the Non-Independent Directors for the FY 2021-22.

**G. Familiarization Program for Independent Directors**

As a practice, all new Directors (including Independent Directors) inducted to the Board are given a formal orientation to enable them to familiarize with the Bank, its management and its operations so as to gain a deep understanding of the Bank, its people, values and culture and facilitates their active participation in overseeing the performance of the Management. At the time of appointing a Director, a formal letter of appointment is given to the Independent Director, which inter alia explains the role, function, duties and responsibilities of him/her as a Director of the Bank.

The Senior Management make presentations giving an overview of the Bank's strategy, operations, products, markets, group structure and subsidiaries, Board constitution and guidelines, matters reserved for the Board and the major risks and risk management strategy

On an on-going basis, periodic presentations are made at the Board and Committee meetings on Risk Dash Board / ICAAP and Brand Perception Study etc. The Directors are also provided with quarterly update on relevant statutory changes, judicial pronouncements and important amendments.

The details of orientation given to our existing Independent Directors are available on our website <https://www.federalbank.co.in/shareholder-information>.

The roles, functions and duties of Independent Directors are disclosed in the Code of Conduct for the Board of Directors and Management and the same is available on the Bank's website <https://www.federalbank.co.in/shareholder-information>.

**H. Directors and Officers Insurance**

In compliance with Regulation 25 (10) of the SEBI Listing Regulations the Bank had undertaken Directors and Officers insurance ('D and O insurance') for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank.

**I. Performance Evaluation Criteria for Independent Directors of the Bank**

The performance evaluation criteria for Independent Directors include:

- a. Attendance at the Board and Committee meetings
- b. Study of agenda papers in depth prior to meeting and active participation at the meeting.
- c. Contributes to discussions on strategy as opposed to focus only on agenda
- d. Participate constructively and actively in the Committees of the Board in which they are Members.
- e. Exercises his/her skills and diligence with due and reasonable care and brings an independent judgment to the Board
- f. The Director remains abreast of developments affecting the company and external environment in which it operates independent of his being appraised at meetings.
- g. Knowledge and Competency:
  - How the person fares across different competencies as identified for effective functioning of the entity and the Board
  - Whether the person has enough understanding and knowledge of the entity and the sector in which it operates.

The outcomes of the evaluation of the Independent Directors of the Bank and Performance evaluation criteria of Non - Independent Directors are detailed in Directors' Report.

**BOARD COMMITTEES AND ITS TERMS OF REFERENCE**

The Committees of the Board play an important role in the governance structure of the Bank and have been constituted to focus on specific areas and make informed decisions within the



delegated authority. Each Committee is guided by its Charter or Terms of Reference, which provides for the composition, scope, powers, duties and responsibilities. The recommendation and/or observations and decisions are placed before the Board for information or approval. The Chairman of respective Committee updates the Board regarding the discussions held / decisions taken at the Committee Meeting. Details on the role and composition of Board Committees, including the number of meetings held during the financial year and the related attendance are provided below.

## A. Audit Committee

### Composition & Meetings

As on March 31, 2022, Audit Committee comprises of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2021-22, the Audit Committee met 16 (Sixteen) times on May 14, 2021, May 17, 2021, June 21, 2021, [June 24, 2021 (Adjourned Meeting of Audit Committee Meeting dated June 21, 2021)] June 28, 2021, July 23, 2021, July 24, 2021, September 13, 2021, [September 20, 2021 and September 25, 2021 (Adjourned Meetings of Audit Committee Meeting dated September 13, 2021)] October 05, 2021, October 22, 2021, November 08, 2021, December 23, 2021, January 19, 2022, January 25, 2022, January 28, 2022, February 17, 2022 and March 21, 2022. The time gap between any two meetings was less than one hundred and twenty days.

The details of attendance of members and composition are as under:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
CA Manoj Fadnis	Independent Director	Chairman	16	16
Mr. A P Hota	Independent Director	Member	16	16
Mr. Sudarshan Sen	Independent Director	Member	16	14
Mr. Ramanand Mundkur <sup>1</sup>	Independent Director	Member from 02.10.2021	16	09
Ms. Shalini Warriar <sup>2</sup>	Executive Director	Ceased to be a member on 12.08.2021	16	06

<sup>1</sup>Mr. Ramanand Mundkur joined as a member of the committee w.e.f. October 02, 2021

<sup>2</sup>Ms. Shalini Warriar ceased to be a member of the Committee on August 12, 2021.

During the financial year 2021-22, the Committee was re-constituted twice on August 12, 2021 and October 02, 2021.

CA Manoj Fadnis, who was the Chairman of Audit Committee, attended the AGM held on July 09, 2021.

The terms of reference of the Audit Committee as incorporated in the Bank's Code of Corporate Governance, are in accordance with the SEBI Listing Regulations, Companies Act, 2013 and RBI guidelines.

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. Review the company's financial and risk-management policies, and, where necessary, recommend changes for the Board's approval.
2. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
3. Review periodically the adequacy of internal control systems (including the asset-liability management and risk-assessment and management systems) with the management and external and internal auditors, assure itself that the systems are being effectively observed and monitored, and, where necessary, approve changes or recommend changes for the Board's approval;
4. Review the adequacy of the internal audit function, including -
  - a. monitoring and reviewing the effectiveness of the Internal audit function;
  - b. the structure of the internal audit department, staffing, and the suitability and seniority of the official heading it, reporting structure coverage, and the frequency of internal audit, and, where necessary, approve changes;
  - c. approving internal audit plan, scope and budget;
  - d. reviewing and discussing internal audit reports;
  - e. ensuring internal audit function maintains open communication with senior management, external auditors, the supervisory authority, and the audit committee;
  - f. assessing the performance of the head of the internal audit function; and
  - g. approving / recommending to the Board for its approval, the appointment, re-appointment or removal of the head of the internal audit function and the key internal auditors;
5. Discussion with internal auditors of any significant findings and follow up there on.

6. Discussion with the Head of Internal Audit in a private session, in the absence of the management, on issues of interest.
7. Reviewing the findings of any internal investigations by the internal auditors or vigilance officials into matters where there is actual or suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
8. Review of adequacy of internal control systems and internal audit functions through structural reporting formats specifically designed for the purpose, submitted by the respective functional heads. Engage one-to-one interaction with the functional heads so as to assure itself that the systems are being effectively managed. Direct the functional heads to implement necessary systems to plug the deficiencies in/ improve internal control, risk management and reporting systems and require them to report compliance with the directives to the Committee periodically
9. Review and have oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible, and present a true and fair view of the state of affairs and of the profit or loss of the Bank for the relevant financial year or other period as the case may be;
10. Recommend to the full Board for shareholders' approval, the appointment, reappointment, removal, or replacement and terms of appointment of auditors, and the fee payable to them for the audit, taking into consideration any relationship between the auditors and the Bank that may impact on the independence of the auditors in carrying out the audit.
11. Approve the terms of engagement of the services of the external/statutory auditors for rendering any other professional services to the Bank and the fee therefore;
12. Discuss with the external auditors, before they commence the audit, the nature and scope of the audit, and ensure coordination where more than one audit firm is employed.
13. Reviewing and examine with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - i) any changes in accounting policies and practices and reasons for the same.
  - ii) major accounting entries involving estimates based on the exercise of judgment by management
  - iii) significant adjustments made in the financial statements arising out of audit findings;
  - iv) compliance with the applicable accounting standards;
  - v) compliance with listing and other legal requirements relating to financial statements, and RBI guidelines and directives, concerning financial policies and statements;
  - vi) to review the company's statement on internal control systems prior to endorsement by the Board
  - vii) the going-concern assumption;
  - viii) disclosure of any related-party transactions, i.e., transactions of the Bank with the Directors, senior executives, their relatives, or associated concerns, that may potentially conflict with the Bank's interests at large; and
  - ix) modified opinion(s) in the draft audit report;
  - x) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
14. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
15. Review with the external auditors, without the presence of the executive directors and Bank officials, and summarize their conclusion (in writing) at a full Board in the presence of the external auditors and without the presence of the management (Executive Directors, Bank Officials etc.)
  - i) The auditors' report on the annual, half-yearly, and quarterly financial statements,
  - ii) Their assessment of the internal control and reporting systems and procedures, the quality of the accounting principles applied and significant judgments affecting the statements, and the Bank's compliance with statutory and regulatory requirements, and
  - iii) The auditors' long-form audit report and management letter and the management's response, and
  - iv) Any concerns of the auditors with respect to the said systems and procedures, the financial statements, any aspect of compliance, or any other matter arising from or related to the audit;
16. Discuss with the management the auditors' report and assessment, their qualifications and concerns, if any, and the management's response to the auditors' management letter and long-form audit report;



17. Review with the management, and if necessary with the external auditors, any inspection or other report of RBI on the Bank or other communication from RBI on the audit, internal controls, financial reporting, or other aspects of the Bank falling within the remit of the Committee, and the management's response thereto;
18. To review and oversight the functioning of the Whistle Blower mechanism.
19. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20. Approval or any subsequent material modification of transactions of the Bank with related parties. ACB, shall review applicable information, for approval of a proposed RPT in line with regulatory requirements from time to time. The audit committee shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions
21. Valuation of undertakings or assets of the Bank, wherever it is necessary;
22. Evaluation of internal financial controls and risk management systems.
23. Monitoring the end use of funds raised through public offers and related matters.
24. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
25. Scrutiny of inter-corporate loans and investments, if any;
26. To consider and approve/grant omnibus approval for certain Related Party Transactions (RPTs)
27. Perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.
28. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
29. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
30. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
31. Review arrangements by which staff of the bank may confidentially raise concerns about possible improprieties in matters of financial reporting.
32. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
33. Periodic reviews on borrower entities in which directors of any willful defaulter companies are present
34. The Audit Committee of the Board shall:
  - i) ensure that senior management is taking necessary corrective actions to address the findings and recommendations of internal auditors and external auditors in a timely manner;
  - ii) address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal auditors and external auditors, and
  - iii) ensure that deficiencies identified by supervisory authorities related to the internal audit function are remedied within an appropriate time frame and that progress of necessary corrective actions are reported to the board of directors.
35. Review of Internal Financial Control (IFC) process including Risk Control and Self- Assessment (RCSA).
36. Review of Position pertaining to opening of Internal/branch GL heads, the purpose for which used and its reconciliation on a quarterly basis.
37. Oversee the Ind AS implementation process at quarterly intervals.
38. Ensure adequate coverage of internal audit to satisfy effective implementation of policies and procedures.

39. Constitute a Committee of Executives named the Inspection Review Committee of Executives to oversee the Inspection and Audit functions and review the structure and functions of the Committee periodically.
40. The audit committee shall review the status of long-term (more than one year) or recurring RPTs on an annual basis
41. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
42. To review the policy for empanelment of advocates on an yearly basis
43. Review of Supervisory/regulatory compliance reports including Risk Mitigation Plan submitted to RBI
44. Review of responses to the regulator with respect to Regulatory Non- compliances
45. Periodical review of the Compliance functions through quarterly and annual reports submitted by Compliance Department

**Powers of Audit Committee:**

The Audit Committee shall have the authority –

- a) to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board.
- b) to discuss any related issues with the internal and statutory auditors and the management of the company.
- c) to investigate into any matter in relation to the items referred to it by the Board.
- d) to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice
- e) to have full access to information contained in the records of the Bank

**Review of information by Audit Committee as per LODR, Regulations, 2015**

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations;

- ii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- iii. Internal audit reports relating to internal control weaknesses; and
- iv. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
- v. Statement of deviations:
  - a) quarterly statement of deviation(s) in the use of proceeds of public / rights / preferential issue from the objects stated in the offer document or explanatory statement to the notice for the general meeting, as applicable; (if any)
  - b) quarterly statement indicating category-wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilization of funds in the offer document for public / rights / preferential issue or explanatory statement of to the notice for the general meeting, as applicable and the actual utilization of funds;
  - c) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of issue of securities of any nature. (if any)
  - d) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of issue of securities of any nature. (if any)
- vi. Review the financial statements of unlisted subsidiary, in particular, the investments made by unlisted subsidiary.

**Other matters**

1. In carrying out its functions as aforesaid, the Committee shall have full access to information contained in the Bank's records and may seek information from any employee of the Bank, or, if considered necessary, obtain outside legal or other professional advice, or discuss with outsiders having the relevant expertise, and thereafter place the same to the Board.
2. The chairperson of the committee shall be present at Annual general meeting to answer shareholder queries.
3. The Company Secretary shall act as the secretary to the Audit committee.



4. The minutes of the Committee meetings and decisions taken by the Committee shall be promptly submitted to the Board.
5. The Auditors and key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

## B. Nomination, Remuneration, Ethics and Compensation Committee

### Composition and Meetings

As on March 31, 2022, the Nomination, Remuneration, Ethics and Compensation Committee comprises of members as stated below. The composition of the Committee is in conformity with the regulatory requirements, with all Directors being Non-Executives and more than fifty per cent of them being Independent Directors. Chairman of the Committee is an Independent Director. The Committee also includes one member from Risk Management Committee of the Board.

During the financial year 2021- 22, the Nomination, Remuneration, Ethics and Compensation Committee met 06 (Six) times on June 09, 2021, June 17, 2021, July 14, 2021, August 09, 2021, September 14, 2021 and December 14, 2021.

The details of the attendance of the members are as under:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. A P Hota <sup>1</sup>	Independent Director	Chairman	6	6
Mr. C Balagopal	Independent Director	Member	6	6
Mr. Siddhartha Sengupta <sup>2</sup>	Independent Director	Member	6	1
Ms. Grace Koshie <sup>3</sup>	Non-Executive Non-Independent Director	Member till November 10, 2021	6	5

<sup>1</sup>Mr. A P Hota was appointed as Chairman of the Committee with effect from November 10, 2021. Mr. C Balagopal ceased to be the Chairman of the Committee with effect from November 10, 2021.

<sup>2</sup>Mr. Siddhartha Sengupta joined as a member of the Committee w.e.f. September 25, 2021

<sup>3</sup>Ms. Grace Koshie ceased to be a member of the Committee on November 10, 2021 consequent to retirement from the Board of the Bank w.e.f. November 21, 2021.

During the financial year 2021-22, the Committee was re- constituted twice on September 25, 2021 and November 10, 2021.

Mr. C Balagopal, who was the Chairman of Committee attended the AGM held on July 09, 2021.

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills, and judgment of the Directors;
2. reviewing, from time to time, possible candidates for current or potential Board vacancies, including Directors who are to retire and are eligible for reappointment or re-election and other persons who may be recommended by the Chairman or the MD&CEO or other Directors, shareholders or others;
3. recommending to the Board, candidates for election (including re-election) or appointment (including reappointment) to the Board. For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates
4. carrying out evaluation of every director's performance.
5. deciding on the matter of whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment

and removal; formulation of the criteria for determining qualifications, positive attributes and independence of a director;

7. devising a policy on diversity of board of directors;
8. recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;

The Committee shall ensure the following while formulating the policy as above:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the Bank successfully;
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
  - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.
9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/ achievement bonus, perquisites, retiral, sitting fees.
  10. Considering grant of Stock Options to employees.
  11. Reviewing the composition of the existing Committees of the Board.
  12. Formulation of criteria for performance evaluation of Independent Directors and the Board;
  13. Validation of 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
  14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time;
  15. Recommend to the board, all remuneration, in whatever form, payable to senior management\*

\* senior management shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer

#### Other Matters

1. The Chairperson of the Nomination, Remuneration, Ethics and Compensation Committee may be present at the Annual General Meeting, to answer the shareholders' queries; However, it shall be up to the chairperson to decide who shall answer the queries.
2. The Company Secretary, who shall also act as the secretary to the Committee, shall ensure that all appointments or elections of Directors to the Board are properly made, and shall obtain all necessary information from the Directors or candidates recommended by the Committee to ensure that they are not disqualified to act as Directors of the Bank under any statute or regulatory directives or guidelines, and that by appointing or electing them as Directors the Bank would meet its statutory and regulatory obligations and those arising from listing requirements of stock exchanges on which the Bank's shares are listed.
3. Perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

The Chairman, the MD&CEO and/or other Executive Directors shall not participate in discussions by the Board on matters relating to his/their compensation package or any components thereof.

#### C. Stakeholders Relationship Committee

##### Composition and Meetings

As on March 31, 2022, Stakeholders Relationship Committee consists of members as stated below. The composition of the Committee is in conformity with the regulatory requirements. Mr. A P Hota, Chairman of Committee, attended the AGM held on July 09, 2021. Mr. Samir P Rajdev, SVP& Company Secretary acts as the Compliance Officer.

During the financial year 2021- 22, the Committee met One (01) time on March 15, 2022



The details of the attendance of the members are as under:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. A P Hota	Independent Director	Chairman	01	01
Mr. C Balagopal	Independent Director	Member	01	01
Mr. Shyam Srinivasan	Executive Director	Member	01	01
Mr. Ashutosh Khajuria	Executive Director	Member	01	01

During the financial year 2021- 22, there was no re-constitution of the Committee

Terms of Reference/ Roles and Responsibilities of the Committee are:

1. Review, where necessary, complaints received from shareholders or others regarding transfer/ transmission of shares, non-receipt of declared dividends, non-receipt of annual accounts or reports, or other matters relating to shareholding in the Bank, and any action taken by the Bank on such complaints;
2. Initiate such (further) action on the complaints as is considered necessary or desirable by way of redressal or to prevent similar complaints arising in the future; and
3. Approve or reject applications for transmission of shares referred to the Committee by the Bank's Registrar and Share Transfer Agent in terms of such criteria as may be determined by the Committee and conveyed to the Agent.
4. To oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialisation, splitting and consolidation of securities issued by the Bank, issue of duplicate share certificates;
5. Review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
6. Recommends measures for overall improvement in the quality of investor services;
7. Review of measures taken for effective exercise of voting rights by shareholders

8. Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
9. Approve the allotment for release of shares kept under abeyance of the Bank in compliance with court order.

#### Other matters

The chairperson of the committee or, in his absence, any other member of the committee authorized by him in this behalf shall attend the general meetings of the Bank to answer queries of the security holders.

The Bank attended to the complaints promptly and to the satisfaction of the shareholders. Details of complaints received and resolved by the Bank during the financial year 2021-22 are given below:

Complaint pending for redressal at the beginning of the year	Total complaints received during the year	Number of complaints redressed	Number of complaints pending for redressal
Nil	3	3	Nil

As on March 31, 2022 , apart from the complaints, around 1323 requests/information were received from the shareholders relating to change of address, nomination requests, email id and contact details updation, IFSC / MICR code updation, National Automated Clearing House (NACH) Mandates, queries relating to the annual reports, request for re-validation of dividend warrants and other investor related matters. This requests/information has also been responded.

#### D. Credit, Investment and Raising Capital Committee

Composition and Meetings of Credit, Investment and Raising Capital Committee

As on March 31, 2022, the Credit, Investment and Raising Capital Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2021-22, the Credit, Investment and Raising Capital Committee met twelve(12) times on October 30, 2021, November 13, 2021, [November 20, 2021 (Adjourned Meeting of Credit, Investment & Raising Capital Committee of the Board dated November 13, 2021)] December 15, 2021, December 18, 2021, December 24 2021, December 28, 2021, January 12, 2022, January 20, 2022, February 05, 2022, February 25, 2022, March 16, 2022 and March 28, 2022.

The details of attendance of members are given below:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Siddhartha Sengupta	Independent Director	Chairman	12	12
Ms. Varsha Purandare	Independent Director	Member	12	12
Mr. Sankarshan Basu	Independent Director	Member	12	12
Mr. Ramanand Mundkur	Independent Director	Member	12	12
Mr. Shyam Srinivasan	Executive Director	Member	12	11
Mr. Ashutosh Khajuria	Executive Director	Member	12	11

During the financial year 2021-22, Credit Committee and Investment and Raising Capital Committee were merged to form Credit, Investment and Raising Capital Committee with effect from October 02, 2021.

#### E. Credit Committee

##### Composition and Meetings of Credit Committee:

As on October 02, 2021, the Credit Committee of the Board consisted of members as stated below. The composition of the Committee was in conformity with the regulatory requirements.

During the financial year 2021-22, the Credit Committee met Six (06) times on April 20, 2021, June 02, 2021, July 01, 2021, July 29, 2021, August 31, 2021, [September 04, 2021 (05<sup>th</sup> Adjourned Meeting of Credit Committee Meeting dated August 31, 2021)] and September 28, 2021

The details of attendance of members are given below:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. K Balakrishnan <sup>1</sup>	Independent Director	Chairman till September 25, 2021	06	04
Mr. Siddhartha Sengupta <sup>2</sup>	Independent Director	Chairman	06	06
Mr. C Balagopal	Independent Director	Member	06	05
Ms. Varsha Purandare	Independent Director	Member	06	06
Mr. Shyam Srinivasan	Executive Director	Member	06	06
Mr. Ashutosh Khajuria	Executive Director	Member	06	06

<sup>1</sup>Mr. K Balakrishnan ceased to be a member of the Committee effective from September 25, 2021 consequent to retirement from the Board of the Bank.

<sup>2</sup>Mr. Siddhartha Sengupta was appointed as Chairman of the Committee w.e.f. September 25, 2021

#### F. Investment and Raising Capital Committee

Composition and Meetings of Investment and Raising Capital Committee

As on October 02, 2021, the Investment and Raising Capital Committee consisted of members as stated below. The composition of the Committee was in conformity with the regulatory requirements.

During the financial year 2021-22, the Committee met three (03) times on April 13, 2021, May 31, 2021, and September 27, 2021

The details of attendance of members are given below:

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Siddhartha Sengupta	Independent Director	Chairman	03	03
Ms. Varsha Purandare	Independent Director	Member	03	03
Mr. Shyam Srinivasan	Executive Director	Member	03	03
Mr. Ashutosh Khajuria	Executive Director	Member	03	03

##### Terms of Reference of Credit, Investment and Raising Capital Committee are:

1. Consider proposals for approval, renewal, or modification of various types of funded and non-funded credit facilities to clients.
2. Monitor the credit exposures of the Bank, review the adequacy of the credit risk and compliance of statutory and regulatory norms.
3. Periodically review the large corporate advances appearing in SMA lists and standard restructured advances.
4. Take note of the details of credit facilities sanctioned by MD level committee and call for more particulars/comments/clarifications, if found necessary.
5. Take note of the details of compromise settlements approved by the ED and MD level committees and call for more particulars/comments/clarifications, if necessary.
6. Periodically review Non-Performing Assets of large value (₹5 Crore and above).
7. Committee has the power to approve compromise proposals as per delegation in the NPA management policy.



8. Committee shall recommend the compromise proposals beyond their power to the Board of Directors for approval.
9. Status report of the position of assets sold to ARCs under Security Receipt Basis held as investment.
10. Any other matter of materialist information that management deems fit for reporting to the committee for noting, review, ratification or approval.
11. Consider proposals for approval of Investments of the Bank within such authority as delegated to it by the Board from time to time.
12. Approve the Policies related to the Treasury Investment and Trading activities and recommend the same to the Board.
13. Approve the new products launched by the Treasury Department and recommend the same to the Board.
14. Review of the investment activities, risk management thereof, and policies, internal control systems and compliance of statutory, regulatory and other applicable norms.
15. Approve the capital raising program of the Bank and recommend the same to the Board.
16. Periodic review of Bank's investments in Subsidiaries, JVs & Associates in addition to other unlisted investments including VCF/ PE and strategic investments.
17. Any divestment of shares in Subsidiaries/ JVs and Associates should be put up to this Committee for vetting before submitting to Board for approval.

## G. Risk Management Committee

### Composition and Meetings

As on March 31, 2022, the Risk Management Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2021 -22, the Committee met Five (5) times on June 18, 2021, June 22, 2021, September 08, 2021, December 16, 2021 and February 25, 2022.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Sudarshan Sen	Independent Director	Chairman	05	05
Ms. Grace Koshie <sup>1</sup>	Non-Executive Director	Member	05	03
Mr. Siddhartha Sengupta	Independent Director	Member	05	05
Mr. Sankarshan Basu <sup>2</sup>	Independent Director	Member	05	02
Mr. Shyam Srinivasan	Executive Director	Member	05	05
Mr. Ashutosh Khajuria <sup>3</sup>	Executive Director	Member	05	02

<sup>1</sup>Ms. Grace Koshie ceased to be a member of the Committee on November 10, 2021 on retirement from the Board of the Bank

<sup>2</sup>Mr. Sankarshan Basu joined as a member of the Committee w.e.f. November 10, 2021

<sup>3</sup>Mr. Ashutosh Khajuria ceased to be a member w.e.f. August 12, 2021.

During the financial year 2021- 22, the Committee was re- constituted twice on August 12, 2021 and November 10, 2021

### Terms of Reference/ Roles and Responsibilities of the Committee are:

Risk Management Committee shall approve/ recommend to the Board to approve the policy, strategy and methods for risk management, by evaluating the overall risks faced by the Bank and determining the acceptable level of risks, its management and control in the best interest of the Bank. The Committee shall oversee all risk management functions in the Bank and undertake the following functions.

- a) Recommend to the Board to approve the policies and strategies for implementing bank-wide integrated risk management system, for addressing various risks faced by the Bank.
- b) Review the Risk Appetite framework formulated in line with bank's strategy and recommend the same to the board for approval.
- c) Oversee functions of Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC also known as Asset Liability Management Committee - ALCO), Operational Risk Management Committee (ORMC), Information Security Committee (ISC) and E&S committee (Environmental & Social).

- d) Recommend to the Board policies and guidelines for measurement, management and reporting of credit risk, market risk and operational risk.
- e) Recommend to the Board risk mitigation and stop-loss parameters in respect of all the three risks. Ensure adherence to the risk appetite limits set by the Board.
- f) Ensure management processes (including people, systems, operations, limits and controls) for implementing risk management systems.
- g) Ensure robustness and effectiveness of financial / rating models and their appraisal systems for assessing various risks faced by the Bank.
- h) Review of the Internal Capital Adequacy Assessment Process. (ICAAP)
- i) Review of credit rating process, fixation of exposure ceilings for various types of exposures, geographies, sectors, industries etc. and based on internal / external rating, borrower category/ groups etc.
- j) Ensure availability of qualified and competent officers and risk managers in the Integrated Risk Management Department for ensuring effectiveness of risk management systems in the Bank.
- k) Decide/approve adoption of technology/appropriate and adequate MIS system needed for risk management.
- l) Reinforce the culture and awareness of risk management throughout the organization that would attach high priority on effective risk management and adherence to sound internal controls.
- m) Review of functions related to management of Business continuity, Reputation risk, Model risk, Strategic risk, Information & cyber security risk, outsourcing risk and Pension obligation risk.
- n) Review of procedure for product approval
- o) Review of Stress Testing methodology, Stress Scenarios, stress testing results and monitor the actions plans and corrective measures. Decide additional provision requirements on exposure to stressed sectors.
- p) Review of Liquidity risk management including Contingency Funding Plans and contingency funding under stress scenario.

- q) Risk Management Committee of the Board to meet with the Chief Risk Officer of the Bank independently on one to one basis without the presence of MD & CEO on a quarterly basis.
- r) Ensure effective implementation of Environmental and Social Management System (ESMS) across the bank.
- s) The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary

**Powers of the Risk Management Committee (RMC)**

RMC shall exercise the following powers, subject to approval by the Board.

- a) Review of the policy and strategy for integrated risk management covering credit, market and operational risks.
- b) Review of the risk limits and exposure ceilings of the Bank, and its periodic review as and when needed.
- c) Review standards / delegation for credit dispensation.
- d) Review of the risk categories under Credit Risk Assessment (CRA) system and classification as acceptable and unacceptable category and periodic changes needed to such classification.
- e) Review of systems and tools for management of all the three categories of risks.
- f) Reviewing norms for Loan Review Mechanism (LRM), level of dependence on the system and all related procedures
- g) Analyzing credit rating migration/ Default studies of large value exposures to assess quality and concentration of credit exposures.
- h) Reviewing norms/ceilings for maturity profile and mix of the incremental assets and liabilities.
- i) Fixing of tolerance levels for Liquidity risk monitoring, interest rate sensitivity/EaR, trigger points for realignment of assets/liabilities
- j) Review the functions of the CRMC, ALCO, ORMC and ISC from time to time.



- k) Reviewing policy for interest rate view/funding/ pricing of products etc. of the Bank.
- l) Ensuring capital adequacy management with due regard to various risks impacting the balance sheet.
- m) Monitor and review the non-compliance, limit breaches, audit / regulatory findings, and policy exceptions with respect to risk management.
- n) Recommending to the Board to approve reviews on assessment, monitoring and controlling of non-quantifiable risks like strategic risk, reputation risk, outsourcing risk etc.

#### H. Customer Service, Marketing Strategy & Digital Banking Committee

As on March 31, 2022, the Customer Service, Marketing Strategy & Digital Banking Committee consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2021- 22, the Committee met 4 (four) times on June 05, 2021, September 22, 2021, December 10, 2021 and March 15, 2022.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. K Balakrishnan <sup>1</sup>	Independent Director	Chairman till 24.09.2021	04	02
Ms. Grace Koshie <sup>2</sup>	Non-Executive Non-Independent Director	Chairperson till 10.11.2021	04	02
Ms. Varsha Purandare <sup>3</sup>	Independent Director	Chairperson	04	04
Mr. Ramanand Mundkur <sup>4</sup>	Independent Director	Member	04	02
Mr. Shyam Srinivasan	Executive Director	Member	04	03
Ms. Shalini Warriar	Executive Director	Member	04	04

<sup>1</sup>Ms. K Balakrishnan ceased to be a member of the Committee w.e.f. September 25, 2021 consequent to his retirement from the Board of the Bank.

<sup>2</sup>Ms. Grace Koshie became Chairperson of the Committee w.e.f. September 25, 2021 till November 10, 2021.

<sup>3</sup>Ms. Varsha Purandare became Chairperson of the Committee w.e.f. November 10, 2021

<sup>4</sup>Mr. Ramanand Mundkur joined as a Member of the Committee w.e.f. November 10, 2021.

During the financial year 2021-22, the Committee was re-constituted twice on September 25, 2021 and November 10, 2021.

#### Terms of Reference/ Roles and Responsibilities of the Committee are:

In respect of Customer Service, the key roles & responsibilities of the Committee are provided below:

1. Approving the various policies that relate to customer service ; examples thereof include and are not limited to :
  - a. Comprehensive Deposit Policy
  - b. Policy on Settlement of Claims Related to Assets of Deceased Customers
  - c. Grievance Handling process
  - d. Collection of cheques
2. Reviewing metrics and indicators that provide information on the state of customer service in the Bank; providing direction to the management of the Bank on actions to be taken to improve the metrics
3. Reviewing the actions taken/ being taken by the Bank to standardize the delivery of customer experience across all branches
4. Reviewing results of the surveys conducted that provide quantitative and qualitative information on the state of customer experience
5. Providing inputs on the products introduced by the Bank with a view to ensure suitability and appropriateness
6. Monitoring the implementation of the Banking Ombudsman Scheme with particular reference to:
  - a. Reviewing all the awards against the Bank with a focus on identifying issues of systemic deficiencies and the Bank's plan to address these deficiencies
  - b. Reviewing all awards that remain unimplemented after 3 months from the date of the award with the reasons thereof; to report to the Board such delays in implementation without valid reasons and for initiating remedial action
7. Review, on an overall basis, the customer service aspects in the Bank on the basis of the detailed memorandum submitted in this regard and report to the Board of Directors thereafter; this is done once every six months and based on the review, the Committee will direct the Bank to initiate prompt corrective action wherever service quality / skills gaps have been noticed

8. Monitoring the activities of the Standing Committee on Customer Service (executive level committee) on a quarterly basis.
9. Review of minutes of product and process approval committee
10. Biennial audit of depositor services
11. Review of relevant instructions issued by other regulators
12. Review of cases reported under Limited Liability in unauthorized electronic banking transactions Policy.
13. Review of details of claims received from legal heirs of deceased depositors/locker hirers/depositors of safe custody articles and pending cases beyond the stipulated period, on a yearly basis.

In respect of the Marketing functions of the Bank, the key roles & responsibilities of the Committee are provided below:

1. Reviewing the Bank’s marketing strategy; providing direction on areas of focus
2. Providing direction on the communication strategy and media focus
3. Reviewing the Bank’s progress in implementing the marketing strategy

In respect of Digital Banking, the key roles & responsibilities of the Committee are provided below:

1. Reviewing the Bank’s Digital Banking strategy; providing direction on areas of focus
2. Reviewing the progress made on the metrics relating to Digital Banking; these metrics cover performance metrics as determined by the Board of Directors (as part of the annual budget) and also cover metrics that are determined by the Government of India from time to time and to review the customer service rendered on digital platform from time to time.
3. Progress on various new initiatives and partnerships
4. Approving various policies relating to Digital Banking; including and not limited to:
  - (a) Merchant Acquisition Policy

**I. Special Committee of the Board for Monitoring and Follow up of Cases of Frauds**

**Composition and Meetings**

As on March 31, 2022, the Special Committee of the Board for Monitoring and Follow up of Cases of Frauds consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

As required under the RBI regulations, all fraud cases of ₹1 Crore and above are considered by the Committee and as directed by the Audit Committee, all fraud cases of ₹1 Lakh and above are reported to this Committee.

During the financial year 2021- 22, the Committee met 4 (four) times on, June 23, 2021, November 08, 2021, December 23, 2021 and February 21, 2022.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan	Executive Director	Chairman	04	04
CA Manoj Fadnis	Independent Director	Member	04	04
Mr. Ramanand Mundkur <sup>1</sup>	Independent Director	Member	04	03
Mr. Sankarshan Basu <sup>2</sup>	Independent Director	Member	04	02
Mr. Ashutosh Khajuria	Executive Director	Member	04	03
Ms. Shalini Warriar <sup>3</sup>	Executive Director	Member till 02.10.2021	04	01
Ms. Grace Koshie <sup>4</sup>	Non-Executive Non-Independent Director	Member till 10.11.2021	04	02

<sup>1</sup>Ms. Ramanand Mundkur joined as a member of the Committee w.e.f. October 02, 2021

<sup>2</sup>Mr. Sankarshan Basu joined as a member of the Committee w.e.f. November 10, 2021

<sup>3</sup>Ms. Shalini Warriar ceased to be a member of the Committee w.e.f. October 02, 2021

<sup>4</sup>Ms. Grace Koshie ceased to be a member of the Committee w.e.f. November 10, 2021 consequent to her retirement from the Board of the Bank.

During the financial year 2021-22, the Committee was re-constituted twice on October 02, 2021 and November 10, 2021.

**Terms of Reference/ Roles and Responsibilities of the Committee are:**

The major functions of the Committee would be to monitor and review all frauds of ₹100 Lakh and above so as to:



- i. Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- ii. Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI.
- iii. Monitor progress of CBI/Police investigation and recovery position.
- iv. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- v. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- vi. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

All the frauds involving an amount of ₹100 lakh and above should be monitored and reviewed by SCBF. The periodicity of the meetings of the Committee may be decided according to the number of cases involved. In addition, the Committee should meet and review as and when a fraud involving an amount of ₹100 lakh and above comes to light. Information of Frauds of ₹100 lakh and above shall be reported to the Special Committee of the Board for Monitoring & follow up of cases of Frauds (SCBF) immediately on detection through Circular Resolution Memorandum, followed by placing the Noting of the Circular Resolution before the immediate next meeting of SCBF.

In addition to the monitoring and review of frauds of ₹100 Lakh and above,

1. The Committee shall monitor and review the progress of the mitigating steps taken by the Bank in case of Cyber and Electronic Banking frauds and the efficacy of the same in containing the number of frauds and values at least on a quarterly basis.
2. The Committee shall review the Red Flagged Accounts (RFA) and the remedial actions proposed by the Fraud Monitoring Group (FMG), when an account is classified as RFA.

#### J. Committee for Human Resources Policy

##### Composition and Meetings

As on March 31, 2022, the Committee for Human Resources Policy consisted of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2021-22, the Committee met 2 (two) times August 30, 2021 and December 17, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Siddhartha Sengupta	Independent Director	Chairman	02	02
Mr. K Balakrishnan <sup>1</sup>	Independent Director	Member till 25.09.2021	02	00
CA Manoj Fadnis	Independent Director	Member	02	02
Mr. Shyam Srinivasan	Executive Director	Member	02	02

<sup>1</sup>Mr. K Balakrishnan ceased to be a member of the Committee w.e.f. September 25, 2021 consequent to his retirement from the Board of the Bank

During the financial year 2021-22, the Committee was re-constituted once on September 25, 2021

#### Terms of Reference/ Roles and Responsibilities of the Committee are:

1. To Review HR Strategy aligning with business strategy of the Bank
2. Periodic review of existing HR policy of the Bank.
3. To review productivity levels of employees benchmarking with peers in the industry
4. To review compensation policy of the Bank
5. To review Learning Initiatives
6. To review Talent pool creation/ Succession Planning Policy
7. To review Funding Superannuation Policy
8. To review periodic HR Plans and Activities

#### K. Information Technology & Operations Committee

The Information Technology and Operations Committee of the Board shall advise on the strategic direction of the Technology and Operations functions within the Bank.

As on March 31, 2022, the Information Technology & Operations Committee consist of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2021-22, the Committee met 4 (four) times on June 25, 2021, September 29, 2021, December 09, 2021 and March 04, 2022.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. A P Hota	Independent Director	Chairman	04	04
Ms. Varsha Purandare	Independent Director	Member	04	03
Mr. Shyam Srinivasan	Executive Director	Member	04	04
Ms. Shalini Warriar	Executive Director	Member	04	04

During the financial year 2021-22, the Committee was not re-constituted.

**Terms of Reference/ Roles and Responsibilities of the Committee are**

In respect of the Technology functions of the Bank, the key roles & responsibilities of the Committee are provided below:

1. Recommending to Board for approval of IT strategy and policy documents and reviewing the same from time to time.
2. Ensuring that the management has put an effective strategic planning process in place
3. Ensuring that the IT strategy is indeed aligned with business strategy.
4. Ensuring that the IT organizational structure complements the business model and its direction
5. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business
6. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable
7. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources
8. Ensuring proper balance of IT investments for sustaining bank's growth
9. Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of Management's monitoring of IT risks through oversight over the proceedings of the Information Security Committee

10. Assessing Senior Management's performance in implementing IT strategies
11. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)
12. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT
13. Overseeing the aggregate funding of IT at a bank-level, and ascertaining if the management has resources to ensure the proper management of IT risks
14. Reviewing IT performance measurement and contribution of IT to businesses

In respect of the Operations functions of the Bank, the key roles & responsibilities of the Committee are provided below:

1. Ensuring that the management has put an effective strategic planning process in place for operational activities that balances risk, customer experience and costs reviewing the same from time to time
2. Ensuring that the Operations organizational structure complements the business model and its direction
3. Ensuring that management has put in place effective steps to mitigate operational risks relating to the core operational processes of the Bank
4. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)
5. Reviewing metrics and measurement relating to operational processes so as to ensure due contribution to the business

Board members and Management officials shall engage in and promote honest and ethical conduct of Bank's business in a professional manner in order to protect Banks public image and reputation. Board members and Senior Management officials must act honestly, while discharging their duties. Board members are required to discharge certain duties as mentioned in Section 166 of the Companies Act, 2013 and the duties ,roles and functions of Independent Directors as contained in Schedule IV of the Companies Act, 2013 .

**L. Corporate Social Responsibility Committee**

As on March 31, 2022, the Corporate Social Responsibility Committee (CSR Committee) consist of members as stated



below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2021-22, the CSR Committee met 3 (three) times on June 10, 2021, November 11, 2021 and February 23, 2022.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. K Balakrishnan <sup>1</sup>	Independent Director	Chairman till 24.09.2021	03	01
Mr. A P Hota <sup>2</sup>	Independent Director	Chairman till 23.03.2022	03	03
Mr. C Balagopal <sup>3</sup>	Independent Director	Chairman	03	00
Mr. Sankarshan Basu <sup>4</sup>	Independent Director	Member	03	02
Mr. Shyam Srinivasan	Executive Director	Member	03	03
Mr. Ashutosh Khajuria	Executive Director	Member	03	02
Ms. Shalini Warriar	Executive Director	Member	03	02

<sup>1</sup>Mr. K Balakrishnan ceased to be a member of the Committee w.e.f. September 25, 2021 consequent to his retirement from the Board of the Bank.

<sup>2</sup>Mr. A P Hota was appointed as the Chairman of the Committee w.e.f. September 25, 2021 till March 23, 2022. Mr. A P Hota ceased to be a member of the committee w.e.f. March 24, 2022

<sup>3</sup>Mr C Balagopal joined the Committee and appointed as the Chairman w.e.f. March 24, 2022

<sup>4</sup>Mr. Sankarshan Basu joined as a member of the Committee w.e.f. October 02, 2021

During the year, the Committee was re-constituted thrice on September 25, 2021, October 02, 2021 and March 24, 2022

#### Terms of Reference/ Roles and Responsibilities of the Committee are:

The CSR Committee shall:

1. Formulate and recommend to the Board for approval, the Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Bank in areas or subjects as specified in schedule VII of the Companies Act, 2013 ;
2. Guide and monitor the activities of the Bank in the area of CSR such that the spends are in line with the activities stipulated in the CSR Policy

3. Provide inputs, on an ongoing basis, to the formulation of strategic objectives and tactical plans that would help ensure the Bank is able to fulfill its corporate social responsibilities in a responsible and effective manner
4. Recommend the amount of expenditure to be incurred on the activities undertaken by the Bank.
5. Overseeing Environmental, Social and Governance (ESG) Reporting and review of various activities of the Bank under the prescribed ESG Framework.
6. Recommend to the Board about approach and direction of CSR
7. Formulate and recommend to the Board an annual action plan in pursuance of CSR Policy including
  - (a) the list of CSR projects or programs that are approved to be undertaken in areas of subjects specified in Schedule VII of Companies Act, 2013
  - (b) the manner of execution of such projects or programs as specified in rule 4(1) of CSR Rules
  - (c) the modalities of utilization of funds and implementation schedules for the projects or programs
  - (d) monitoring and reporting mechanism for the projects or programs; and
  - (e) details of need and impact assessment , if any, for the projects undertaken by the Company, appointment of independent agency for undertaking impact assessment
8. Recommendation to the Board for transfer of unspent amount related to on - going project to separate bank account and unspent amounts other than ongoing projects, to funds specified in Schedule VII to the Act

Monitoring of all projects( ongoing or otherwise).  
Reviewing and recommending to the Board CFO Certification about utilization of funds disbursed for the purposes and manner approved by the Board

#### M. Review Committee of the Board on Non-Cooperative Borrowers and Identification of Willful Defaulters

##### Composition and Meetings of Review Committee of the Board on Non- Cooperative Borrowers and Identification of Willful Defaulters

As on March 31, 2022, the Review Committee of the Board on Non- Cooperative Borrowers and Identification of Willful Defaulters consists of members as stated below. The composition of the Committee is in conformity with the regulatory requirements.

During the financial year 2021-22, no meeting of the Committee was held.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan	Executive Director	Chairman	00	00
CA Manoj Fadnis	Independent Director	Member	00	00
Mr. Sudarshan Sen	Independent Director	Member	00	00

During the financial year 2021-22, Review Committee of the Board on Non- Cooperative Borrowers and Review Committee of the Board for Willful Defaulters were merged to form Review Committee of the Board on Non- Cooperative Borrowers and Identification of Willful Defaulters with effect from March 24, 2022

#### N. Review Committee of the Board on Non- Cooperative Borrowers

##### Composition and Meetings of Review Committee of the Board on Non- Cooperative Borrowers

As on March 24, 2022, the Review Committee of the Board on Non-Co- Operative Borrowers consisted of members as stated below. The composition of the Committee was in conformity with the regulatory requirements.

During the financial year 2021-22, only one (1) meeting was held on April 12, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan	Executive Director	Chairman	01	01
CA Manoj Fadnis	Independent Director	Member	01	01
Mr. Sudarshan Sen	Independent Director	Member	01	01

#### O. Review Committee of the Board for Willful Defaulters

##### Composition and Meetings of Review Committee of the Board for Willful Defaulters

As on March 24, 2022, the Review Committee of the Board for Willful Defaulters consisted of members as stated below. The composition of the Committee was in conformity with the regulatory requirements.

During the financial year 2021-22, the Review Committee of the Board for Willful Defaulters met twice (2) on April 22, 2021 and November 11, 2021.

Name of the Member	Category	Status	No. of Meetings	
			Held	Attended
Mr. Shyam Srinivasan	Executive Director	Chairman	02	02
Mr. C Balagopal	Independent Director	Member	02	02
Mr. Sudarshan Sen	Independent Director	Member	02	02

The Review Committee of the Board on Non- Cooperative Borrowers and Identification of Wilful Defaulters is to be headed by MD & CEO and two other Independent Directors as members.

#### Terms of Reference/ Roles and Responsibilities of the Committee are:

- The Review Committee finalizes the decision with regard to classification & declassification of Non -Cooperative Borrowers. In compliance with RBI directions on Non- Cooperative Borrowers (NCB), the Bank has put in place a policy on identification, classification & declassification of Non- Cooperative Borrowers and reporting of such borrowers to the Central Repository of Information on Large Credits (CRILC). The policy envisages formation of a Committee headed by an Executive Director & consisting of two other Senior Executives of the rank of SVP/VP to take a decision on classification & declassification of Non - Cooperative Borrowers. Accordingly, an ED level committee headed by ED & CFO is formed. The decisions of the ED level Committee has to be placed to this Review Committee of the Board for confirmation.
- The Review Committee reviews the order of the Internal Committee that identifies accounts to be reported as wilful default to comply with the regulatory guidelines. While reviewing the Identification Committee's order, the Review Committee shall also consider the representations if any made by the borrowers against such order. The Review Committee shall pass a reasoned order and the copy thereof shall also serve on the borrowers. This Review Committee reviews the order of the Internal Committee that identifies accounts to be reported as willful default to comply with the regulatory guidelines. The Order shall become final only after it is confirmed by the Review Committee.



## SUBSIDIARY AND JOINT VENTURE COMPANY OF THE BANK

The Bank has two subsidiary companies, Fedbank Financial Services Limited and Federal Operations and Services Limited. The Bank has no material subsidiaries as per the conditions laid down in the SEBI Listing Regulations.

As on March 31, 2022, the Bank has two Associate Companies, a Joint Venture Life Insurance Company, named Ageas Federal Life Insurance Company Limited (formerly known as IDBI Federal Life Insurance Co Ltd.) and an Investment Banking subsidiary named Equirus Capital Private Limited.

The Directors of the Bank who are also in the subsidiary/associate companies as on March 31, 2022 are as follows:

- Mr. Shyam Srinivasan, Managing Director and Chief Executive Officer (MD & CEO) is the Non-Executive Director and Mr. Ashutosh Khajuria, Executive Director is a Nominee Director in Fedbank Financial Services Limited.
- Mr. C Balagopal, Independent Director is the Non-Executive Director in Federal Operations and Services Ltd. Mr. C Balagopal holds the position of Chairman in Federal Operations and Services Limited
- Mr. Shyam Srinivasan, MD & CEO and Ms. Shalini Warriar, Executive Director of the Bank, are Non-Executive Directors in Ageas Federal Life Insurance Company Limited.

The Bank monitors performance of its subsidiary Companies, *inter-alia*, by the following means:

- The Audit Committee reviews financial statements of the subsidiary Companies, along with investments made by them.
- The Board of Directors reviews the Board Meeting minutes and statements of all significant transactions and arrangements, if any, of subsidiary Companies.

The Bank does not have any listed subsidiary company

## GENERAL BODY MEETINGS

### A. Details of the last three general body meetings, Special Resolutions taken up in those meetings and passed with requisite majority are mentioned hereunder:

**Name of Meeting** - 88<sup>th</sup> Annual General Meeting  
**Day, Date and Time of Meeting** - Thursday, July 25, 2019 at 10.00 AM  
**Venue** - Mahatma Gandhi Municipal Town Hall, Aluva

#### Special Resolution

- a) To re-appoint Mr. C. Balagopal (DIN: 00430938) as an Independent Director for the second term.
- b) Approval for Raising of Funds through Issuance of Bonds for FY 2019-20.

**Name of Meeting** - 89<sup>th</sup> Annual General Meeting  
**Day, Date and Time of Meeting** - Thursday, July 16, 2020 at 11.00 AM  
**Venue** - Through Video Conferencing/Other Audio Visual Means("OAVM")

#### Special Resolution

- a) Approval for Raising of Funds through Issuance of Bonds for FY 2020-21.
- b) Raising of Tier I Capital of the Bank through Issuance of Securities.
- c) Alteration of Object Clauses of Memorandum of Association

**Name of Meeting** - 90<sup>th</sup> Annual General Meeting  
**Day, Date and Time of Meeting** - Friday, July 09, 2021 at 11.00 AM  
**Venue** - Through Video Conferencing/Other Audio Visual Means("OAVM")

#### Special Resolution

- a) Re-appointment of Mr. A P Hota (DIN- 02593219) as an Independent Director of the Bank.
- b) Raising of Tier I Capital of the Bank through Issuance of Securities
- c) Raising of Funds through Issuance of Bonds
- d) To approve the issuance of equity shares on preferential basis

During the year, all recommendations of the Board of Directors were accepted by the Shareholders of the Bank in respect of special businesses mentioned in the 90<sup>th</sup> Annual General Meeting notice.

### B. Postal Ballot

During the year under review, no resolution was passed through postal ballot. Currently, no resolution is proposed to be passed through postal ballot. However, if required, the same shall be passed in compliance of provisions of Companies Act, 2013, SEBI Listing Regulations or any other applicable laws.

## ETHICAL STANDARDS EMPLOYED BY THE BANK

All the employees of the Bank are required to comply with Bank's service manuals which, *inter alia*, provides for various ethical practices to be adhered to by them. It also includes Code of Ethics and Business Conduct, which provides the guidelines on standards of business conduct and it applies to all employees of the Bank. The Code explains the conduct and ethical behavior to be exhibited by each employee towards customers, colleagues and other stakeholders to uphold the collective interest of the Bank. This includes Bank's obligation to comply with all general laws, local rules and regulations relevant to our activity and its

commitment to enhance shareholders' value. The guidelines on the usage of social media published by the Bank outlines the standards employees are expected to observe when using social media.

**POLICIES, AFFIRMATIONS AND DISCLOSURES**

**A. Code of Corporate Governance and Code of Conduct**

The Board of Directors of the Bank has adopted the Code of Corporate Governance and Code of Conduct for the Directors of the Bank and for Management, and the code is reviewed on an annual basis. All the Board members and the senior management of the Bank have affirmed compliance to the Bank's Code of Corporate Governance and Code of Conduct. Bank's Code of Corporate Governance and Code of Conduct for Directors and Management are available on the website of the Bank <https://www.federalbank.co.in/shareholder-information>.

All the Board Members and Senior Management Personnel have confirmed compliance with the code during the year 2022. A declaration to that effect signed by the Managing Director and CEO forms part of the Annual Report of the Bank.

**B. Related Party Transactions**

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Bank and were on arm's length basis. There were no materially significant related party transactions entered by the Bank with Related parties which may have a potential conflict with the interest of the Bank. All Related Party Transactions were placed before the Audit Committee of the Board for approval. Prior omnibus approval for transactions which are of repetitive nature is obtained from the Audit Committee and accordingly the required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

The policy on Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Bank and the link for the same is <https://www.federalbank.co.in/our-commitments>.

Since all related party transactions entered into by the Bank were in the ordinary course of business and were on an arm's length basis, disclosures as per Form AOC-2 is not applicable to the Bank. There were also no material contracts or arrangement or transactions with related parties during the period.

**C. Details of non-compliance by the Bank**

No penalties or strictures have been imposed on the Bank by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

**D. Disclosure on compliance with Corporate Governance Requirements specified in SEBI Listing Regulations**

The Bank has complied with the requirements of Part C (Corporate Governance Report) of sub-Paras (2) to (10) of Schedule V of the Listing Regulations.

The Bank has complied with and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of SEBI Listing Regulations (relating to disclosure on the website of the Bank).

**E. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

The Foreign Exchange Risk arising out of Forex positions of the Bank is monitored by the Market Risk Division of Integrated Risk Management Department. Various risk limits such as Daylight Limit, NOOP, AGL and Forex VAR are defined in the Market Risk Management Policy of the Bank and are closely monitored by the Market Risk Division. The policy of the Bank on Investment, Forex and Derivative operations lays out the operative guidelines for Foreign Exchange operations. The Foreign Currency Assets and Liability gap is ascertained by Treasury Department and is managed using hedging tools such as swaps, wherever found necessary. Bank is not involved in Commodity trading/hedging activities.

**F. Federal Bank Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure**

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Bank has in place a Code of Conduct for Regulating, Monitoring and Reporting Trading by Insiders and Code of Practices and Procedures for Fair Disclosure. The same have been revised during the year in accordance with amendments in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct for Prevention of Insider Trading lays down guidelines advising the Management, staff and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of Bank, and while handling any Unpublished Price Sensitive Information, cautioning them of the consequences of violations.

Mr. Samir P Rajdev, Company Secretary of the Bank has been designated as Compliance Officer.

**G. Whistle Blower Policy/Vigil Mechanism**

Fraud risk is managed by the Bank methodically in line with the robust Fraud Risk Management Policy of the Bank which covers all significant aspects like various mitigation measures and the surveillance mechanism that



complements prevention, detection, investigation and monitoring of both, internal and external frauds. Public and employees are sensitized on different fraud prevention techniques. With a view to create an atmosphere of alertness, Vigilance Communications (Alerts) are issued on a regular basis that disseminates various modus operandi of frauds in the banking industry along with suggestions on safeguards and precautions to be adopted to prevent such frauds. Preventive Vigilance Workshop is a flagship program designed flawlessly by Vigilance Department for employees which explicates different gaps exploited by miscreants to perpetrate fraud in the banking industry and the program also ensures deliverance of strategies to be taken to avert such frauds. Preventive Vigilance Audits are conducted at select branches and also ensures periodic conduct of Fraud Prevention Committee meetings at branches with a view to prevent frauds. Customer awareness on fraudulent activities is another area that is well covered by the Bank through various effective communication channels including SMS, E-Mails, posters at Branches, ribbon messages on Bank website, internet banking webpage, etc. All cases reported in the Bank are investigated in detail as part of detective vigilance activity. Need for process refinements/ systemic corrections, if any observed during the course of investigation are highlighted in the forums concerned for corrective measures/necessary directions. Process refinements/systemic corrections are implemented to avert similar incidents in future.

Bank has a robust Whistle Blower Policy termed as Protected Disclosure Scheme (PDS) with a view to enhance public confidence in the Bank and also in compliance of RBI directions in this regard. The policy aims at establishing an effective vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest. It is disseminated among the employees assuring confidentiality and protection to the whistle blower against any personal vindictive actions such as humiliation, harassment or any other form of unfair treatment. Directors and Employees of the Bank, employee representative bodies, customers, stakeholders, non-governmental organizations (NGO) and members of the public can lodge complaints / disclosures under this scheme. A dedicated e-mail ID is provided for sending complaints/disclosures under PDS. Investigation is conducted in all complaints /information received through the PDS mechanism and investigation reports are placed before MD & CEO. The details of the complaints and findings are also placed before the Audit Committee of the Board on a quarterly basis for review. The scheme is popularized through various measures such as preventive vigilance classes, internal circulars, alerts etc. No personnel have been denied access for giving any information as envisaged in the Protected Disclosure scheme. PDS policy is made

available in Bank's website and Intranet. Website link to Bank's Whistle Blower Policy is <https://www.federalbank.co.in/documents/10180/45777/Whistle+Blower+policy/558aea51-1335-4546-9c9a-28c5030377a1>.

#### **H. Dividend Distribution Policy**

In accordance with the Regulation 43A of SEBI Listing Regulations, the Bank has formulated a Dividend Distribution Policy. The policy has been displayed on the Bank's website at <https://www.federalbank.co.in/our-commitments> and also available in the Director's Report which forms part of the Annual Report.

#### **I. CEO/CFO Certification**

The MD and CEO and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI Listing Regulations, 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

#### **J. Utilization of funds raised through Preferential Allotment or Qualified Institutions Placement**

During the year, the Bank raised ₹916 Cr through preferential allotment. The said funds were raised to further strengthen Bank's business.

#### **K. Certificate from Company Secretary in Practice regarding disqualification of Directors**

As required under Clause 10 (i) of Part C under Schedule V of the SEBI Listing Regulations, the Bank has received a certificate from M/s. SEP & Associates, Practicing Company Secretaries certifying that none of our Directors have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI /Ministry of Corporate Affairs or any such statutory authority, is annexed to this report.

#### **L. Recommendations of Committee(s) of the Board of Directors**

During the year under review, there has been no instances of rejection by the Board of any recommendations made by any of its Committees.

#### **M. Internal Controls**

The Bank has through the years developed and stabilized an effective internal control system calibrated to the risk appetite of the Bank and aligned to the scale, size and complexity of its operations. The scope and authority of the internal audit function is defined in the Audit and Inspection Policy of the Bank, duly approved by the Board of Directors. In order to help Bank achieve its mission of adopting the

best professional practices prevailing in the industry, while framing the policy, substantial inputs are taken from - RBI guidance note on Risk Based Internal Audit, 'The internal audit function in banks' published by Basel Committee on Banking Supervision and RBI Circular on 'Concurrent Audit System'. Audit and Inspection Policy is reviewed annually. Policy is reviewed considering various guidelines of RBI, Basel Committee recommendations, ICAI guidelines, other statutory / regulatory guidelines, directions of Board / Audit Committee of the Board issued from time to time and periodic internal guidelines / instructions issued by the Bank. At the enterprise level, the Inspection and Audit Department, on a continuous basis, assesses and monitors the effectiveness of the control systems and its adequacy to meet the growing complexities. The audit function essentially validates the compliance of Bank's processes and operations with regulatory guidelines, accounting procedures and Bank's own internal rules and guidelines. A department level group meets on periodical intervals to discuss latest internal / RBI / regulatory guidelines for ensuring that the required changes are implemented for making the audit function updated and dynamic.

The Bank has a robust system towards escalating the audit findings to appropriate levels in the hierarchy of Management and discussions in various committees towards suggesting corrective action and its follow up. The Bank in compliance of the requirements of Section 138 of the Companies Act, 2013, has designated the Head of Inspection and Audit Department as Internal Auditor of the Bank. Internal Auditor of the Bank directly reports to the Managing Director & CEO of the Bank. Audit Committee of the Board reviews the adequacy and effectiveness of the Internal Audit Function. The Bank has various types of audit which inter-alia include Risk Based Internal Audit, Information System Audit, Third Party Risk Audit, Offsite Audit (audit through use of technology and data analysis), Concurrent Audit, Gold Loan Audit and Management Audit. Branches / Departments are risk rated and the frequency of Risk Based Internal Audit / Management Audit is decided based on the Risk Rating of the unit. Significant Audit findings and observations are presented to Inspection Review Committee of Executives and a report on the meetings of Inspection Review Committee of Executives along with significant audit findings, directions / suggestions of the Committee and action taken in such cases are placed to the Audit Committee of the Board for review periodically. Other findings are placed before a department level committee called the 'Inspection Department Review Committee' for review and its observations are placed before Inspection Review Committee of Executives.

As per the requirement of Companies Act, 2013, Bank has formulated Internal Financial Controls framework. Risk and Controls associated with each process in the Bank are documented under the Internal Financial Controls Framework. Inspection and Audit Department plays a significant role in testing the control effectiveness for each process under the framework.

The Internal Audit function provides independent assurance to the Board of Directors and Senior Management on the quality and effectiveness of the bank's internal control, risk management and governance systems and processes, thereby helping the Board and Senior Management protect the bank and its reputation.

**N. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The disclosure regarding the complaints of sexual harassment are given in the Board's Report.

**O. Fees paid to Statutory Auditors**

The total fees incurred by the Bank and its subsidiaries on a consolidated basis, for services rendered by Joint Statutory Central Auditors (M/s. Varma & Varma and M/s Borkar & Muzumdar) and its affiliates entities, is given below:

(₹ in Crore)	
Particulars	FY 2021-22
Audit Fee*	4.50
Reimbursement of Expenses	0.21

\*includes fee for certification and other matters

**P. Credit Ratings and Change/ Revisions in Credit Ratings for Debt Instruments**

Details of Credit Ratings obtained by your Bank during the financial year are as follows;

- CRISIL A1+ for the Certificate of Deposit Programme of the Bank
- CRISILA1+ for the Short Term Fixed Deposits of the Bank
- CARE AA (Stable) [Double A, Outlook: Stable] for the Tier II bonds (Under Basel III)
- IND AA/Stable by India Rating and Research for the Tier II bonds (Under Basel III)

There was no revision in rating during review period as compared to previous year.



#### Q. Debenture Trustees

The SEBI Listing Regulations require companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their Annual Report. The following are the debenture trustees for the privately placed bonds of the Bank:

- For ₹700 CR Issuance bearing ISIN INE171A08032 issued on 20-01-2022:  
  
IDBI Trusteeship Services Limited,  
Asian Building, Gr Floor, 17 R. Kamani Marg,  
Ballard Estate - Mumbai 400 001
- For ₹300 CR Issuance bearing ISIN INE171A08024 issued on 20-06-2019:  
  
Beacon Trusteeship Ltd  
4C & D Siddhivinayak Chambers,  
Gandhi Nagar,  
Opp MIG Cricket Club,  
Bandra East, Mumbai - 400051

#### R. Outstanding GDRS/ADRS/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

The Bank has 2,83,61,023 GDRs (equivalent to equity shares) outstanding, which constituted 1.35% of the Bank's total capital as at March 31, 2022.

#### S. Compliance with Mandatory Requirements

The Bank has complied with all applicable mandatory requirements of the SEBI Listing Regulations during the financial year 2021-22. Quarterly compliance report on Corporate Governance, in the prescribed format, duly signed by the compliance officer is submitted regularly with the Stock Exchanges where the shares of the Bank are listed. The required disclosures under SEBI Listing Regulations are detailed under various portions of Directors Report and Corporate Governance Report and compliance has been ensured.

### ADOPTION OF DISCRETIONARY REQUIREMENTS

#### A. Modified opinion(s) in Audit Report

The Auditors have expressed an unmodified opinion in their report on the financial statements of the Bank.

#### B. Separate posts of Chairman and Chief Executive Officer

The Bank has also complied with the adoption of non-mandatory requirement on separate posts of Chairman and Chief Executive Officer. Mr. C Balagopal, Independent Director is the Chairman and Mr. Shyam Srinivasan is the Managing Director & CEO of the Bank as on March 31, 2022.

#### C. Reporting of Internal Auditor

The Internal Auditors of the Bank report directly to the Audit Committee of the Bank.

#### D. Shareholders Rights

Quarterly Financial Results are uploaded on the Bank's website [www.federalbank.co.in](http://www.federalbank.co.in).

### MEANS OF COMMUNICATION

#### A. Financial Results

The quarterly, unaudited and annual audited Standalone & Consolidated financial results were published in Financial Express and Deepika Daily. The results were also displayed on the Bank's website, [www.federalbank.co.in](http://www.federalbank.co.in).

#### B. News Releases/ Presentations

As a part of good governance, official press releases, results, webcasts, analyst presentations are displayed on the Bank's website, [www.federalbank.co.in](http://www.federalbank.co.in). We encourage investors to visit our website for reading the documents.

#### C. Website

The Bank's website, [www.federalbank.co.in](http://www.federalbank.co.in) contains a separate section 'Investor Relations' for use of investors. The quarterly, half yearly and annual financial results, official news releases and presentations made to institutional Investors and to analysts are promptly and prominently displayed on the website. Annual Reports, Quarterly Corporate Governance Report, Shareholding Pattern and other Corporate Communications made to the Stock Exchanges are also available on the website. Annual Report of subsidiary Companies is also posted on the website.

The 'Investor Relations' section provides the details of unclaimed dividends warrants for dividends declared up to the financial year ended March 31, 2021, to help shareholders to claim the same. In addition various downloadable forms required to be executed by the shareholders have also been provided on the website.

Share price page are also provided in 'Investor Relations' section. Share price page includes, inter alia, real time updates on stock price, stock movement, historical share price data etc.

#### D. Communication to Shareholders on e-mail

Documents like Notices, Annual Report etc. are sent to the shareholders at their email address, as registered with their Depository Participants/ Company/ Registrar and Transfer Agents (RTA). This helps in prompt delivery of document, reduce paper consumption and avoid loss of documents in transit. Members who have not yet registered their email id (including those who wish to change their already registered

email id) may get the same registered/ updated either with their depositories or by writing to the Bank/ RTA.

**E. Reminders to Shareholders**

Reminders for claiming unclaimed shares lying with the Bank which are liable to be transferred to the Investor Education and Protection Fund Authority are sent to the Shareholders as per Bank records.

**F. NEAPS (NSE Electronic Application Processing System) and BSE Listing Centre**

NSE and BSE have developed web based applications for Corporates. All compliances like financial results, Shareholding Pattern and Corporate Governance Report, etc., are filed electronically on NEAPS/ BSE Listing center.

**G. SCORES (SEBI complaints redressal system)**

SEBI processes investor complaints in a centralized web based complaints redressal system i.e., SCORES. Through this system a shareholder can lodge complaint against a Company for his grievance. The Bank uploads the action taken on the complaint which can be viewed by the shareholder. The Bank and shareholder can seek and provide clarifications online through SCORES.

**GENERAL INFORMATION FOR SHAREHOLDERS**

**A. Company Registration Details**

The Bank is registered in Kerala, India. The Corporate Identification Number (CIN) allotted by the Ministry of Corporate Affairs (MCA) is L65191KL1931PLC000368.

**B. Annual General Meeting**

Date: July 27, 2022; Time: 11.00 AM;

Venue: Through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM')

**C. Financial Calendar**

Financial Year: April 1, 2021 to March 31, 2022

For the financial year ended March 31, 2022, results were announced on:

- First Quarter: July 23, 2021
- Second Quarter: October 22, 2021
- Third Quarter: January 25, 2022
- Fourth Quarter & Annual: May 06, 2022

**D. Book Closure**

The dates of Book Closure are from July 21, 2022 to July 27, 2022 (both days inclusive).

**E. Dividend Payment Date**

The dividend declared will be paid on or after the dividend declared will be paid on or before August 25, 2022.

**F. Dates for Transfer of Unclaimed Dividend to Investors Education and Protection Fund (IEPF)**

Pursuant to Section 124 of the Companies Act, 2013, final dividend for the financial year 2013- 14 amounting to ₹1,00,23,822/- which remained unpaid /unclaimed for a period of seven years from the date it was lying in the unpaid dividend account, has been transferred by the Bank to the Investors Education and Protection Fund (IEPF) of the Central Government on September 16, 2021.

The dividend for following years (see table below), which remains unclaimed for seven years from the date it was lying in the unpaid dividend account of the Bank, will be transferred to the IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividends specified below are requested to immediately send their request for issue of duplicate warrants/ for credit to their bank account with requisite documents. The details of dividends specified below are available on the website of the Bank, [www.federalbank.co.in](http://www.federalbank.co.in). Once unclaimed dividends are transferred to IEPF, no claim shall lie in respect thereof with the Bank. However, shareholders may claim their unclaimed amount as per the procedures/guidelines issued by the Ministry of Corporate Affairs (MCA). For details, Investors can visit the website of IEPF Authority viz., [www.iepf.gov.in](http://www.iepf.gov.in).

Financial Year	Type of Dividend	Dividend rate %	Date of Declaration	Due date for transfer to IEPF
2014-15	Final	110	29.06.2015	04.08.2022
2015-16	Final	35	11.08.2016	17.09.2023
2016-17	Final	45	14.07.2017	16.08.2024
2017-18	Final	50	10.08.2018	12.09.2025
2018-19	Final	70	25.07.2019	30.08.2026
2020-21	Final	70	09.07.2021	09.08.2028

**G. Mandatory Transfer of Shares to Demat Account of Investors Education and Protection Fund Authority (IEPFA) in case of unpaid/ unclaimed dividend on shares for a consecutive period of seven years**

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and



Protection Fund Authority (IEPFA) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholder from IEPFA by following the procedure prescribed under the aforesaid rules. Therefore, it is in the interest of shareholders to regularly claim the dividends declared by the Bank.

Consequent to the above, during the financial year 2021-22, 1,55,899 equity shares of the Bank were transferred to the IEPFA. Relevant details of such shares are available on the website of the Bank, [www.federalbank.co.in](http://www.federalbank.co.in).

#### H. Listing

At present, the equity shares of the Bank are listed at:

- **BSE Ltd (BSE)**  
**Address:** Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001
- **National Stock Exchange of India Limited (NSE)**  
**Address:** Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E)

The GDRs issued by the Bank in 2006 have been listed on the London Stock Exchange, 10 Paternoster Sq., London EC4M 7LS, United Kingdom.

The Bank's shares were also listed in Cochin Stock Exchange, but as per exit order granted by SEBI to Cochin Stock Exchange Limited vide, order dated December 23, 2014, the Banks shares are no more listed/traded in Cochin Stock Exchange.

#### I. Bank's Stock Exchange Code

BSE Scrip Code : 500469 (Scrip ID: FEDBANK)  
 NSE Symbol : FEDERALBNK  
 LSE Scrip Code : FEDS  
 Demat ISIN Code : INE171A01029

The annual listing fees up to the financial year 2022-23 to BSE and NSE has been paid.

The Bank have paid the custodial fees to the NSDL and CDSL as per the SEBI Circular CIR/MRD/DP/05 2011 dated April 27, 2011 for the year 2022-23.

#### J. Equity Evolution during the year

As at March 31, 2022, the paid-up share capital of the Bank was ₹4,20,50,92,746/- consisting of 2,10,25,46,373 equity shares of ₹2/- each. Details of equity evolution of the Bank during the year under review is as under;

Allotment of Equity Shares pursuant to exercise of ESOS/ Preferential Allotment (Face Value per Share is ₹ 2/-)	
21.04.2021	92,020
05.05.2021	24,465
24.5.2021	14,505
23.07.2021*	1,048,46,394
03.08.2021	167,290
12.08.2021	67,965
25.08.2021	56,196
07.09.2021	45,305
23.09.2021	46,590
08.10.2021	42,470
25.10.2021	24,905
05.11.2021	189,700
19.11.2021	144,263
02.12.2021	53,863
08.12.2021	37,418
17.12.2021	10,405
24.12.2021	11,940
10.01.2022	66,095
14.01.2022	21,170
20.01.2022	29,487
28.01.2022	22,459
03.02.2022	7,375
10.02.2022	33,945
17.02.2022	38,884
24.02.2022	83,242
04.03.2022	81,908
11.03.2022	78,025
18.03.2022	53,341
24.03.2022	2,000

\*During the year, Preferential allotment of 104,846,394/- equity shares was made to International Finance Corporation, IFC Financial Institutions Growth Fund, LP and IFC Emerging Asia Fund, LP

**K. Stock Market Data**

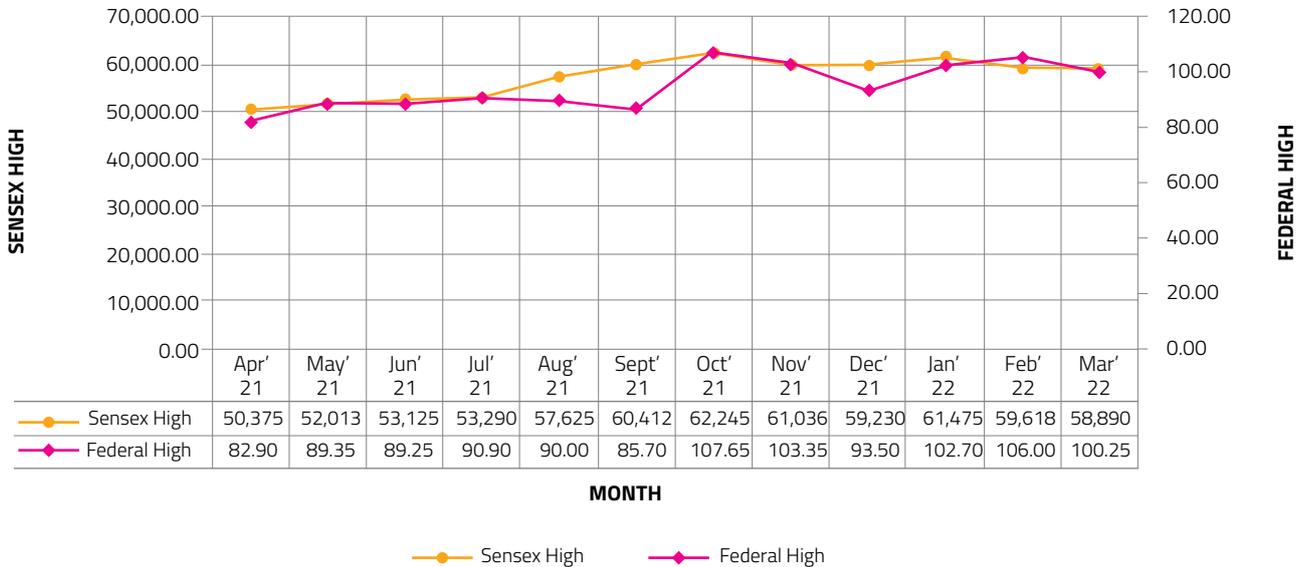
a. **Market price data- high, low during each month in the Financial Year 2021-22**

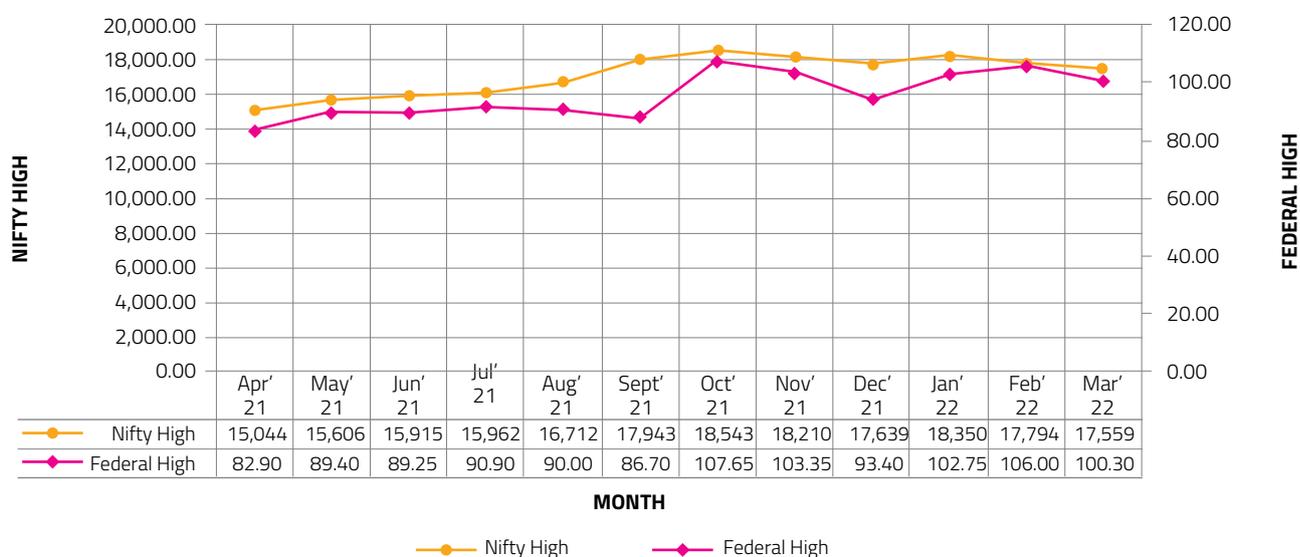
Monthly high and low quotations for each month during the Financial Year 2021-22 at the National Stock Exchange of India Limited and the BSE Ltd., are as follows:

Month	NSE		Month	BSE	
	High	Low		High	Low
Apr' 21	82.90	70.20	Apr' 21	82.90	70.00
May' 21	89.40	77.20	May' 21	89.35	77.20
Jun' 21	89.25	81.25	Jun' 21	89.25	81.25
Jul' 21	90.90	82.95	Jul' 21	90.90	83.00
Aug' 21	90.00	77.50	Aug' 21	90.00	77.50
Sep' 21	86.70	78.15	Sep' 21	86.70	78.20
Oct' 21	107.65	82.70	Oct' 21	107.65	82.70
Nov' 21	103.35	84.70	Nov' 21	103.35	84.70
Dec' 21	93.40	78.60	Dec' 21	93.50	78.70
Jan' 22	102.75	82.95	Jan' 22	102.70	83.00
Feb' 22	106.00	92.60	Feb' 22	106.00	92.65
Mar' 22	100.30	86.00	Mar' 22	100.25	86.00

b. **Performance in comparison to broad based indices such as BSE – Sensex and NSE – Nifty 50.**

**SENSEX HIGH Vs. FEDERAL HIGH**




**NIFTY HIGH Vs. FEDERAL HIGH**

**L. Distribution of Shareholding**

Details of distribution of shareholding of the equity shares of the Bank by size and by ownership class on March 31, 2022 along with Shareholders holding more than 1% of shares of the Bank is given below:

**Shareholding pattern by size as on March 31, 2022**

Value	Total number of share holders	% of Shareholders	Total Value	% of shares
Upto 5000	712,377	96.19	138,047,656	6.56
5001 - 10000	14,359	1.94	51,892,469	2.47
10001 - 20000	7,774	1.05	55,853,733	2.66
20001 - 30000	2,426	0.33	29,782,190	1.42
30001 - 40000	976	0.13	17,450,609	0.83
40001 - 50000	561	0.08	12,771,531	0.61
500001 - 100000	1,120	0.15	39,483,463	1.88
Above 100001	942	0.13	1,757,264,722	83.57
<b>Total</b>	<b>740,535</b>	<b>100.00</b>	<b>2,102,546,373</b>	<b>100.00</b>

**Shareholding pattern by ownership as on March 31, 2022**

Share holder Category	No of Shares	%
Mutual Funds	697,112,180	33.16
Financial Institutions/Bank/Insurance Companies	170,898,556	8.13
Foreign Portfolio Investor & Foreign Institutional Investor	539,547,674	25.66
Body Corporates	31,057,447	1.48
Individual (including NRIs)	576,166,389	27.40
NBFCs Registered with RBI	159,300	0.01
Central Govt/ State Govt/ President of India	510	0.00
Any Other (Trust, Alternate Investment funds, Overseas Corporate Bodies, Foreign Bank, Foreign Body Corporate, LLP, Clearing Member)	59,243,294	2.82
No. of shares underlying Depository Receipts	28,361,023	1.35
<b>Total no. of shares held</b>	<b>210,254,6373</b>	<b>100.00</b>

**Shareholders holding more than 1% as on March 31, 2022**

Sl.No	Shareholder Name	Shares held	%
1	ICICI Prudential Mutual Fund	121,261,449	5.77
2	HDFC Mutual Fund - HDFC Multi Cap Fund	94,068,369	4.47
3	Yusuffali Musaliam Veettil Abdul Kader	75,200,640	3.58
4	Nippon Life India Trustee Ltd	71,727,684	3.41
5	Kotak Mahindra Trustee Co Ltd	60,438,866	2.87
6	HDFC Life Insurance Company Limited	60,060,598	2.86
7	SBI Mutual Fund	55,159,270	2.62
8	Jhunjhunwala Rakesh Radheshyam	54,721,060	2.60
9	Franklin India Mutual Fund	51,179,927	2.43
10	DSP Value Mutual Fund	47,499,115	2.26
11	Tata AIA Life Insurance Company Limited	46,539,868	2.21
12	IFC Emerging Asia Fund, LP	36,696,238	1.75
13	IFC Financial Institutions Growth Fund, LP	36,696,238	1.75
14	Bank Muscat India Mutual Fund	33,351,210	1.59
15	Mirae Asset Mutual Fund	32,400,638	1.54
16	International Finance Corporation	31,453,918	1.50
17	UTI Bank Exchange Traded Fund	29,337,498	1.40
18	Kotak Funds - India Mutual Fund	28,551,825	1.36
19	Deutsche Bank Trust Company Americas	28,361,023	1.35
20	Aditya Birla Sun Life Trustee Private Limited	24,264,120	1.15
21	Sundaram Mutual Fund	22,796,464	1.08
22	PGIM India Trustee Private Limited	22,212,000	1.06
23	Vanguard International Mutual Fund	21,627,823	1.03
24	Rakesh Jhunjhunwala	21,000,000	1.00

**M. Dematerialization of the Bank's Shares**

The Paid up Equity Shares of the Bank as on March 31, 2022 is 2,10,25,46,373 shares. Out of this 2,10,15,27,698 shares are listed. Of the total paid up equity shares of the Bank, 1,79,83,96,255 shares (85.53%) are held in dematerialized form in NSDL, 28,55,40,962 (13.58%) in CDSL and 1,86,09,156 (0.89%) are in physical form. Under agreements with National Securities Depository India Ltd (NSDL) and Central Depository Services Ltd (CDSL), the Bank's shares can be and are traded in electronic form. The equity shares of the Bank are frequently traded at BSE Ltd and National Stock Exchange of India Ltd.

**N. Registrars and Transfer Agent**

SEBI vide Regulation 7 of the SEBI Listing Regulations has mandated that where the total number of security holders of the Company exceeds one lakh, the Company shall register with SEBI as a Category II Share Transfer Agent for all work related to share registry or appoint a Registrar to an Issue and Transfer Agent registered with SEBI. The Bank had appointed Integrated Registry Management Services Private Limited as its RTA for both segments, physical and electronic, much before this was mandated by SEBI.

As required under Regulation 7(3) of the SEBI Listing Regulations, the Bank files, on yearly basis, certificate issued by RTA and compliance officer of the company certifying that all activities in relation to share transfer facility are maintained by RTA registered with SEBI i.e., Integrated Registry Management Services Private Limited.

**Details of the RTA are given below-**

Integrated Registry Management Services Private Limited  
 2<sup>nd</sup> Floor, Kences Towers, No.1, Ramakrishna Street,  
 Off: North Usman Road, T. Nagar, Chennai-600017  
 Phone No: 044-28140801-03  
 Fax: 044-28142479, Email: csdstd@integratedindia.in

**O. Share Transfer System**

The Bank has a Board-level Stakeholders' Relationship Committee to examine and redress investors' complaints. As mandated by SEBI, securities of the Bank can be transferred/traded only in dematerialized form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, claim from unclaimed suspense account, renewal/ exchange of securities certificate, endorsement, subdivision/splitting/



consolidation of certificate, transmission and transposition which were allowed in physical form should be processed in dematerialized form only. The necessary forms for the above request are available on the website of the Bank under Shareholders Information tab.

Shareholders holding shares in physical form are advised to avail the facility of dematerialization.

Shareholders should communicate with Integrated Registry Management Services Limited, the Bank's Registrars & Share Transfer Agent at [csdstd@integratedindia.in](mailto:csdstd@integratedindia.in) quoting their folio number or Depository Participant ID and Client ID number, for any queries relating to their securities.

The Bank has delivered/ sent share certificates/ letter of confirmation as per SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P /CIR/2022/8 dated 25<sup>th</sup> January 2022, for execution of transmission of securities and for the issue of duplicate certificates received during the financial year ended March 31, 2022, within the prescribed time from the respective date of lodgment. The Bank obtains, from a company secretary in practice, yearly certificate of compliance with the share transfer/ transmission or transposition of securities formalities as required under Regulation 40(9) of the SEBI Listing Regulations, and the Bank files a copy of the same with the Stock Exchanges.

**P. Compliance with Secretarial Standards**

The Bank is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, from time to time.

**Q. Bank's Registered Office Address**

The Federal Bank Ltd, PB No. 103, Federal Towers, Head Office, Aluva – 683 101, Kerala State, India

The Bank has a network of 1282 Branches across India as on March 31, 2022.

**Address for correspondence:**

Contact information of Bank's designated official for assisting and handling of investor grievance	Company Secretary and Compliance officer Secretarial Department The Federal Bank Limited Corporate Office Federal Towers, Alwaye - 683 101 Ph.: 0484-2634061 / 0484-2622263 Email: <a href="mailto:secretarial@federalbank.co.in">secretarial@federalbank.co.in</a>
--	---

Registrars and Transfer Agents	Integrated Registry Management Services Private Limited 2nd Floor, Kences Towers, No.1,Ramakrishna Street, Off: North Usman Road, T.Nagar, Chennai- 600 017. Ph.No: 044-28140801-03; Fax: 044-28142479 Email : <a href="mailto:csdstd@integratedindia.in">csdstd@integratedindia.in</a>
--------------------------------	---

**CERTIFICATION BY MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER OF THE COMPANY  
DECLARATION ON CODE OF CONDUCT**

In compliance with the requirements of the Regulation 26(3) of SEBI Listing Regulations, 2015 this is to confirm that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 2022.

Place : Aluva  
Date : June 30, 2022

**Shyam Srinivasan**  
Managing Director &  
Chief Executive Officer  
The Federal Bank Ltd

**CEO/ CFO CERTIFICATE**

We, Shyam Srinivasan, Managing Director & CEO and Venkatraman Venkateswaran, Chief Financial Officer of The Federal Bank Limited, hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violate of the Bank's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee:
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

**Venkatraman Venkateswaran**

Chief Financial Officer

**Shyam Srinivasan**

Managing Director &amp; CEO

Place: Aluva

Date: May 06, 2022



## CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To  
The Members,  
**The Federal Bank Limited**  
Federal Towers, P B No. 103 Alwaye-683101

1. We SEP & Associates, Company Secretaries, Kochi have examined the compliance of conditions of Corporate Governance by The Federal Bank Limited (CIN: L65191KL1931PLC000368) ('the Bank'), for the financial year ended on March 31, 2022, as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46(2) and paragraphs C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as the "Listing Regulations") as amended from time to time.

### Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

### Our Responsibility

3. Pursuant to the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Bank has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2022.
4. We have examined the compliance of conditions of Corporate Governance by the Bank for the period April 1, 2021 to March 31, 2022 as per the Listing Regulations. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Bank for ensuring compliance with the conditions of the Corporate Governance for the period April 01, 2021 to March 31, 2022. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

### Opinion

5. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the financial year ended March 31, 2022.
6. We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

### Restriction on use

7. The certificate is addressed and provided to the members of the Bank solely for the purpose to enable the Bank to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose.

### For SEP & Associates

Company Secretaries  
(ICSI Unique Code: P2019KE075600)

**UDIN:** F003050D000545735

Sd/-

### CS Puzhankara Sivakumar

Managing Partner  
COP: 2210, FCS: 3050

Date: 30.06.2022

Place: Kochi



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members  
The Federal Bank Limited  
Federal Towers, P B No. 103  
Alwaye-683101

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of The Federal Bank Limited having CIN: L65191KL1931PLC000368 having registered office at Federal Towers, P B No. 103, Alwaye, Kerala -683101 (hereinafter referred to as the "Bank"), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below, for the Financial Year ended on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No	Name of the Director	DIN	Initial Date of Appointment in the Company
1	Mr. C Balagopal	00430938	29-06-2015
2	Mr. A P Hota	02593219	15-01-2018
3	Mr. Siddhartha Sengupta	08467648	13-06-2019
4	CA Manoj Fadnis	01087055	13-06-2019
5	Mr. Sudarshan Sen	03570051	11-02-2020
6	Ms. Varsha Purandare	05288076	08-09-2020
7	Mr. Sankarshan Basu	06466594	01-10-2021
8	Mr. Ramanand Mundkur	03498212	01-10-2021
9	Mr. Shyam Srinivasan	02274773	23-09-2010
10	Mr. Ashutosh Khajuria	05154975	28-01-2016
11	Ms. Shalini Warriar	08257526	15-01-2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on this based on our verification. While forming opinion on issuance of this certificate we have also taken into consideration independent legal opinion wherever there was a scope for multiple interpretations. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

**For SEP & Associates,**  
Company Secretaries  
(ICSI Unique Code: P2019KE075600)

**UDIN:** F003050D000545702

Sd/-  
**CS Puzhankara Sivakumar**  
Managing Partner  
COP: 2210, FCS: 3050

Date: 30.06.2022  
Place: Kochi

# Business Responsibility & Sustainability Reporting

## SECTION A: GENERAL DISCLOSURES

### I. DETAILS OF THE LISTED ENTITY

S. No.	Description	Particulars
1.	Corporate Identity Number (CIN) of the Listed Entity:	L65191KL1931PLC000368
2.	Name of the Listed Entity	THE FEDERAL BANK LIMITED
3.	Year of incorporation	1931
4.	Registered office address	FEDERAL TOWERS, P B NO 103, ALUVA, ERANAKULAM, KL, 683101, IN
5.	Corporate address	Post Box No. 103, Federal Towers, Aluva-683 101, Kerala, India
6.	E-mail	secretarial@federalbank.co.in
7.	Telephone	+91-484 2623620-29
8.	Website	www.federalbank.co.in
9.	Financial year for which reporting is being done	FY 2021-22
10.	Name of the Stock Exchange(s) where shares are listed	Equity shares of the Bank are listed at: <ul style="list-style-type: none"> <li>▪ BSE Ltd (BSE) Address: Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001</li> <li>▪ National Stock Exchange of India Limited (NSE) Address: Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E)</li> <li>▪ The GDRs issued by the Bank in 2006 have been listed on the London Stock Exchange, 10 Paternoster Sq., London EC4M 7LS, United Kingdom</li> </ul>
11.	Paid-up Capital	₹ 420.51 Crores as on March 31, 2022
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	MR. AJITHKUMAR A, Vice President & Head - Market Risk & ESG Mobile: 9769348198 Email: ajithkumara@federalbank.co.in
13.	Reporting boundary	Disclosures made in this report are on a standalone basis and pertain only to 'The Federal Bank Ltd'

### II. PRODUCTS/SERVICES

#### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Financial and insurance services	Banking activities by central, commercial and savings banks.	100%

#### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of Total turnover contributed
1	Banking services and Financial services	64191	100%



### III. OPERATIONS

#### 16. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of plants	Number of offices	Total
National	Not Applicable*	1282 <sup>^</sup>	1282
International		3 <sup>#</sup>	3

\* The Federal Bank Ltd is a scheduled commercial bank and hence does not undertake any manufacturing activity.

<sup>^</sup> No of branches

<sup>#</sup> IFSC Banking Unit (IBU) in Gujarat International Finance Tec-City (GIFT City) is considered as overseas branch and representative offices at Dubai & Abu Dhabi.

#### 17. Markets served by the entity:

##### a. Number of locations

Locations	Number
Nationals (No of States/UTs)	29 (24 states, Delhi NCT and 4 union territories)
International (No of countries)	1*

\* Representative offices in UAE.

##### b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not applicable

##### c. A brief on types of customers:

Federal Bank is a leading private sector bank in India. Bank's principal business activities are divided into five segments, namely retail banking, SME banking (Business and Commercial Banking), agricultural banking, corporate & wholesale banking and treasury & other banking operations with a balanced portfolio mix across these segments. Bank provides financial support to the weaker sections of society through priority sector lending and supports economic growth through MSME lending.

The total customers serviced by the Bank as on March 31, 2022 was over 1.4 crores with more than 96% being individual customers. During the year Bank added more than 31 lakh new customers to its fold. Customers in Rural and Semi-Urban branches constitute 74% of Bank's customers. The Bank is also having a strong NRI franchise, which enables the Bank to build low cost CASA. During the year, Bank added more than 78,000 new NRI customers to the fold.

As of March 31, 2022, Retail to wholesale advances ratio stood at 55:45. Bank's advances to retail (personal) segment accounted for 32% of total gross advances, agriculture advances accounted for 13%, Business Banking and Commercial Banking (part of SME) both accounted for 10% each and corporate advances accounted for 35% of total gross advances. Over the years, Bank has built a strong base of distributed clientele, which has helped in building low cost deposits and has been a source of strength for the liability portfolio. The total deposits in the fiscal year ending March 31, 2022 stood at ₹181,701 Cr. Total core deposits (Total Deposits excluding deposits from banks) to total deposit for the year ended March 31, 2022 stood at 99.14%. A large part of the deposit base is retail which enables lower concentration risk for the Bank. The CASA ratio increased from 33.81% in fiscal 2021 to 36.94% in fiscal 2022.

**IV. EMPLOYEES**
**18. Details as at the end of Financial Year March 31, 2022**
**a. Employees and workers (including differently abled):**

S No	Particulars	Total (A)	Male		Female	
			No (B)	% (B/A)	No (C)	% (C/A)
<b>EMPLOYEES</b>						
1	Permanent (D)	12641	7502	59.35	5139	40.65
2	Other than permanent (E)	149	47	31.54	102	68.46
3	<b>Total employees (D+E)</b>	12790	7549	59.02	5241	40.98
<b>WORKERS</b>						
4	Permanent (F)	5216	2847	54.58	2369	45.42
5	Other than permanent (G)	-	-	-	-	-
6	<b>Total Workers (F+G)</b>	5216	2847	54.58	2369	45.42

Note: As defined in the guidance note on BRSR, "Employees" include Officers and Award Staff and "Workers" include Award Staff.

**b. Differently abled Employees and workers:**

S No	Particulars	Total (A)	Male		Female	
			No (B)	% (B/A)	No (C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1	Permanent (D)	19	12	63.16	7	36.84
2	Other than permanent (E)	-	-	-	-	-
3	<b>Total differently abled employees (D+E)</b>	19	12	63.16	7	36.84
<b>DIFFERENTLY ABLED WORKERS</b>						
4	Permanent (F)	6	4	66.67	2	33.33
5	Other than permanent (G)	-	-	-	-	-
6	<b>Total differently abled Workers (F+G)</b>	6	4	66.67	2	33.33

**19. Participation/Inclusion/Representation of women**

Particulars	Total (A)	No. & Percentage of females	
		No (B)	% (B/A)
Board of directors	11	2	18.18
Key management personnel	5	1	20.00

**20. Turnover rate for permanent employees and workers**

Particulars	FY 21-22			FY 20-21			FY 19-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	6.50	4.89	5.85	4.14	2.96	3.67	4.91	3.47	4.33
Permanent Workers	5.42	4.19	4.86	3.90	1.59	3.57	4.42	3.24	3.88



## V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

### 21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Federal Operations and Services Limited	Wholly owned Subsidiary	100%	No
2.	Fedbank Financial Services Limited	Subsidiary	73.30%	No
3.	Ageas Federal Life Insurance Company Limited (erstwhile IDBI Federal Life Insurance Company Limited)	Associate	26.00%	No
4.	Equirus Capital Private Limited	Associate	19.89%	No

## VI. CSR DETAILS

### 22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) **Turnover** : ₹15749.85 Crores

(iii) **Net worth** : ₹18660.98 Crores

## VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

### 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)*	FY 2022			FY2021		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	3	0		4	0	
Employees and workers	Yes	1	0		1	0	
Customers	Yes	160857	5390	Refer footnote*	147914	3498	
Value Chain Partners	Yes	-	-	-	-	-	-
Other (please specify)	-	-	-	-	-	-	-

\* 98% of the outstanding complaints constitutes of Digital transactions which has specific TAT for resolution. Other 2% are complaints received in the month of March 2022.

Stakeholders can reach out to us for any grievance redressal through the following options, based on the nature of grievance:

<https://www.federalbank.co.in/grievance-redressal>

<https://www.federalbank.co.in/shareholder-information>

<https://www.federalbank.co.in/documents/10180/45777/Environmental+and+Social+Management+system+%28ESMS%29+Policy.pdf/d8b4df0b-d6c6-9dfc-ff77-8903886bd541?t=1627993730353>

24. Overview of the entity’s material responsible business conduct issues

S No	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying risk or opportunity	Approach to adapt or mitigate	Positive/ Negative implication
1	Affordable housing	Opportunity	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Immense scope to increase home ownership in the country across all income segments. Govt through PMAY is encouraging house ownership by providing subsidy</li> </ul>	<ul style="list-style-type: none"> <li>Understanding borrower’s ability to repay through interactions, and personal discussion to predict repayment behaviour.</li> <li>Understanding segments and locations to provide the affordable housing finance</li> </ul>	<p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>As per statistics, only 8% of Indians own a house. This is a big opportunity with an untapped market higher than the current tapped HL market in India</li> <li>Will continue to support the government’s mission of Housing for All.</li> </ul>
2	Priority Sector lending & Microfinance	Opportunity	Aids growth of priority identified sectors.	<ul style="list-style-type: none"> <li>Strong underwriting skills help mitigate credit risks.</li> <li>Agriculture loans are sanctioned by ensuring sufficient water facilities/ assured irrigation facilities are available.</li> <li>Various insurance schemes are being implemented by the government to support farmers and we are strictly insisting the borrower cover the crops under various insurance wherever applicable.</li> </ul>	<p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>The growth of the priority sector leads to the enhanced economic growth of the country.</li> </ul>
3	Portfolio risk or sensitivity to climate change	Risk and Opportunity	<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>Huge untapped opportunity as the country builds resilience to climate risk</li> <li>Greater disclosures on E&amp;S may help increase access to larger pools of green financing at commercially favourable terms</li> </ul> <p><b>Risk:</b></p> <ul style="list-style-type: none"> <li>Failure to meet emerging regulations and disclosure requirements will result in compliance risk</li> </ul>	<ul style="list-style-type: none"> <li>Bank has put in place a Board-approved ESMS policy to mitigate the E&amp;S risks in its credit portfolio</li> <li>Bank does not take fresh exposures to exclusion list sectors as per the ESMS policy. Continuous training and sensitisation are provided to employees to become more ESG compliant</li> </ul>	<p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>Higher growth in green portfolio</li> <li>Reduction in exposure to high E&amp;S risk sectors</li> <li>Financial and non-financial risks related to ESG issues would be avoided</li> <li>Helping the nation transition to a low-carbon economy</li> </ul>



S No	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying risk or opportunity	Approach to adapt or mitigate	Positive/ Negative implication
			<ul style="list-style-type: none"> <li>Climate risk may entail physical risks i.e. damage to the Bank's physical assets in case of climate-related disasters</li> <li>Real estate market collapse in low-lying areas, coastal real-estate losses, land redundancy, and forced adaptation of sites or closure.</li> <li>Vulnerability to value erosion undermining their credit status</li> </ul>	<ul style="list-style-type: none"> <li>Climate resilience assessment through scenario analyses.</li> <li>Specific business targets for green financing.</li> </ul>	<p><b>Negative</b></p> <ul style="list-style-type: none"> <li>There could be transition risks i.e. increased expenses in transitioning towards meeting new environmental-related standards.</li> </ul>
4	Digitalization and paperless banking	Opportunity and Risk	<p><b>Opportunity:</b></p> <ul style="list-style-type: none"> <li>In the reporting year, the bank has undertaken digital innovation &amp; Paperless Banking initiatives</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>Banking services can anytime be disrupted, or leaks of information can happen due to cyber-attacks on the Bank's systems through ransomware, hacking, phishing, and other means.</li> </ul>	<ul style="list-style-type: none"> <li>We have undertaken digital initiatives to spread awareness among our customers and employees.</li> <li>The bank is having a cyber security team who are trying to anticipate and defend against cyber security threats and respond to security breaches when they do happen.</li> </ul>	<p><b>Positive:</b></p> <ul style="list-style-type: none"> <li>Customer acquisitions are done digitally</li> <li>Greater efficiency in processes is observed.</li> </ul>

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements. The nine NGRBC Principles are given below:

<b>P1</b>	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
<b>P2</b>	Businesses should provide goods and services in a manner that is sustainable and safe
<b>P3</b>	Businesses should respect and promote the well-being of all employees, including those in their value chains
<b>P4</b>	Businesses should respect the interests of and be responsive towards all its stakeholders
<b>P5</b>	Businesses should respect and promote human rights
<b>P6</b>	Businesses should respect, protect and make efforts to restore the environment
<b>P7</b>	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
<b>P8</b>	Businesses should promote inclusive growth and equitable development
<b>P9</b>	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
c. Web Link of the Policies, if available	Bank has published various policies that relate to its business conduct, customer rights, customer service and grievance redressal, fair practices, ESMS, CSR, etc on the website. Stakeholders can access them through <a href="https://www.federalbank.co.in/our-commitments">https://www.federalbank.co.in/our-commitments</a>  Certain policies which relate to employees are available in the intranet of the Bank and freely accessible for all the employees.								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes. All policy stipulations are converted into SOPs with proper checks and controls and monitoring mechanisms and disseminated to the stakeholders.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. Some of the policies which have impacts on customer service, customer conduct, etc extend to our partners as well.								
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Bank has adopted IFC Performance Standards for its ESMS in lending operations.  Bank has ISO 22301 certification on Business Continuity Management System (BCMS) and is ISO 27001 certified in certain aspects of Information Security Management System (ISMS). Bank has been recognized as Great Place to Work by the GPTW® Institute.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<ul style="list-style-type: none"> <li>▪ Bank has committed not to do fresh lending to certain sectors which has significant E&amp;S risks. ESMS policy can be accessed through <a href="https://www.federalbank.co.in/our-commitments">https://www.federalbank.co.in/our-commitments</a></li> <li>▪ Bank has committed to reducing its coal related sub project exposure to 50% by 2025 (against the baseline of 2021) and NIL by December 2030</li> <li>▪ Bank intends to grow its green portfolio to ₹130 Bn by 2025.</li> <li>▪ 500KW of solar power generation capacity by 2025</li> <li>▪ One lakh liter of water conservation capacity.</li> </ul>								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	<ul style="list-style-type: none"> <li>▪ Fresh loans to exclusion list activities are restricted.</li> <li>▪ Coal related sub project exposures as of March 31, 2022 stands at 1.87%. (March 2021 baseline is 3.49% of the gross advances)</li> <li>▪ Bank's green lending portfolio is at ₹2502 Crores as on March 31, 2022</li> <li>▪ Bank has installed solar capacity of 170 KW</li> <li>▪ Bank has installed 75,000-liter capacity of rainwater harvesting units in its various offices</li> </ul>								



## Governance, leadership and oversight

### 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements

Objectives	Achievements
<ul style="list-style-type: none"> <li>ESMS –Comprehensive Policy framework.</li> </ul>	<ul style="list-style-type: none"> <li>Bank has put in place a comprehensive ESMS policy framework duly approved by the Board. The ESMS policy is effective from July 01, 2021 in a phased manner. Bank has established an E&amp;S division to look after the affairs related to ESMS. The ESMS policy is also in alignment with the IFC Standards and expectation.</li> </ul>
<ul style="list-style-type: none"> <li>Creating ESG awareness amongst the employees and bringing in ESG Culture which has links to value creation like Top-line growth, Cost reductions, reduced regulatory and legal interventions, employee productivity uplifts, and investment and asset optimization.</li> </ul>	<ul style="list-style-type: none"> <li>The following actions were implemented to improve the ESG awareness amongst the employees:                             <ol style="list-style-type: none"> <li>Micro Learning module in Employee learning program</li> <li>Monthly publication of ESG theme</li> <li>ESG related KPIs to all senior officials of the Bank</li> <li>Training programs to credit, business and E&amp;S team</li> </ol> </li> <li>Improved awareness of ESG and the ESG opportunities resulted in the following Business improvements:                             <ol style="list-style-type: none"> <li>Launched Green Deposit scheme in Feb22. The total outstanding is ₹ 265 Crore.</li> <li>Focus on Green Finance resulting in the building a portfolio of ₹ 2502 Crore.</li> <li>Aligning CSR projects to UNSDGs</li> <li>Various digital initiatives resulting in a significant reduction in paper usage and costs.</li> </ol> </li> </ul>
<ul style="list-style-type: none"> <li>Conducting workshops for different user groups to disseminate the ESG objectives.</li> </ul>	<ul style="list-style-type: none"> <li>Attended and ensured that the ESG team had participated in various training conducted by CAFRAL FICCI, etc. Internal Workshops were conducted for business and credit teams on ESMS and Green financing.</li> </ul>
<ul style="list-style-type: none"> <li>Equip the bank to come out with ESG disclosures in the form of Business Responsibility and Sustainability Report (BRSR) as mandated by SEBI. This has to improve the ESG risk ranking of the institution and create a positive influence on reputation and brand value of the bank.</li> </ul>	<ul style="list-style-type: none"> <li>Bank has engaged one of the leading firms to handhold us in ESG reporting. Necessary inputs and guidance were provided to the ESG team. Bank will voluntarily start BRSR reporting from the Annual report of FY22. Bank will also participate in the ESG rating by reputed agencies.</li> </ul>
<ul style="list-style-type: none"> <li>Improving the efficiency in usage of resources such as energy/water/paper and thereby reducing the wastage in the organization. Data cleaning and proper record keeping included.</li> </ul>	<ul style="list-style-type: none"> <li>Various digital initiatives are taken from an ESG perspective to reduce paper usage both in our operations and by the customer. Millions of sheets are saved annually due to the same. There is an increase of 50KW installed capacity on solar power generation during the fiscal. Various renewable energy and rainwater harvesting projects are in progress to increase the overall capacity.</li> </ul>
<ul style="list-style-type: none"> <li>To prepare the bank to be the preferred investment target for funds seeking ESG complied investments.</li> </ul>	<ul style="list-style-type: none"> <li>As per the CRISIL rating on ESG for FY 2020 and FY 2021 our bank has been categorised as "STRONG". IFC Group has invested ₹ 916 crores as green equity in July -2021(FY22) acquiring nearly 5% stake in our bank.</li> </ul>
<ul style="list-style-type: none"> <li>Pivot the bank efficiently to deliver on our ESG Goals/Commitments to the strategic investors.</li> </ul>	<ul style="list-style-type: none"> <li>Bank has volunteered to make disclosures under BRSR in Annual Report of FY 22 itself, which SEBI has made mandatory from FY 2023. Also, multi-pronged approach is being taken to meet ESG goals through ESMS policy, climate, social and governance related initiatives viz. rainwater, harvesting, installation, eco-friendly, air conditioners, LED lights, higher share of female employees, Board constitution etc. As a result of some of these initiatives, our Bank has been selected as one of the top 10 "High governance" by NSE Prime out of their universe of 1000 old companies. We have already started receiving enquiries to raise resources through issuance of "Blue Bonds", "Green Bonds", etc.</li> </ul>
<ul style="list-style-type: none"> <li>Review and revisit the capital and ownership structure of the bank and build a fit-for-purpose model to get strategically important investors with appropriate governance involvement</li> </ul>	<ul style="list-style-type: none"> <li>Equity investment by IFC in our Bank brings a strategically important investor with appropriate Governance involvement through ESG covenants.</li> </ul>

<b>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</b>	DIN Number : 05154975 Name : Mr. Ashutosh Khajuria Designation : Executive Director
<b>9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details</b>	Yes.  CSR Committee of the Board is responsible for Overseeing Environmental, Social and Governance (ESG) Reporting and review of various activities of the Bank under the prescribed ESG Framework.  Risk Management Committee (RMC) of the Board has the overall responsibility to ensure effective implementation of Environmental and Social Management System (ESMS) across the bank.

**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Performance against above policies and follow up action</b>	All the policies are reviewed on an annual basis by the Board. Some of the policies are reviewed and recommended by the subcommittee of the Board and placed before the Board for approval. For example, credit policies are placed before Risk Management Committee (RMC) before placing to Board for its final approval.																	
<b>Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances</b>	Bank follows all the applicable statutory and regulatory guidelines.																	
<b>11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>	Bank takes the help of consultants to benchmark some of its policies and practices on a need basis. The internal audit team checks the compliance to various policies on an ongoing basis. In addition, concurrent audit is conducted on select locations/ processes/ departments on an ongoing basis. Statutory auditors inspect the compliances to guidelines on a periodic basis. Bank is also subjected to regulatory supervision on an annual basis.  The policies are reviewed periodically (At least annually) by the Department Heads based on the changes in external environment, revised guidelines, industry best practices and placed before the Board for its approval.								

**12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:**

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									Y*

\* Bank generally undertakes policy advocacy only through trade and industry chambers and associations, and other similar collective platforms.



## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

#### Essential Indicators

#### 1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	10	Principle 1, 2, 4, 6 and 7	55%
Key Managerial Personnel	06	Principle 1, 2, 3, 6, 7 and 8	100%
Employees other than BoD and MPs	225	All the 9 principles	86%
Workers	61	All the 9 principles	69%

Details of familiarisation Programmes provided for Independent Directors of the Bank during FY 2021-22 can be accessed from our website: <https://www.federalbank.co.in/documents/10180/63602/Familiarisation+Program+for+Directors+of+the+Bank-FY+2021-22.pdf/b8bab2df-6d84-9959-a0a8-ab0c9104b5ca?t=1652961381383>

#### 2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Principle-1	RBI	16,59,505/-	(1) Reserve Bank of India (RBI) has levied Penalties of ₹56005/- on various dates during FY 2021-22 on account of error in the count/rare instances of mixed bundles of mutilated notes, forged notes, soiled notes etc and other deficiencies observed during inspection of Federal Bank Currency Chests and discrepancies detected in CVPS during processing of Soiled Note Remittances. (2) RBI has levied penalty of ₹30,000 on March 29, 2022 and ₹10,000 dated March 31, 2022 due to non-replenishment of cash in ATMs. (3) NPCI has levied an amount of ₹15,63,500/- as penalty charged for delay in updating of TCC/RET on January 02, 2022 within the TAT for UPI transactions.	Yes, for point number (2)
Settlement	NA	NA	NA	NA	NA
Compounding fee	NA	NA	NA	NA	NA

Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA

**3. Of the instances disclosed in question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
RBI has levied penalty of ₹30,000 on March 29, 2022 and ₹10,000 dated March 31, 2022 due to non-replenishment of cash in ATMs.	RBI
Bank has sought waiver for the cases reported, as the downtime of ATMs was due to machine issues which had dependency on the vendor for taking appropriate actions.	

**4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

The Bank has put in place a Board approved Anti Bribery and Corruption (ABC) Policy. The key principles of ABC policy are given below.

- The Bank prohibits its employees and Associated Persons from offering, promising, accepting or requesting any bribe or being involved in any activity or participating in corruption in any form, whether directly or via third parties.
- Prohibits its staff from making or receiving Facilitation Payments, even where this represents local practice or custom. "Facilitation Payment" is a payment which is not officially required or sanctioned but which is made to a Public Official to speed up or otherwise facilitate the performance of duty or function, which the Official is required to perform in any case.
- Prohibits the offering, promising, transferring or acceptance of Anything of Value including gifts, hospitality or entertainment as an inducement to anyone including Public Officials to act improperly so as to obtain or retain business or a business advantage for the group.
- Prohibits making of political donations undertaken by or on behalf of the Bank.
- Requires that appropriate risk assessment and /or due diligence must be conducted in respect to Associated Persons, who are Service Providers for the Bank and appropriate contractual terms and governance arrangements must be applied to Associated Persons on a risk – sensitive basis.
- Prohibits the use of employment opportunities- whether permanent or temporary – as an inducement to act improperly to obtain or retain business or business advantage for the Bank, or to influence a Public Official for this purpose. Care must be taken where employment opportunities are referred by or extended to Public officials, close associates of Public Officials and those closely associated with customers (current or prospective).
- Requires maintenance of books and records of transactions and decisions.
- Will not sanction or otherwise disadvantage any employee or Associated Person for refusing to commit (or assist others in committing) Bribery or Corruption.



The policy is accessible to all employees through our intranet. Bank's stance on anti-bribery and corruption as provided to Wolfsberg Questionnaire can also be obtained from our website <https://www.federalbank.co.in/anti-money-laundering>

Bank also has a Protected Disclosure Scheme/Whistle Blower Policy, and the policy is available at <https://www.federalbank.co.in/documents/10180/45777/Whistle+Blower+policy.pdf/558aea51-1335-4546-9c9a-28c5030377a1?t=1624965099030>

**5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption**

	FY 2022	FY 2021
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	NIL	NIL
Workers	NIL	NIL

**7. Details of complaints with regard to conflict of interest:**

	FY 2022	FY 2021
Number of complaints received in relation to issues of conflict of interest of directors	NIL	NIL
Number of complaints received in relation to issues of conflict of interest of KMPs	NIL	NIL

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest**

There were no such cases related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

**Leadership Indicators**

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Bank ensures that the people working in contact centres are trained on matters such as ethics, transparency, responsible customer engagements. Detailed code of conduct is put in place for such tele callers and collection agencies. Further, Bank provided a specific training programme on Information Security Awareness to all our outsourced staff members who have access to Bank's network/systems. Over 1000 plus channel partners/ vendor representatives have been trained and an assessment has been conducted separately.

**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Code of Corporate Governance and code of conduct for the Board of Directors and Management covers processes to avoid/manage of conflict of interests. The Code can be accessed through the following link

<https://www.federalbank.co.in/documents/10180/35398801/Code+of+Conduct+and+Code+of+Ethics+for+Board+of+Directors+and+Management.pdf/fa8dd6d2-7718-a8ed-302c-2036e2920c18?t=1652439306986>

Conflict of interest scenario primarily arise when there is a related party transaction. We also have a Board approved Policy on Related Party Transactions which can be accessed through the link provided below.

<https://www.federalbank.co.in/documents/10180/45777/Policy+on+Related+Party+Transactions.pdf/29f5964d-5065-4e5d-81b0-e9b456caa290?t=>

**PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE**

**Essential Indicators**

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	<b>FY2022</b>	<b>FY2021</b>	<b>Details of improvements in environmental and social impacts</b>
R&D	Nil	Nil	Being a financial organisation, our R&D is limited to designing new products & services/ digitisation of processes, the cost of which is included in Capex, wherever applicable
Capex	88.45 %	87.12%	The CAPEX is incurred for digitalisation of the customer end to end journey. It eliminates the collection and filing of physical documents which considerably involves time and effort. The following results were achieved during the year. <ul style="list-style-type: none"> <li>88% of the transactions done digitally</li> <li>93.75 lakh sheets of paper saved.</li> <li>132.25 lakh litres of fuel saved by eliminating the need to travel to branches.</li> </ul>

- Does the entity have procedures in place for sustainable sourcing? If yes, what percentage of inputs were sourced sustainably?**

Being a financial institution, consumption of resources is limited to running the operations. Bank takes various initiatives to reduce usage of resources such as energy, water, paper etc. Bank has an installed solar power generation capacity of 170Kw. Bank has also installed rainwater harvesting units in various branches/ offices. Bank is also cognisant of the need to reduce the energy usage through adaptation of energy efficient methodologies. The ESG pages in Annual Report contains more details on the initiatives taken by the Bank to optimise the resource utilisation.

Bank also purchases consumables for its daily operations. Preference is given to local suppliers while purchasing the consumables.

- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste**

Given the nature of the business, there is limited scope to reclaim the products for reusing, recycling and disposing. E-waste from our data center is collected by a reputed vendor and disposed at the vendor’s Recycling and Recovery Unit at Bengaluru.

- Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not applicable

**Leadership Indicators**

- Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)?**

**Loans:**

The Banks credit life cycle can be summarised as follows

Bank offers various loan products to cater to the credit requirements of different type of borrowers such as Individuals, MSMEs, Corporates etc. Branches and Relationship Managers (RMs) source credit proposals which comply the scheme norms and policy guidelines stipulated by the Bank. Preliminary scrutiny is carried out by Branches / RMs through inspection of the business unit, market enquiries and discussions with the customer. After preliminary scrutiny and collection of all the documents mandated by the Bank, the credit proposal is sent to Credit Hubs authorised to process the loans (Selected Branches are authorised to sanction small ticket Business and Retail loans). A comprehensive assessment of the credit proposal is carried out by Hubs such as verification of Bureau records, CFR check, financial and commercial viability, ascertaining managerial competence and creditworthiness etc. Internal rating of the credit proposal is also carried out and it is ensured that the rating is above the threshold grade / score fixed by the Bank. Bank also obtains the services of empanelled advocates and valuers to ensure that the property offered as security to the Bank is marketable and can be enforced by the bank in case of need.



While sanctioning the credit proposal, sanctioning authority stipulates suitable covenants (pre disbursement and post disbursement) which shall be complied by the borrower. Credit Administration Department after ensuring compliance of pre disbursement covenants prepare loan agreements / documents. Branch officials / RMs engage with the borrowers for execution of loan documents and the loan is disbursed after completing the documentation formalities. The post disbursement covenants are monitored by Credit Administration Department/Credit Monitoring Department for timely compliance. In addition, Credit Monitoring Department tracks the performance of the loan account based on the transaction based behaviour and early warning signals observed. The property / other securities charged to the bank will be released after closure of the loan.

#### Deposits:

The deposit lifecycle begins with sourcing of customers through branches/ offices/ partners or walk-in customers. The requisite KYC checks and other information of customers are collected and reviewed to ensure compliance with extant regulations. KYC complied customers can open deposits either through digital channels such as mobile banking/ internet banking or through submission of application form in the branches. Deposit advice is provided to the customer who opens Fixed Deposits and the details can also be viewed through the digital channels, irrespective of the mode of opening. Upon maturity, fixed deposits are either closed and the proceeds transferred to the operative account or renewed. Customers can also open operative accounts such as Savings Bank or Current Account. The customers would be provided various facilities such as cheque books and debit cards for operative accounts. The accounts can be closed by the customer upon submission of a request.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not applicable

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Not applicable

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

Not applicable

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Not applicable

### PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.

#### Essential Indicators

1. a. **Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day care facilities	
	No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)	
<b>Permanent Employees</b>											
Male	7502	7502	100.00	7502	100.00	NA	NA	7502	100.00	1751	23.34
Female	5139	5139	100.00	5139	100.00	5139	100.00	NA	NA	955	18.58
<b>Total</b>	<b>12641</b>	<b>12641</b>	<b>100.00</b>	<b>12641</b>	<b>100.00</b>	<b>5139</b>	<b>40.65</b>	<b>7502</b>	<b>59.35</b>	<b>2706</b>	<b>21.41</b>
<b>Other than permanent employees</b>											
Male	47	0	0.00	43	91.49	NA	NA	0	0.00	0	0.00
Female	102	0	0.00	102	100.00	102	100.00	NA	NA	0	0.00
<b>Total</b>	<b>149</b>	<b>0</b>	<b>0.00</b>	<b>145</b>	<b>97.32</b>	<b>102</b>	<b>68.46</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

**b. Details of measures for the well-being of workers:**

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
<b>Permanent workers</b>											
Male	2847	2847	100	2847	100	NA	NA	2847	100	226	7.94
Female	2369	2369	100	2369	100	2369	100	NA	NA	234	9.88
Total	5216	5216	100	5216	100	2369	45.42	2847	54.58	460	8.82
<b>Other than permanent workers</b>											
Male	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Female	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00

**2. Details of retirement benefits, for Current FY and Previous Financial Year**

Benefits	FY 21-22			FY 20-21		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF/Pension/NPS	98.84	100	Y	100	100	Y
Gratuity	98.84	100	Y	100	100	NA
ESI	NA	NA	NA	NA	NA	NA

\* Bank has a separate Provident Fund Trust and Gratuity Trust.

**3. Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Many of the offices are located in commercial premises which are on the ground floor or have elevators and infrastructure for differently abled employees. Newly opened banking outlets in general are provided with easy access for differently abled employees.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes. The Bank has adopted an Equal Opportunity Policy and ensures that individuals of all age, religion, race, region, ethnicity, gender, ability, and sexual orientation work collectively in an environment that flourishes on originality. The policy is published on the Bank's intranet and is available to internal stakeholders.

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to Work rate	Retention rate	Return to Work rate	Retention rate
Male	100.00%	98.12%	100%	99.11%
Female	99.60%	98.05%	100%	98.40%
<b>Total</b>	<b>99.80%</b>	<b>98.10%</b>	<b>100%</b>	<b>98.76%</b>



**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

Category	Yes/ No (If yes, then give details of the mechanism in brief)
Permanent Workers	Yes, Permanent workers can raise their workplace grievances to Employee Grievance Redressal Forum which comprises of the two Executive Directors of the Bank and one external expert. The grievance can be raised through HRMS and also as a mail to the dedicated mail id (care@federalbank.co.in )
Other than permanent workers	Not applicable
Permanent employees	Yes, Permanent Employees can raise their workplace grievances to Employee Grievance Redressal Forum which comprises of the two Executive Directors of the Bank and one external expert. The grievance can be raised through HRMS and also as a mail to the dedicated mail id (care@federalbank.co.in )
Other than permanent employees	Yes, Employees other than permanent employees can raise their workplace grievances to Employee Grievance Redressal Forum which comprises of the two Executive Directors of the Bank and one external expert. The grievance can be raised as a mail to the dedicated mail id (care@federalbank.co.in )

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Category	FY 21-22			FY 20-21		
	Total employees/ workers in respective category (A)	No of employees/ workers in respective category who are part of associations or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No of employees/ workers in respective category who are part of associations or Union (D)	% (D/C)
<b>Total Permanent Employees</b>	<b>12641</b>	<b>10043</b>	<b>79.45%</b>	<b>12592</b>	<b>10247</b>	<b>81.38%</b>
- Male	7502	5697	75.94%	7543	5873	77.86%
- Female	5139	4346	84.57%	5049	4374	86.63%
<b>Total Permanent Workers</b>	<b>5216</b>	<b>5026</b>	<b>96.36%</b>	<b>5358</b>	<b>5173</b>	<b>96.55%</b>
- Male	2847	2722	95.61%	2951	2822	95.63%
- Female	2369	2304	97.26%	2407	2351	97.67%

**8. Details of training given to employees and workers:**

Category	FY 2022					FY 2021				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
<b>Employees</b>										
Male	7549	6188	81.97	6495	86.04	7543	4591	60.86	6301	83.53
Female	5241	4367	83.32	4525	86.34	5049	2738	54.23	4300	85.17
<b>Total</b>	<b>12790</b>	<b>10555</b>	<b>82.53</b>	<b>11020</b>	<b>86.16</b>	<b>12592</b>	<b>7329</b>	<b>58.20</b>	<b>10601</b>	<b>84.19</b>
<b>Workers</b>										
Male	2847	1567	55.04	1850	64.98	2951	164	5.56	1712	58.01
Female	2369	1619	68.34	1755	74.08	2407	197	8.18	1660	68.97
<b>Total</b>	<b>5216</b>	<b>3186</b>	<b>61.08</b>	<b>3605</b>	<b>69.11</b>	<b>5358</b>	<b>361</b>	<b>6.74</b>	<b>3372</b>	<b>62.93</b>

**9. Details of performance and career development reviews of employees and worker:**

Category	FY 2022			FY 2021		
	Total (A)	No (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	7549	7346	97.31	7543	7343	97.35
Female	5241	5008	95.55	5049	4936	97.76
<b>Total</b>	<b>12790</b>	<b>12354</b>	<b>96.59</b>	<b>12592</b>	<b>12279</b>	<b>97.51</b>
<b>Workers</b>						
Male	2847	2748	96.52	2951	2844	96.37
Female	2369	2308	97.43	2407	2371	98.50
<b>Total</b>	<b>5216</b>	<b>5056</b>	<b>96.93</b>	<b>5358</b>	<b>5215</b>	<b>97.33</b>

**10. Health and safety management system:**
**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes - Bank is having a Business Continuity Management Policy and one of the objectives is to ensure safety of the employees. Employees are periodically instructed to report issues/incidents happened in the workplace. Reported issues are analysed and corrective actions are taken to avoid the recurrence of such incidents. Bank is having an emergency response procedure and detailed SOPs that covers the steps to be taken in case of emergencies like fire, floods, earthquake etc and the same is published in intranet on Bank for ready reference. Periodic Communications are issued to employees for creating awareness on these steps. Fire and evacuation drill is conducted in administrative locations where the number of employees working is on a higher side. Awareness session and training on usage of fire safety equipment is provided to the employees in these locations. In the wake of Covid19 Pandemic, utmost importance is given to implement the Covid best practices in branches/ offices. Periodic advisories were issued on preventive measures against COVID 19, as well as on actions to be taken on occurrence of any case. A Work from Anywhere policy was introduced, and necessary infrastructure was created to ensure that the employees can handle the activities from any location, ensuring personal safety, and thereby ensuring business continuity.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Periodic Communications are issued to employees for reporting issues /events happened in Branches/ Offices that could have resulted in disruption of normal operations or employee safety. Reported issues are analysed and corrective actions are taken to avoid the recurrence of such incidents. Bank has designated employees like Chief Security Officer (CSO) and BC Coordinator. They are subscribed to different advisories for getting alerts related to incidents/issues that can affect normal operations or employee safety. Proactive measures are taken to avoid/minimise the impact due to such incidents. Outbreak of pandemic -(Covid 19, NIPAH), Cyclones etc were few instances where Bank has initiated proactive measures, which has helped to ensure safety of employees and its assets. In addition, Bank is conducting periodic electrical inspection in its Branches/ Offices to check the health of the electrical infrastructure. The Bank is also having Central Crisis Management Teams (CCTM) at corporate offices, Crisis Management Teams (CMT) at Zonal Level and Business Continuity Planning (BCP) Committees at branch level.

**c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Owing to the nature of the business, work related hazards affecting employees is limited. Adequate measures are taken by the Bank to ensure a safe and healthy workplace. Bank has a platform to report incidents related to disruption of normal operations or employee safety. Reported issues are analysed and corrective actions are taken to avoid the recurrence of such incidents. Crisis Management Teams are formed at Head Office and all Zonal Offices. Bank has authorized Zonal leaders to take decisions on matters in their locality, depending on the local requirements/ adhering to the local guidelines. HR Department arranges programs to ensure employee wellness on a periodic basis.



**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes. Bank has a comprehensive insurance policy for its employees

**e. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY2022	FY2021
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees/ Workers	Nil	Nil
Total recordable work-related injuries	Employees/ Workers	Nil	Nil
No. of fatalities	Employees/ Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees/ Workers	Nil	Nil

**f. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

Bank organised preventive wellness programs /campaigns/ webinars through tie-ups with Hospitals and other organizations. Bank also reimburses cost for Annual Health Check-ups for employees above 40 years and their spouses. Bank also provides insurance coverage for its employees and dependant family members.

In order to take care of the stress related issues during the COVID times, Bank continued with the facility of SMILES, the employee counselling program. Other major activities of the Bank in the wellness and welfare front included conducting for COVID 19 vaccination drives pan India for all employees and their families. All the meetings were done in virtual platforms as webinars and interactions, which seldom required people movement. This helped curbing the possible chances of COVID infection for employees. Doctor e-consultation is facilitated for employees and their families. All medical expenses incurred in connection with COVID -19, including testing and vaccination of employee and dependent family members, are covered either through Medical Insurance Scheme or reimbursed through the Medical Welfare Trusts. Crisis Management Teams are formed at Head Office and all Zonal Offices and the Bank authorized Zonal leaders to take decisions on matters in their locality, depending on the local requirements/ adhering to the local guidelines.

Periodic internal communication and alerts are sent out to employees and awareness sessions are conducted on safety related aspects. Wherever applicable, employees are designated as Floor Marshals and are given training on fire safety and evacuation drills. Mock drills are conducted in various large premises to ensure maintenance of safety standards.

**g. Number of Complaints on the following made by employees and workers:**

Category	FY 2022			FY 2021		
	Filled During the year	Pending resolution at the end of the year	Remarks	Filled During the year	Pending resolution at the end of the year	Remarks
Working Conditions	Nil	NA	NA	Nil	NA	NA
Health & Safety	Nil	NA	NA	Nil	NA	NA

**h. Assessments for the year:**

of your plant and offices that were assessed (by entity or statutory authorities or third parties)	
<b>Health and safety practices</b>	We are carrying out electrical inspection of our premises through third party professional once in every 2 years. During FY22 electrical inspection of 505 offices were carried out. Corrective actions in the form of electrical rectification works are carried out in the premises wherever necessary.
<b>Working conditions</b>	Bank has been certified with the reputed 'Employer-of-Choice' recognition - Great Place to Work® 2021-2022. One of the key parameters for certification is 'Fairness' which measures the extent to which employees feels that management practices are fair, by assessing the equity, impartiality, and justice employees perceive in the workplace, for which the Bank has scored a high Survey Score.

**i. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions**

Major activities of the Bank in the wellness and welfare front during the COVID 19 pandemic includes vaccination drives pan India for all employees and their families. All the meetings were done in virtual platforms as webinars and interactions, which seldom required people movement. This helped curbing the possible chances of COVID infection for employees. Doctor e-consultation is facilitated for employees and their families. All medical expenses incurred in connection with COVID -19, including testing and vaccination of employee and dependent family members, are covered either through Medical Insurance Scheme or reimbursed through the Medical Welfare Trusts. Crisis Management Teams are formed at Head Office and all Zonal Offices. Bank authorized Zonal leaders to take decisions on matters in their locality, depending on the local requirements/ adhering to the local guidelines.

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Yes. Bank provides life insurance and compensatory package in the event of death of Permanent employees and workers

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

Bank ensures that statutory dues as applicable to the transactions are deducted and deposited in accordance with extant regulations. This activity is also reviewed as part of the internal and statutory audit. The Bank expects its value chain partners to uphold business responsibility principles and values of transparency and accountability.

**3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022	FY 2021	FY 2022	FY 2021
Employees	Not applicable. There were no work-related injuries.			
Workers				

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes. Odyssey is an exclusive program dedicated to helping employees nearing retirement for preparing for a change in life as well as providing them various financial (like tax planning) and well-being support.

**5. Details on assessment of value chain partners:**

	% of value chains partners (by value of business done with such partners that were assessed)
<b>Health and safety</b>	Bank expects all its partners to ensure that they follow the applicable standards of working conditions and employee health and safety is taken care. Bank, as part of implementation of ESMS policy in lending conducts E&S due diligence for Corporate & Institutional Banking credit proposals. Bank has adopted IFC Performance Standards for its E&S due diligence (ESDD). Performance Standard 2 of IFC refers to labour and working conditions. We ensure that the client is meeting the required standards in the same
<b>Working conditions</b>	



**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

No corrective action was warranted with any of value chain partners during the fiscal. In case of loan proposals where ESDD outcome suggests the need for corrective action plan, we include the same as loan covenant with agreed timelines for rectification. The same is monitored for its compliance and breach of covenants will lead to actions including recall of the facility, if needed.

**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS**

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

Any individual, group of individuals or entity which adds value to the business chain of the Bank or is being significantly impacted due to the services provided by the Bank is identified as key stakeholder group of the entity. This includes employees, shareholders, investors, regulator, customers, partners, communities, research analysts, non-government organisations, suppliers amongst the others.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Both direct and digital means	Continuous	Both business and non-business aspects including employee wellbeing
Regulators	No	Email, one-on-one meetings, concalls, videoconference	Need based	Discussions with regard to various regulations and amendments, inspections, approvals
Customers	Yes, if they qualify certain criteria	Multiple channels- Physical and digital	Frequent and need basis	Customer awareness, intimation and information sharing throughout the customer lifecycle
Shareholders/ Investors	No	Email, SMS, newspaper advertisement, notice board, website, Annual General Meetings, intimation to stock exchanges, annual/ quarterly financials, and investor meetings/ conferences	Frequent and need basis	To discuss and communicate latest developments in the Bank
Partners	No	Multiple channels- Physical and digital	Frequent and need basis	Performance optimisation and business enhancement
Research Analysts	No	Email, Concalls, meetings, conferences	Frequent and need basis	To discuss and communicate latest developments in the Bank
NGOs and communities	Yes	Directly or through Federal Bank Hormis Memorial Foundation	Frequent and need basis	Support environmentally and socially high impact projects

**Leadership Indicators:**

**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

Bank believes in constant engagement with all its stakeholders and using the feedback to improve its products, services and conduct. Various sub committees of the Board oversee the progress and considers feedbacks based on their terms of reference. Periodic presentations and policy reviews, notes are submitted to the respective committee of the Board by the Heads of

Departments considering the latest developments and feedback received from the stakeholders. Code of corporate governance and code of conduct for the Board of Directors and Management published on the website of the Bank elaborates the aspects looked into by various committees of the Board. The document can be accessed through the following link

<https://www.federalbank.co.in/documents/10180/35398801/Code+of+Conduct+and+Code+of+Ethics+for+Board+of+Directors+and+Management.pdf/fa8dd6d2-7718-a8ed-302c-2036e2920c18?t=1652439306986>

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

**Yes.**

Bank has considered the feedback from shareholders/ investors while formulating the ESMS Policy of the Bank. Inputs from various ESG rating agencies/ investor groups/ external consultants are also factored while reviewing some of the existing policies of the Bank. Bank recognises that ESG reporting, and climate risk assessment is still in its development phase and consultations with various stakeholders on a continuous basis will help the Bank progress further.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups**

Bank supports the economically weaker sections of the society and MSMEs through various lending schemes and financial inclusion schemes. Bank believes that priority sector lending is a business responsibility as well as business opportunity.

The Bank imparts financial literacy to the general public through rural branches and Financial Literacy Centres (FLCs). Bank has established a Trust named "Federal Ashwas Trust" to establish and run "Federal Ashwas Financial Literacy Centres" (FAFLCs) to provide unbiased, fair, and coordinated financial education through financial literacy classes and credit counselling. Federal Bank has currently 22 Federal Ashwas Financial Literacy Centres pan India, with 19 centres functioning in the state of Kerala and one each in Tamil Nadu, Maharashtra & Gujarat. During FY 2021-22, around 1113 literacy camps (including 408 online sessions) and 845 counselling sessions (including Tele counselling) were undertaken by Federal Ashwas Financial Literacy Centres, benefitting more than 36,000 people.

Bank actively supports various environmental and social projects through its CSR activities. Bank strives to align its CSR goals with that of UN-SDGs. More details on the CSR activities are given in <https://www.federalbank.co.in/corporate-social-responsibility>

**PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.**

**Essential Indicators**

**1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022			FY 2021		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	12641	7750	61	12592	7786	62
Other than Permanent	149	0	0	0	0	0
<b>Total Employees</b>	<b>12790</b>	<b>7750</b>	<b>61</b>	<b>12592</b>	<b>7786</b>	<b>62</b>
<b>Workers</b>						
Permanent	5216	708	14	5358	807	15
Other than permanent	0	0	0	0	0	0
<b>Total Workers</b>	<b>5216</b>	<b>708</b>	<b>14</b>	<b>5358</b>	<b>807</b>	<b>15</b>


**2. Details of minimum wages paid to employees and workers, in the following format**

Category	FY 2022					FY 2021				
	Total (A)	Equal to min wage		More than min wage		Total (D)	Equal to min wage		More than min wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>	<b>12641</b>	<b>0</b>	<b>0.00</b>	<b>12641</b>	<b>100.00</b>	<b>12592</b>	<b>0</b>	<b>0.00</b>	<b>12592</b>	<b>100.00</b>
Male	7502	0	0.00	7502	100.00	7543	0	0.00	7543	100.00
Female	5139	0	0.00	5139	100.00	5049	0	0.00	5049	100.00
<b>Other than permanent</b>	<b>149</b>	<b>0</b>	<b>0.00</b>	<b>149</b>	<b>100.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
Male	47	0	0.00	47	100.00	0	0	0.00	0	0.00
Female	102	0	0.00	102	100.00	0	0	0.00	0	0.00
<b>Workers</b>										
<b>Permanent</b>	<b>5216</b>	<b>0</b>	<b>0.00</b>	<b>5216</b>	<b>100.00</b>	<b>5358</b>	<b>0</b>	<b>0.00</b>	<b>5358</b>	<b>100.00</b>
Male	2847	0	0.00	2847	100.00	2951	0	0.00	2951	100.00
Female	2369	0	0.00	2369	100.00	2407	0	0.00	2407	100.00
<b>Other than permanent</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
Male	0	0	0.00	0	0.00	0	0	0.00	0	0.00
<b>Female</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

**3. Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	No.	Median remuneration/ salary/ wages of respective category	No.	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD) (Whole-time directors)	2	2,05,48,269.00	1	1,10,66,271.00
Key Managerial Personnel (Other than BoD)	2	65,48,849.00	-	-
Employees (other than BoD and KMP)	7,545	10,85,979.00	5,240	10,07,181.00
Workers	2,847	6,66,197.00	2,369	7,15,832.00

Note: The Bank do not discriminate remuneration based on gender. The difference in median remuneration is mainly on account of various factors such as average number in different Scale/Cadre, seniority in service, etc

**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes. MD & CEO oversees addressing the human rights impacts or issues. In addition, Executive Director (overseeing the Business Responsibility) and Chief Human Resource Officer (overseeing Human Resources function) ensures that any human rights impact or issues caused or contributed to by the business are properly addressed.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

Ethics is one of the Core Values of the Bank and the Bank upholds fairness in all acts, words and deeds to all its stakeholders. The Bank has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological, or verbal abuse. Bank ensures compliance of various statutory requirements such as payment of minimum wages and the Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Bank has got a grievance handling mechanism in the name of Federal Bank Employee’s Grievance Redressal Forum. Employees, irrespective of their cadre can submit their grievances related to employment and difficulties experienced at workplaces directly to this Forum. An external expert is also nominated as a member in the Forum, to ensure independent views on the grievance.

Bank has put in place a Policy for prevention of Sexual Harassment at the Workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up at all the nine zones and Head Office to redress complaints received regarding sexual harassment. The Bank is committed to ensure that sexual harassment instances and incidents can be reported without fear. Such instances/ and or complaints is promptly, and discreetly addressed and appropriate action is initiated.

**6. Number of Complaints on the following made by employees and workers:**

Category	FY 2022			FY 2021		
	Filled during the year	Pending resolution at the end of the year	Remarks	Filled during the year	Pending resolution at the end of year	Remarks
Sexual Harassments	1	Nil	Resolved	1	Nil	Resolved
Discrimination at Workplace	Nil	Nil	NA	Nil	Nil	NA
Child Labour	Nil	Nil	NA	Nil	Nil	NA
Forced labour/ Involuntary Labour	Nil	Nil	NA	Nil	Nil	NA
Wages	Nil	Nil	NA	Nil	Nil	NA
Other human rights related issues	Nil	Nil	NA	Nil	Nil	NA

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**

Bank is an Equal Opportunity Employer and has zero tolerance towards discrimination and harassment of any kind. The Bank is committed in creating a healthy, safe, secure work environment for employees to work free from offensive and discriminatory behavior. The aim is to enable employees to deliver their best at work without fear of prejudice, gender bias and sexual harassment.

The Bank is committed to ensure that sexual harassment instances and incidents can be reported without fear. Internal Complaints Committee has been constituted at all Zones and Head Office. The Bank will enquire instances/and or complaints of sexual harassment promptly and discreetly and will initiate action as per the details provided in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 wherever required.

Protected Disclosure Scheme (PDS) / Whistle Blower Policy in the Bank aims at establishing an efficient vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest. The Policy ensures assurance of confidentiality and protection to the complainant/ whistle blower against any personnel vindictive actions such as humiliation, harassment, or any other form of unfair treatment.

**8. Do human rights requirements form part of your business agreements and contracts?**

**(Yes/No)**

Yes. The nature of agreements/contracts that we enter in the ordinary course of business involves the loan agreements executed with the borrowers as well as the SLAs/MSAs executed with the vendors. Pursuant to the adoption of ESMS Policy, we have stipulated execution of ESMS Annex with the borrowers carrying out specific activities as prescribed in the ESMS Policy, whereby the borrowers are required to comply with the applicable laws (including environmental laws) and IFC’s Performance Standards (which also cover human rights requirements). Further, the standard formats of the SLA/MSA we enter with the vendors contains covenants for (a) compliance of applicable laws, (b) responsibility of the Vendor to wages, salaries, insurance, and other legal dues to its employees, (c) responsibility of the Vendor to ensure that its employees/personnel conduct themselves within the parameters of law and do not commit, abet or permit the commission of illegal acts.



**9. Assessment for the year:**

	<b>% of offices that were assessed (by entity or statutory authorities or third parties)</b>
Child labour	The Bank is in compliance with the laws, as applicable
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not Applicable.

**Leadership Indicators**

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

There have been no instances of human rights grievances requiring modification of processes during the year.

Bank is committed to the principle of equal opportunity for all employees and to providing employees with a work environment free of discrimination and harassment. The Bank will not tolerate discrimination or harassment based on race, colour, religion, or belief, social or ethnic origin, sex, age, physical, mental or sensory disability, HIV Status, sexual orientation, gender identity and/ or expression, marital status, family medical history or genetic information, family or parental status.

The Bank has a Code of Ethics and Business Conduct, which provides the guidelines on standards of business conduct. The primary focus of the Code of Ethics and Business Conduct is achieving business success in ways that demonstrate respect for people and the planet and to uphold the values and high standards of ethics. The Bank sensitises its employees on the Code of Conduct through various training programmes as well.

The Bank upholds the basic principles of human rights in all its dealings.

**2. Details of the scope and coverage of any Human rights due-diligence conducted**

The Bank upholds the basic principles of human rights in all its dealings. Bank has been certified with the reputed 'Employer-of-Choice' recognition - Great Place to Work® 2021-2022. One of the key parameters for certification is 'Fairness' which measures the extent to which employees feels that management practices are fair, by assessing the equity, impartiality, and justice employees perceive in the workplace, for which the Bank has scored a high Survey Score.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

The registered and corporate office of the Bank have ramps for easy movement of differently abled visitors. Many of the offices are located in commercial premises which are on the ground floor or have elevators and infrastructure for differently abled visitors. Newly opened banking outlets in general are provided with easy access for differently abled visitors.

**4. Details on assessment of value chain partners:**

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Sexual Harassment	
Discrimination at workplace	Bank expects all its partners to ensure that they follow the applicable standards of working conditions and employee health, and safety is taken care. Bank, as part of implementation of ESMS policy in lending conducts E&S due diligence for certain credit proposals. We ensure that the client is meeting the required standards in the same.
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

No such instances warranting a corrective action plan was necessitated during the fiscal

**PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT**

**Essential Indicators**

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

<b>Parameter</b>	<b>FY2022</b>	<b>FY2021</b>
Total electricity consumption (A)	155,296.80 GJ*	Not available
Total fuel consumption (B)	33,583.24 GJ**	Not available
Energy consumption through other sources (C)	NIL	Not available
Total energy consumption (A+B+C)	188,880.04 GJ	Not available
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)	1199.31 Joules/INR	Not available
Energy intensity (optional) – the relevant metric may be selected by the entity Per employee	14.77 GJ/employee	Not available

\* The report is based on the data captured for 60 % of the branches and balance 40% was arrived based on approximation.

\*\* Data for vehicle owned by the Bank and used by executive arrived based on allowance provided to Executives.

**Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- No independent assessment is conducted by any external agency

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

- Not Applicable



**3. Provide details of the following disclosures related to water, in the following format:**

- Being a financial services institution, we do not use water for any industrial purpose and our water usage is limited to drinking and domestic usage. We are making efforts to ensure that water is consumed judiciously in the office premises. Most of our water consumption is through municipal water supply or third-party potable water suppliers.

Parameter	FY2022	FY2021
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	Not available	Not available
(ii) Groundwater	Not available	Not available
(iii) Third party water	Not available	Not available
(iv) Seawater / desalinated water	Not available	Not available
(v) Others	Not available	Not available
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	172,665*	Not available
<b>Total volume of water consumption (in kilolitres)</b>	172,665**	Not available
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)	Not available	Not available
<b>Water intensity</b> (optional) – the relevant metric may be selected by the entity	Not available	Not available

\* Estimated based on NBC 2016

\*\* Same as water withdrawal

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- No

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

- None of our operating locations are having a requirement of implementing a mechanism for Zero Liquid Discharge. However, as a responsible institution we put our best efforts to ensure minimal usage of water.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

- Some of the Bank's operating locations using backup generators do emit some air emissions, however, the emissions are not materially significant.

Parameter	Please specify unit	FY2022	FY2021
Nox	-	Not available	Not available
Sox	-	Not available	Not available
Particulate matter (PM)	-	Not available	Not available
Persistent organic pollutants (POP)	-	Not available	Not available
Volatile organic compounds (VOC)	-	Not available	Not available
Hazardous air pollutants (HAP)	-	Not available	Not available
Others – please specify	-	Not available	Not available

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY2022			FY2021
		CO <sub>2</sub> Emissions (Tonnes)	CH <sub>4</sub> Emissions (Tonnes)	N <sub>2</sub> O Emissions (Tonnes)	
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	2488.52	0.34	0.02	Not available
		Total = 2503.26 tCO <sub>2</sub> e*			
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	122.23 tCO <sub>2</sub> e			Not available
Total Scope 1 and Scope 2 emissions per rupee of turnover	Gram of CO <sub>2</sub> equivalent per unit turnover in rupee	0.02 grams per Rupee turnover			Not available
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	tCO <sub>2</sub> e per Full Time Employee	0.21			Not available

\* Our Scope 1 emission includes emissions from consumption of fuels in backup generators and Bank owned vehicles for which allowances is provided to executives by the Bank. We are in the process of establishing systems to collect information on other Scope 1 and 2 emissions.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- No.

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

The Bank has been undertaking several GHG reduction projects not only in its operations, but also along with value chain through its CSR activities, as well as through its financed projects. Some of these initiatives are described below:

- As on date, the Bank has an installed solar capacity of 170 kW at its operational locations. In FY 2022 alone, the Bank added 50 kW of solar rooftop capacity at its operating locations and has plans to further scale-up solar roof top projects at its premises.
- There is a considerable savings in energy usage for FY 2022 due to usage of LED lights. Approximately, the Bank could save 380,000 kWh during the fiscal by switching to LED lights.
- The Bank has installed six-hundred and ninety-one (691) Air conditioners of star rated inverter /VRF at both existing and new premises during the FY. This has saved electricity of around 2,52,000 kWh. The Bank could also save approximately 80,000 kWh due to the already installed inverter air conditioner during the FY 2021.
- The Bank has switched to using low GHG, zero-Ozone Depletion Potential refrigerants in all new Air conditioners.
- The Bank is promoting Green Finance to reduce its financed emissions. The Bank has financed ₹2502 crores of green loans as on March 2022, which resulted in emission reduction to the tune of 486467.60 tCO<sub>2</sub>e/yr.
- The Bank is also implementing projects which helps to reduce GHG emissions as a part of its CSR portfolio :
  - 7050 saplings were planted under the Student Empowerment for Environment Development (SEED) project in FY 2022.
  - The Bank has provided infrastructural support under the CSR initiatives to Miyawaki Forest, for 150 tree saplings in FY 2022.


**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY2022	FY2021
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	Not available*	Not available*
E-waste (B)	18 tonnes (including battery waste) **	23.26 tonnes (including battery waste) *
Bio-medical waste (C)	Not applicable	Not applicable
Construction and demolition waste (D)	Not applicable	Not applicable
Battery waste (E)	Included with (B)	Included with (B)
Radioactive waste (F)	Not applicable	Not applicable
Other Hazardous waste. Please specify, if any. (G)	Not applicable	Not applicable
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Not available	Not available
Total (A + B + C + D + E + F + G + H)	Not available	Not available
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
Category of waste		
(i) Recycled	Not available	Not available
(ii) Re-used	Not available	Not available
(iii) Other recovery operations	Not available	Not available
Total	Not available	Not available

\* For Data centre e-waste is disposed through certified agencies.

\*\* Plastic waste is collected by municipal authorities/local vendors at individual locations (Quantitative data not available)

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Being a Financial Services Institution, our operations do not use any hazardous and toxic chemicals. As such, we do not create any such wastes. Our major waste categories include e-waste and paper waste. We are progressively and continuously making efforts to streamline collection and disposal of e-waste. All of our e-wastes in data centre are disposed through approved agencies. Paper waste is disposed through local vendors. We do not generate significant quantities of plastic wastes. Wherever generated, plastic waste is disposed through local municipal authorities.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	Not applicable	Not applicable	Not applicable

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

- Not applicable

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

- No non-compliance reported.

**Leadership Indicators**
**1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY2022	FY2021
<b>From renewable sources</b>		
Total electricity consumption (A)	572.40 GJ*	432 GJ
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	572.40 GJ	432.00 GJ
<b>From non-renewable sources</b>		
<b>Total electricity consumption (D)</b>	154,724.40 GJ**	Not available
Total fuel consumption (E)	33,583.24 GJ	Not available
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	188,307.64 GJ	Not available

\* From solar energy

\*\* Sourced from electricity grid.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

- No

**2. Provide the following details related to water discharged:**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- Not reported this year, the quantities are not expected to be materially significant.

**3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area
- Nature of operations
- Water withdrawal, consumption and discharge in the following format:

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- Not reported this year, the quantities are not expected to be materially significant as our operations do not involve water extraction for any industrial purposes. Our water consumption is limited to drinking and domestic consumption.



**4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2022	FY2021
Total Scope 3 emissions	MT of CO2 equivalent	24,959.35	Not available
<i>Of which:</i>			
▪ Business travel reimbursement	MT of CO2 equivalent	204.48	Not available
▪ Fuel allowance to employees		24,754.87	
Total Scope 3 emissions per rupee of turnover	MT CO2e per INR Crore income	1.5848	Not available
Total Scope 3 emission intensity	MT CO2e/employee	1.9515	

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

**5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

- Being a Financial Services Institution, our operations have no direct impact on Biodiversity. For our lending operations, we have put in place an Environmental and Social Management System which helps us assess E&S risks in the credit portfolio of Bank and minimise them. As a policy, we do not finance projects in production or trade in wood or other forestry products other than from sustainably managed forests.

**6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No.	Initiative undertaken	Details of the initiative	Outcome of the initiative
1	LED-ification	We have switched to LED Lights in branch/office premises.	380 MWh power saved
2	Energy Efficiency	We are procuring only Energy efficient Invertor AC units from this FY 2022. Also, all the AC procured from this FY are using low-GHG, Zero-ODP refrigerants	332 MWh of power saved
3	Solar Energy	We are setting up Roof-top solar power plants at our branch premises.	159 MWh of solar power generated

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

- The Bank has a Board approved Business Continuity Management Policy which details the business continuity and disaster management plans for each contingent scenario.

The Business Continuity Management Policy, approved by the Board of Directors, describes the roles and responsibilities of different units of the Bank, operational groups and personnel during emergency situations. The emergency procedures are designed to protect lives, property, and data through effective use of organizational resources. Since an emergency may be sudden and without any prior warning, these procedures are designed to be flexible in order to accommodate contingencies of various types and magnitudes. More information on our business continuity plan can be found at:

<https://www.federalbank.co.in/documents/10180/45777/Business+Continuity+Management+%28BCM%29+Disclosure+Statement.pdf/9ef0ca1b-d03c-497c-b3bf-3df26f1cc5df?t=1614773524873>

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

- The Bank is cognizant of the potential adverse environmental impacts that could arise from its value chain through its lending operations. Therefore, to mitigate the same, the Bank has put a board-approved Environmental and Social Management System (ESMS) policy for its lending operations. Adoption of ESG practices in lending will enable the Bank to remain committed to the cause of Sustainable Development. Bank has chosen Performance Standards set by International Finance Corporation (IFC) to assess E&S risks associated with lending.

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Exclusion list covers the entire lending portfolio of the Bank.

**PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT**

**Essential Indicators**

**1. a. Number of affiliations with trade and industry chambers/ associations.**

Bank is member of 8 trade and industry chambers/ associations.

**b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Banks Association	National
2	Confederation of Indian Industry and CII Indian Women Network	State
3	Cochin Chamber of Commerce	State
4	Madras Chamber of Commerce and Industry	State
5	Indian Chamber of Commerce & Industry, Cochin	State
6	Fixed Income Money Market and Derivatives Association of India (FIMMDA)	National
7	Foreign Exchange Dealers Association of India (FEDAI)	National
8	Forex Association of India (FAI)	National

**2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

We have not received any adverse order from any regulatory authorities w.r.t, any issue on anti-competitive conduct for FY-2021-22.

**Leadership Indicators**

**1. Details of public policy positions advocated by the entity:**

Bank generally undertakes policy advocacy only through trade and industry chambers and associations, and other similar collective platforms. Bank is a member of IBA and actively provides feedback to the regulator through IBA. Representatives of the Bank has associated with various working groups of the regulator as well as industry bodies which will help in strengthening the Indian financial ecosystem.



## PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

### Essential Indicators

- 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Owing to the nature of business, this is not applicable to the Bank

- 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Owing to the nature of business, this is not applicable to the Bank

- 3. Describe the mechanisms to receive and redress grievances of the community.**

Bank has put in place mechanisms to receive and redress grievances of various stakeholders. All the complaints related to the community will be redressed as per Grievance redressal policy of the Bank which is available in the corporate website link <https://www.federalbank.co.in/our-commitments>

<https://www.federalbank.co.in/documents/10180/45777/Environmental+and+Social+Management+system+%28ESMS%29+Policy.pdf/d8b4df0b-d6c6-9dfc-ff77-8903886bd541?t=1627993730353>

- 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Owing to the nature of business, this is not applicable to the Bank

### Leadership Indicators

- 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Owing to the nature of business, this is not applicable to the Bank

- 2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount spent (In ₹)
1	Tamil Nadu	Virudhunagar	3,100,000
2	Kerala	Wayanad	200,000

- (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

Being in the service sector, except for technology related services, Bank has limited procurement needs. Bank purchases consumables for its daily operations. Such purchases are decentralised, and preference is given to local suppliers.

- (b) From which marginalized /vulnerable groups do you procure?**

Not tracked during the year.

- (c) What percentage of total procurement (by value) does it constitute?**

Not tracked during the year.

- 4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Owing to the nature of business, this is not applicable for the Bank

- 5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Owing to the nature of business, this is not applicable for the Bank

**6. Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Federal Bank Hormis Memorial Foundation Scholarships	492	100
2.	Federal Skill Academies	416	100
3.	Sanjeevani – A shot of Life & Vaccination in 5 districts Pan India	24,25,924	Promoting Covid19 Vaccination Pan India.
4.	SEED Project-Student Empowerment for Environment Development.	3.84 million students	Sustainable support to school students
5.	Livelihood Enhancement Projects	571	100
6.	Projects Promoting Education	1420 students, 6 Govt Schools, 22 Tribal Schools	100
7.	Support to Differently Abled	170	100
8.	Eradicating Hunger Projects	50730	100
9.	Healthcare Projects	8145	Sustainable support to general public
10.	Welfare & Poverty Alleviation Projects	632	100
11.	Women Empowerment & Girl Child Education Projects	69	100
12.	Swatch Bharat Initiatives	7435	Sustainable support to general public
13.	Environmental Sustainability & Renewable Energy Supports	15050	Sustainable support to general public
14.	Projects Promoting Rural Sports	180	100

**PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER**
**Essential Indicators**
**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The grievance redressal mechanism of the bank operates in the following manner:

- a) A customer experiencing any deficiency in the services of the bank can raise complaint through:
  - 24-hour customer care of the bank where the executives of the bank will contact the customer and issue will be redressed at the earliest.
  - Customer can visit the branch of the bank directly and give a written complaint. The branch manager shall record the complaint and record the same in the complaint register. If redressed it shall be updated in the complaint register. The branch manager shall respond to the customer within a maximum of 10 days of the receipt of the complaint. The branch manager shall escalate the matter to Head Office /Zonal Office in case he wants the interference of higher authorities.
- b) If the complainant does not receive response from the branch within 10 days or the complaint is not redressed to the satisfaction of the customer, the matter may be taken up with the Zonal Level Code Compliance Officer (Nodal Officer) at the respective Zonal Office. The Zonal level code compliance officer shall also register the complaint in the complaints register maintained at Zonal office and shall try to redress the complaint. The Code Compliance Officer at the Zonal office shall respond to the complainant within a maximum period of 10 days of receipt of the complaint.



- c) The Executive Director in charge of Service Quality Department would be the Principal Code Compliance Officer of the Bank and Principal Nodal Officer for redressal of customer complaints. If the complainant does not receive a response from the Code Compliance Officer at the Zonal office within 10 days or if the complainant still feels unsatisfied with the response received, he/she can address the complaint to the Principal Code Compliance Officer of the Bank with full details. The complaints received at Head office would be probed by the Service Quality Department and suitable measures would be taken to redress the grievance. Service Quality Department also examines the nature of complaints and initiates necessary corrective measures to prevent recurrence of such complaints. All Offices of the Bank attends to correspondence on matters related to customer complaints with utmost promptness and help redressal of the complaints. The Code Compliance Officer at Head office responds to the Complainant within a maximum period of 10 days of receipt of the complaint.
- d) Customers also have the option to register their complaints online through the Bank's Website. There is also a dedicated e mail id for sending grievances to the Principal Code Compliance Officer (support@federalbank.co.in). Complaints received through these channels will be dealt with as described in item (c) above.
- e) The Bank has also appointed an Internal Ombudsman (IO) with the objective of enabling a proper and speedy resolution of complaints of Bank's customers at the Bank level by and independent apex level authority within the Bank. The IO scheme provides a settlement which may be acceptable to the Bank as well as customer. The customer, if not satisfied with the settlement offer, will however be at liberty to appeal to the Banking ombudsman of Reserve Bank of India.
- f) The Bank has also formed two committees to ensure that quality services are rendered to the customer –
- Customer Service Committee of the Board
  - Standing Committee on Customer Service

## 2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

As a percentage to total turnover	
Environmental and social parameters relevant to the product	
Safe and responsible usage	Being a financial institution, applicability of the same is limited.
Recycling and/or safe disposal	

## 3. Number of consumer complaints in respect of the following:

	FY 2022			FY 2021		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil			Nil		
Advertising	Nil			Nil		
Cyber-security	Nil			Nil		
Delivery of essential services	Nil			Nil		
Restrictive Trade Practices	Nil			Nil		
Unfair Trade Practices	Nil			Nil		
Other	160857	5390		147914	3498	

Customer complaints are tracked internally based on the RBI categorisations for complaints

## 4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	
Forced recalls	Nil	

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

We have a Board approved Cyber Security Policy. Policy guidelines related to data protection & privacy to the extent required under the prevailing Indian laws is covered under the Information Systems Security Policy of the Board. The privacy policy for users of Bank's services is displayed in our bank's corporate website.

Direct URL : <https://www.federalbank.co.in/privacy-policy>

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Bank's systems were not subject to any incidents affecting cyber security or the privacy of customers. Also, Bank has not been subjected to any penalty by regulatory authorities on safety of products / services.

**Leadership Indicators**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information on products/services can be accessed from our Website, Call-Centre and at Branches/Offices. Website link includes <https://www.federalbank.co.in>. In addition, Bank actively uses various social media and digital platforms to disseminate information on its products and services.

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

Customers are educated about safe banking practices via social media channels, SMS, banners/ push notifications in our mobile banking app and Website. We had initiated SMS to customers related to phishing attacks to avoid falling to fraud call or victim of a scam. Customers are intimated not to share the OTP, UPI PIN, or any personal information through push notifications. We had also published multiple social media posts related to Fraud attacks with Feddy as the theme to educate customers the need of keeping the personal information safely and securely. Articles are published in our website at the below links <https://www.federalbank.co.in/rbi-advisory-messages> ; <https://www.federalbank.co.in/safe-zindagi-learning-center> ; <https://www.federalbank.co.in/blog>

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

Depending on the severity/ period of the disruption, communication is sent via emails/ SMS/ scrolls in Website/ push notifications via Mobile Banking.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

Bank has transparently disclosed all the relevant details of its products and services.

**5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

**Yes.**

We are conducting Customer satisfaction survey, where the satisfaction of customers is measured in terms of NPS (Net Promoter Score) metrics. The survey for FY21-22 is in progress and is being conducted among retail resident HNI customers across 9 major locations. Based on last FY21 survey results, action planning workshops for internal stakeholders were conducted. It had one-to-one interactions followed by an engaging group session spread across two days that helped to deconstruct the issues that we are currently facing and to come up with novel solutions. Apart from this, a dedicated training programme spanning across 3 months was arranged for our Contact Centre employees.

**6. Provide the following information relating to data breaches:**

- a. Number of instances of data breaches along-with impact - **NIL**
- b. Percentage of data breaches involving personally identifiable information of customers - **NIL**

# Financial Statements

# Independent Auditors' Report

**To the Members of The Federal Bank Limited**  
**Report on the Audit of the Standalone Financial Statements**

**Opinion**

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

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

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities

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

**Emphasis of Matter**

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

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

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

**Description of Key Audit Matters**

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>(i) <b>Classification of Advances, Identification of Non-Performing Advances, Income Recognition and Provision on Advances (Schedule 9 read with Note 5.2 of Schedule 17 and Note 1.4 and Note 1.14.5 of Schedule 18 to the standalone financial statements)</b></p>	<p>Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank/Government Guarantees and Unsecured advances.</p> <p>Our audit approach / procedures towards Classification of Advances, Identification of Non-performing Advances, Income Recognition and Provision on Advances included the following:</p> <ul style="list-style-type: none"> <li>- Understanding and considering the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI (IRACP Norms), including the additional provisions and asset classification benefit extended on restructured advances under RBI's COVID-19 Regulatory Package.</li> </ul>



## Independent Auditors' Report (Contd...)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>The Reserve Bank of India ('RBI') has prescribed the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' in respect of advances for banks ('IRACP Norms'), including circulars in relation to COVID-19 Regulatory Package – Asset Classification and Provisioning.</p> <p>The identification of performing and non-performing advances (including advances restructured under applicable IRACP Norms) involves establishment of proper mechanism and the Bank is required to apply significant degree of judgement to identify and determine the amount of provision required against each advance applying both quantitative as well as qualitative factors prescribed by the regulations.</p> <p>Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on:</p> <ul style="list-style-type: none"> <li>- Completeness and timing of recognition of non-performing assets in accordance with criteria as per IRACP norms;</li> <li>- Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security;</li> <li>- Appropriate reversal of unrealized income on the NPAs.</li> </ul> <p>Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions on restructured advances under applicable IRACP Norms) and income recognition on advances:</p> <ul style="list-style-type: none"> <li>- Requires proper control mechanism and significant level of estimation by the Bank;</li> <li>- Required to be aligned with changes in IRACP Norms during the year arising out of the COVID 19 pandemic</li> <li>- Has significant impact on the overall financial statements of the Bank;</li> </ul> <p>we have ascertained this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>- Understanding, evaluation and testing the design and operating effectiveness of key controls (including system based automated controls) for identification and provisioning of impaired accounts based on the extant guidelines on IRACP laid down by the RBI.</li> <li>- Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included: <ul style="list-style-type: none"> <li>(a) Considering testing of the exception reports generated from the application systems where the advances have been recorded.</li> <li>(b) Considering the accounts reported by the Bank and other banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress.</li> <li>(c) Reviewing account statements, drawing power calculation, security and other related information of the borrowers selected based on quantitative and qualitative risk factors</li> <li>(d) Reading of minutes of management committee and credit committee meetings and performing inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product</li> <li>(e) Considering audit reports and memorandum of changes issued by statutory branch auditors.</li> <li>(f) Considering Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank.</li> <li>(g) Considering the RBI Annual Financial Inspection report on the Bank, the Bank's response to the observations and other communication with RBI during the year.</li> <li>(h) Reviewing the report submitted by external expert appointed by the Bank to verify compliance with the RBI circular on Automation of IRACP processes through the Bank's core banking system.</li> <li>(i) Examination of advances including stressed/ restructured advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines.</li> <li>(j) Visits to branches/offices and examination of documentation and other records relating to advances.</li> </ul> </li> </ul> <p>For Non- performing advances identified, we, based on factors including stressed sectors and account materiality, tested on a sample basis the asset classification dates, reversal of unrealized interest, value of available security and provisioning as per IRACP norms. We recomputed the provision for NPA on such samples after considering the key input factors and compared our measurement outcome to that prepared by management.</p>

## Independent Auditors' Report (Contd...)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>(ii) Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 read with Note 5.1 of Schedule 17 and Note 1.2 and Note 1.14.5 of Schedule 18 to the standalone financial statements)</b></p> <p>Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. RBI Circulars and directives, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, non-recognition of income and provisioning against non-performing investments.</p> <p>The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc.</p> <p>We identified valuation of investments and identification of NPI as a Key Audit Matter because of the management judgement involved in determining the value of certain investments (Bonds and Debentures, Pass-through certificates) based on applicable Regulatory guidelines and the Bank's policies, impairment assessment for HTM book based on management judgement, the degree of regulatory focus and the overall significance to the financial results of the Bank.</p>	<p>Our audit approach/procedures towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs) and provisioning/ depreciation related to Investments. In particular -</p> <ul style="list-style-type: none"> <li>- We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, reversal of income on NPIs and provisioning/ depreciation related to investments;</li> <li>- We assessed and evaluated the process adopted for collection of information from various sources for determining market value of these investments;</li> <li>- For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security;</li> <li>- We carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained and if accrual of income is in accordance with the RBI Circular for those selected sample of NPIs;</li> <li>- We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.</li> </ul>
<p><b>(iii) Information Technology ('IT') Systems and Controls for financial reporting</b></p> <p>The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>The Bank uses several systems for its overall financial reporting and there is a large volume of transactions being recorded at multiple locations daily. In addition, there are increasing challenges to protect the integrity of the Bank's systems and data since cyber security has become a more significant risk in recent periods.</p>	<p>As a part of our audit procedures for review of the Bank's IT systems and related controls for financial reporting:</p> <ul style="list-style-type: none"> <li>- We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</li> <li>- We tested sample IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were reviewed and authorised. We inspected requests of changes to systems for approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</li> </ul>



## Independent Auditors' Report (Contd...)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Due to the pervasive nature and complexity of the IT environment as well as its importance in relation to accurate and timely financial reporting, we have identified this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>- We reviewed the Bank's controls over opening and unauthorized operations in internal/ office accounts.</li> <li>- In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal financial controls over financial reporting. Where deficiencies were identified, we sought explanations regarding compensating controls or performed alternate audit procedures. In addition, we understood where relevant, changes made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</li> </ul>
<p><b>(iv) Assessment of Provisions and Contingent Liabilities (Schedule 5 and 12 read with Notes 5.13 &amp; 5.21 of Schedule 17 to the standalone financial statements)</b></p>	
<p>Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt (Schedule 12 to the standalone financial statements) and various employee benefits schemes (Schedule 5 to the standalone financial statements) was identified as a significant audit area.</p> <p>There is high level of judgement involved in estimating the level of provisioning required as well as in the disclosure of both Provisions and Contingent Liabilities in respect of tax matters and other legal claims. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from independent legal / tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and state of affairs presented in the Balance Sheet.</p> <p>The valuations of the employee benefit liabilities are calculated with reference to multiple actuarial assumptions and inputs including discount rate, rate of inflation and mortality rates. The valuation of funded assets in respect of the same is also sensitive to changes in the assumptions.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of the matters which requires application of judgment in interpretation of law, circumstances of each case and estimates involved.</p>	<p>Our audit approach / procedures involved:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of internal controls relevant to the identification of litigations and legal cases to be reported;</li> <li>- Understanding the current status of the litigations/tax assessments;</li> <li>- Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon;</li> <li>- Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of the Bank's tax consultants;</li> <li>- Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues;</li> <li>- Testing the design and operating effectiveness of key controls over the completeness and accuracy of the data, the measurement of the fair value of the schemes' assets, understanding the judgements made in determining the assumptions used by management to value the employee liabilities with specific schemes and market practice;</li> <li>- Our audit procedures included an assessment of the assumptions used by the actuary by comparing life expectancy assumptions with relevant mortality tables, benchmarking inflation and discount rates against external market data. We verified the value of plan assets to the statements provided by asset management companies managing the plan assets;</li> <li>- Verification of disclosures related to significant litigations, taxation matters and Employee benefits liabilities in the standalone financial statements.</li> </ul>

## Independent Auditors' Report (Contd...)

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

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

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

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

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

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

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

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

### Auditors' Responsibilities for the audit of the standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system with reference to standalone financial statements in place and the operating effectiveness of such controls.



## Independent Auditors' Report (Contd...)

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements

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

### Other Matters

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

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

### Report on Other Legal and Regulatory Requirements

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

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

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
- (c) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit;
- (d) the profit and loss account shows a true balance of profit for the year then ended.

## Independent Auditors' Report (Contd...)

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- c) The reports on the accounts of the branch offices of the bank audited under section 143(8) of the Act by branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report;
- d) The standalone Balance Sheet, the standalone Profit and Loss Account, the standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;
- e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- f) On the basis of written representations received from the directors as on March 31, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Bank with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- h) In our opinion, the entity being a banking company, the remuneration to its directors during the year ended March 31, 2022 has been paid/provided by the Bank in accordance with the provisions of section 35B (1) of the Banking Regulation Act, 1949, and;
- i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Schedule 12 and Note No 3.6 under Schedule 18 to the standalone financial statements;
  - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 3.8 under Schedule 18 to the standalone financial statements; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank. Refer Note 3.10 under Schedule 18 to the standalone financial statements.
  - iv.
    - a) The Management has represented that, to best of its knowledge and belief, as disclosed in the Note No.3.12 under Schedule 18 to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b) The Management has represented, that, to best of its knowledge and belief, as disclosed in the Note No. 3.12 under Schedule 18 to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Bank from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified



## Independent Auditors' Report (Contd...)

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

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

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

**For Varma & Varma**

Chartered Accountants  
FRN: 004532S

**Vijay Narayan Govind**

Partner  
M. No.203094  
UDIN: 22203094AIMXOI3853

Kochi  
06th May 2022

**For Borkar & Muzumdar**

Chartered Accountants  
FRN: 101569W

**Kaushal Muzumdar**

Partner  
M. No. 100938  
UDIN: 22100938AIMXNC4215

Kochi  
06th May 2022

## Independent Auditors' Report (Contd...)

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

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

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

#### Management's Responsibility for Internal Financial Controls over Financial Reporting

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

#### Auditors' Responsibility

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

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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



## Independent Auditors' Report (Contd...)

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

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

### Other Matters

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

Our opinion is not modified in respect of this matter.

#### For Varma & Varma

Chartered Accountants  
FRN: 004532S

#### Vijay Narayan Govind

Partner  
M. No.203094  
UDIN: 22203094AIMXOI3853

Kochi  
06th May 2022

#### For Borkar & Muzumdar

Chartered Accountants  
FRN: 101569W

#### Kaushal Muzumdar

Partner  
M. No. 100938  
UDIN: 22100938AIMXNC4215

Kochi  
06th May 2022

# Balance Sheet

as at March 31, 2022

(₹ in Thousand)

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

**For and on behalf of the Board of Directors**

 Manikandan Muthiah  
Head - Financial Reporting

 Samir P Rajdev  
Company Secretary

 Ashutosh Khajuria  
Executive Director  
(DIN: 05154975)

 Shalini Warriar  
Executive Director  
(DIN: 08257526)

 Venkatraman Venkateswaran  
Chief Financial Officer

 C Balagopal  
Chairman  
(DIN: 00430938)

 Shyam Srinivasan  
Managing Director & CEO  
(DIN: 02274773)

**As per our report of even date**

 For Varma & Varma  
Chartered Accountants  
Firm's Registration No:  
0045325

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

 Vijay Narayan Govind  
Partner  
Membership No: 203094  
Place: Kochi

 Kaushal Muzumdar  
Partner  
Membership No: 100938  
Place: Kochi

 Place: Kochi  
Date : May 06, 2022

**Directors:**

 A P Hota  
Siddhartha Sengupta  
Manoj Fadnis  
Sudarshan Sen  
Varsha Vasant Purandare  
Sankarshan Basu  
Ramanand Mundkur

 (DIN: 02593219)  
(DIN: 08467648)  
(DIN: 01087055)  
(DIN: 03570051)  
(DIN: 05288076)  
(DIN: 06466594)  
(DIN: 03498212)



# Profit and Loss Account

for the year ended March 31, 2022

(₹ in Thousand)

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

#### For and on behalf of the Board of Directors

Manikandan Muthiah  
Head - Financial Reporting

Samir P Rajdev  
Company Secretary

Ashutosh Khajuria  
Executive Director  
(DIN: 05154975)

Shalini Warriar  
Executive Director  
(DIN: 08257526)

Venkatraman Venkateswaran  
Chief Financial Officer

C Balagopal  
Chairman  
(DIN: 00430938)

Shyam Srinivasan  
Managing Director & CEO  
(DIN: 02274773)

#### As per our report of even date

For Varma & Varma  
Chartered Accountants  
Firm's Registration No:  
0045325

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

Vijay Narayan Govind  
Partner  
Membership No: 203094  
Place: Kochi

Kaushal Muzumdar  
Partner  
Membership No: 100938  
Place: Kochi

#### Directors:

A P Hota  
Siddhartha Sengupta  
Manoj Fadnis  
Sudarshan Sen  
Varsha Vasant Purandare  
Sankarshan Basu  
Ramanand Mundkur

(DIN: 02593219)  
(DIN: 08467648)  
(DIN: 01087055)  
(DIN: 03570051)  
(DIN: 05288076)  
(DIN: 06466594)  
(DIN: 03498212)

Place: Kochi  
Date : May 06, 2022

# Cash Flow Statement

for the year ended March 31, 2022

(₹ in Thousand)

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



## Cash Flow Statement (Contd...)

for the year ended March 31, 2022

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

Notes:

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

### For and on behalf of the Board of Directors

Manikandan Muthiah  
Head - Financial Reporting

Samir P Rajdev  
Company Secretary

Ashutosh Khajuria  
Executive Director  
(DIN: 05154975)

Shalini Warriar  
Executive Director  
(DIN: 08257526)

Venkatraman Venkateswaran  
Chief Financial Officer

C Balagopal  
Chairman  
(DIN: 00430938)

Shyam Srinivasan  
Managing Director & CEO  
(DIN: 02274773)

### As per our report of even date

For Varma & Varma  
Chartered Accountants  
Firm's Registration No:  
0045325

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

Vijay Narayan Govind  
Partner  
Membership No: 203094  
Place: Kochi

Kaushal Muzumdar  
Partner  
Membership No: 100938  
Place: Kochi

### Directors:

A P Hota  
Siddhartha Sengupta  
Manoj Fadnis  
Sudarshan Sen  
Varsha Vasant Purandare  
Sankarshan Basu  
Ramanand Mundkur

(DIN: 02593219)  
(DIN: 08467648)  
(DIN: 01087055)  
(DIN: 03570051)  
(DIN: 05288076)  
(DIN: 06466594)  
(DIN: 03498212)

Place: Kochi  
Date : May 06, 2022

# Schedules Forming Part of the Balance Sheet

## SCHEDULE 1 - CAPITAL

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

Refer Note 3.2 of Schedule 18

## SCHEDULE 2 - RESERVES AND SURPLUS

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



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

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

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

- a) Gain on sale of Held to Maturity Investments ₹ 842,569 Thousands (Previous year ₹ 1,523,907 Thousands)  
 b) Profit on sale of Premises ₹ 31,464 Thousands (Previous year ₹ 10,551 Thousands)

### SCHEDULE 3 - DEPOSITS

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

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

### SCHEDULE 4 - BORROWINGS

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

### SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

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

### SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

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



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

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

(₹ in Thousand)

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

### SCHEDULE 8 - INVESTMENTS

(₹ in Thousand)

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

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

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

@ Comprises of:

(₹ in Thousand)

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

### SCHEDULE 9 - ADVANCES

(₹ in Thousand)

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

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

# - Includes Advances against Letter of Credit issued by banks  
(Advances are net of provisions)



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

### SCHEDULE 10 - FIXED ASSETS

(₹ in Thousand)

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

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

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

### SCHEDULE 11 - OTHER ASSETS

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

### SCHEDULE 12 - CONTINGENT LIABILITIES

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



# Schedules Forming Part of the Profit and Loss Account

## SCHEDULE 13 - INTEREST EARNED

(₹ in Thousand)

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

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

## SCHEDULE 14 - OTHER INCOME

(₹ in Thousand)

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

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

## SCHEDULE 15 - INTEREST EXPENDED

(₹ in Thousand)

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

## SCHEDULE 16 - OPERATING EXPENSES

(₹ in Thousand)

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

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

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

### 1. BACKGROUND

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

### 2. BASIS OF PREPARATION

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

### 3. USE OF ESTIMATES

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities

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

### 4. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Investments

##### Classification

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

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



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

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

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

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

### Transfer of securities between Categories

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

### Acquisition Cost

In determining the acquisition cost of the Investment:

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

### Valuation

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

- a. Held for Trading /Available for Sale – Investments classified under the AFS and HFT categories are marked-to-market. The 'market value' for quoted securities included under AFS and HFT categories shall be the prices declared by the Financial Benchmark India Pvt. Ltd. (FBIL). For securities whose prices are not published by FBIL, market price of quoted security shall be as available from the trades/ quotes on the stock exchanges/ reporting platforms/trading platforms authorized by RBI/SEBI and prices declared by the Fixed Income Money Market and Derivatives

Association of India (FIMMDA). Net depreciation, if any, within each category of each investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of each Investment is ignored. The depreciation on securities acquired on conversion of outstanding loan is provided in accordance with RBI guidelines. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

- b. Held to Maturity – These are carried at their acquisition cost. Any premium on acquisition is amortized over the remaining maturity period of the security on a straight-line basis. Any diminution, other than temporary, in the value of such securities is provided for.
- c. Treasury Bills, Commercial paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.
- d. Units of Mutual Funds are valued at the latest repurchase price / net asset value declared by Mutual Fund.
- e. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:
  - In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FBIL / FIMMDA and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA/ FBIL are adopted for this purpose.
  - In case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.

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

- Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1/- per company based on the stipulated norms as per RBI circular.
  - Units of Venture Capital Funds (VCF) held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1/- per VCF. Investment in unquoted VCF are categorized under HTM category for the initial period of three years and valued at cost as per RBI guidelines.
  - Investments in Security Receipts are valued as per the latest NAV obtained from issuing Asset Reconstruction Companies, subject to floor provision requirements as per RBI guidelines.
- f.** Investments in subsidiaries/associates as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any.
- g.** The Bank follows settlement date method of accounting for purchase and sale of investments.
- h.** Non-Performing Investments are identified and valued based on RBI Guidelines.

### Disposal of Investments

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

### Repurchase and Reverse Repurchase Transactions

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

### Short Sales

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

## 5.2 Advances

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

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

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



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

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

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

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

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

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

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

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

### 5.3 Securitisation and transfer of assets

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

The bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk,

the aggregate amount of the participation issued by the Bank is reduced from advances and where the Bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the Bank is participating, the aggregate amount of participation is shown as due from banks under advances.

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

### 5.4 Country risk

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

### 5.5 Priority Sector Lending Certificates (PSLC)

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

### 5.6 Transactions involving foreign exchange

**In respect of domestic operations:**

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

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

- Foreign currency monetary items are translated at the closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) as at the Balance sheet date.
- The resulting net valuation profit or loss is recognized in the profit and loss account.

**In respect of Non-Integral Foreign Branches:**

- Income and expenditure items are translated at quarterly average closing rates.
- Both Monetary and Non- Monetary foreign currency Assets and liabilities are translated at closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) at the Balance Sheet date.
- The resulting profit/loss arising from exchange differences are accumulated in Foreign Currency Translation Reserve until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS-11. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

**Valuation of Foreign Exchange Spot and Forward Contracts**

- Foreign exchange spot and forward Contracts (Other than the forwards / swaps marked under Funding category) outstanding as at the Balance Sheet date are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated / extrapolated rates for contracts of interim maturities.
- For valuation of contracts having longer maturities i.e. greater than one year, the forward points (for rates/ tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals.
- As per directions of FEDAI, the profit or loss is considered on present value basis by discounting the forward profit or loss till the valuation date using discounting yields. The resulting profit or loss on valuation is recognized in the Profit and Loss Account.

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

Contingent liabilities on account of foreign exchange contracts, guarantees, letters of credit, acceptances and

endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

**5.7 Derivative transactions**

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

**5.8 Revenue Recognition**

- Interest income is recognised on an accrual basis in accordance with AS – 9, ‘Revenue Recognition’ as notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021 and the RBI guidelines, except interest income on non-performing assets, which is recognised upon receipt basis as specified in RBI guidelines.
- Interest on income tax refund is recognised in the year of receipt of Assessment Orders.
- The recoveries made from NPA accounts are appropriated based on “first in first out” policy; i.e. the earliest entry shall be realized first. If different entries are made in the account on the same day, the realization shall be in the order of charges, interest, and principal.
- Processing fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception/ renewal of the loan.
- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis.
- Guarantee commission, commission on letter of credit and annual locker rent fees are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the Bank is uncertain of ultimate collection.
- Dividend on Equity Shares, Preference Shares and on Mutual Funds is recognised as Income when the right to receive the dividend is established.



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

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

### 5.9 Fixed assets and depreciation / amortization

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

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

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

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

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

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

Depreciation on assets sold during the year is recognized on a pro-rata basis till the date of sale. Gain or losses arising from the retirement or disposal of Fixed Assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognized as income or expense in the Profit and Loss Account. Further, Profit on

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

sale of premises is appropriated to Capital Reserve account (Net of applicable taxes and transfer to statutory reserves) in accordance with RBI instructions.

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

**5.10 Impairment of Assets**

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

**5.11 Non-Banking Assets acquired in Satisfaction of Claims**

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

**5.12 Lease transactions**

**Operating Lease**

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

**5.13 Retirement and other employee benefits**

**a) Provident Fund**

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

**b) Pension Fund**

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

**c) Gratuity**

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

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

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

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

**e) New Pension Scheme ('NPS')**

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



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

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

### f) Other employee Benefits

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

### 5.14 Employee Stock Option Scheme

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

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

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

However, the stock options granted to Material risk takers, after March 31, 2021 are accounted as per 'Fair value

method' using Black-Scholes model, which is recognized as compensation expense over the vesting period in line with extant RBI guidelines.

### 5.15 Debit and Credit card reward points

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

### 5.16 Taxation

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

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

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

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

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

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

### 5.17 Input Credit under GST

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

### 5.18 Share issue expenses

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

### 5.19 Corporate Social Responsibility

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

### 5.20 Earnings per Share

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

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year-end except where

the results are anti-dilutive. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, and share split.

### 5.21 Provisions, contingent liabilities, and contingent assets

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

A disclosure of contingent liability is made when there is:

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

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

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



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

### 5.22 Segment information

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

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

### 5.23 Accounting for Dividend

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

### 5.24 Cash and Cash Equivalents

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

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

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

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

#### 1.1 Regulatory Capital

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

### 1.1. B. Draw down from Reserves

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

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.2 Investments**
**1.2.1. A. Composition of Investment Portfolio**

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

(Amount in ₹ Crore)

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



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

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

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

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.2.1. B. Movement of Provisions for Depreciation and Investment Fluctuation Reserve**

(Amount in ₹ Crore)

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

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

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

**1.2.1. C. Additional Details on Investments:**

- Investments under HTM (excluding specified investments as per RBI norms) account for 16.78% (previous year 19.38%) of demand and time liabilities as at the end of March 31, 2022 as against permitted ceiling of 22.00% (previous year 22.00%) stipulated by RBI.
- In respect of securities held under HTM category premium of ₹ 169.22 Crore (previous year: ₹ 142.19 Crore) has been amortised during the year and debited under interest received on Government securities.
- Profit on sale of securities from HTM category amounting to ₹ 150.95 Crore (previous year: ₹ 273.07 Crore) has been taken to Profit and Loss Account. This includes Profit on redemption on maturity of investments amounting to ₹ 0.49 Crore (previous year : ₹0.97 Crore). During the year the Bank had appropriated ₹ 84.26 Crore (previous year ₹ 152.39 Crore) [net of taxes and transfer to statutory reserve] to the Capital Reserve being the gain on sale of HTM Investments in accordance with RBI guidelines. (Also Refer Note 1.2.4)
- As per RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 Investment fluctuation reserve (IFR) is to be created with an amount not less than lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations until the amount of IFR is at least 2 percent of the HFT and AFS portfolio on a continuing basis.

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


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

## 1.2.2. Repo Transactions

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

(Amount in ₹ Crore)

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

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

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

(Amount in ₹ Crore)

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


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

## 1.2.3. Details of Non-SLR investment portfolio –

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

(Amount in ₹ Crore)

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

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

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

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

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

(Amount in ₹ Crore)

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

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

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

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

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**b) Non-SLR investments category-wise (Net of Provisions):**

(Amount in ₹ Crore)

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

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

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

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

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

(Amount in ₹ Crore)

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

**1.2.4. Sale and transfers to/ from HTM Category**

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

**1.3. Derivatives**

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

**1.3.1 A) Exchange Traded Interest Rate Derivatives:**

(Amount in ₹ Crore)

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



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

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

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

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

(Amount in ₹ Crore)

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

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

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

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

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

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

### 1.3.3. Disclosure on Risk exposure in Derivatives

#### Qualitative disclosures:

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

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

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

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

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

### Interest rate contracts

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

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

### Exchange rate contracts

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

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

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

### Non Deliverable Derivative Contracts

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

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

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

*(c) Collateral Security*

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



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

### (d) Credit Risk Mitigation

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

### Quantitative Disclosures

(Amount in ₹ Crore)

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

\* excludes forward exchange contract.

- The notional principal amount of forward exchange contracts classified as Hedging and Trading outstanding as on March 31, 2022 amounted to ₹ 3,564.10 Crore (previous year ₹ 5,205.84 Crore) and ₹ 5,860.17 Crore (previous year ₹ 5,163.85 Crore) respectively. For the hedging contracts, as at March 31, 2022 the marked to market position was asset ₹ 10.64 Crore and liability of ₹ 120.61 Crore (previous year asset ₹ 38.38 Crore and liability of ₹ 116.43 Crore). For the trading contract, as at March 31, 2022 the marked to market position was asset ₹ 431.75 Crore and liability of ₹ 52.60 Crore (previous year asset ₹ 260.86 Crore and liability of ₹ 39.00 Crore). Credit exposure on forward exchange contracts classified as Hedging and Trading at March 31, 2022 amounted to ₹ 79.21 Crore (previous year ₹ 140.36 Crore) and ₹ 675.97 Crore (previous year ₹ 542.63 Crore) respectively. The notional principal amounts of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk.
- Interest rate derivative represents interest rate swaps.
- The Bank has computed the maximum and minimum of PV01 for the year based on the daily balances for Interest rate Derivatives and Currency Derivatives. During the previous year, maximum and minimum of PV01 was computed based on daily balances for Interest rate Derivatives and month end balances for Currency Derivatives.
- In respect of derivative contracts, the bank evaluates the credit exposure arising therefrom, in line with RBI guidelines. Credit exposure has been computed using the current exposure method which is the sum of :
  - a) The current replacement cost (Marked to Market value including accruals of the contract) or zero whichever is higher.
  - b) The Potential Future Exposure (PFE) is a product of the notional principal amount of the contract and a factor that is based on the grid of credit conversion factor prescribed in RBI Guidelines, which is applied on the basis of the residual maturity and the type of contract.

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.4. Asset Quality**
**1.4.1. A1. Classification of advances and provisions held as on March 31, 2022**

(Amount in ₹ Crore)

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

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


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

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

(Amount in ₹ Crore)

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

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

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.4.1. A2. Details of Accounts subjected to Restructuring<sup>1,2</sup>**

(Amount in ₹ Crore except number of borrowers)

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

\* Denotes figures less than ₹ 1 Lakh.

Note:

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

**1.4.1. B. Significant Ratios**

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


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

## 1.4.2. Sector-wise Advances and Gross NPAs

(Amount in ₹ Crore)

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

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

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.4.3. Details of Overseas Assets, NPAs and Revenue**

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

(Amount in ₹ Crore)

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

**1.4.4. Divergence in Asset classification and Provisioning for NPAs**

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

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

(Amount in ₹ Crore except number of accounts)

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

**1.4.6. Implementation of Resolution Plans (RPs):**

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

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

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

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



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

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

(Amount in ₹ Crore)

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

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

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

(Amount in ₹ Crore)

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

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

### 1.4.8. Transfer of loan exposures

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

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

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

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

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

(Amount in ₹ Crore except number of accounts)

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

- iii) During the years ended March 31, 2022 and March 31, 2021, the bank has not acquired any stressed loans and not transferred any loan not in default / Special Mention Accounts (SMA).
- iv) During the year ended March 31, 2022 and March 31, 2021, the bank has not invested in Security Receipts (SR) issued by Asset Reconstruction Companies (ARC) in respect of stressed loans transferred to ARCs.
- v) Recovery ratings assigned for Security Receipts are given below:

**As on March 31, 2022**

(Amount in ₹ Crore)

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


**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**As on March 31, 2021**

(Amount in ₹ Crore)

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

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

**Position as on March 31, 2022**

(Amount in ₹ Crore except number of accounts)

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

**Position as on March 31, 2021**

(Amount in ₹ Crore except number of accounts)

Number of accounts restructured	Amount Restructured	Amount outstanding
529	653.20	536.65

- 1.4.10. Fraud accounts and Provisioning

(Amount in ₹ Crore except number of frauds)

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

- 1.4.11. Movement of Provision on Standard Assets

(Amount in ₹ Crore)

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

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

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.5. Asset Liability Management**
**1.5.1 Maturity pattern of certain items of assets and liabilities**

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

**Year ended March 31, 2022**

(Amount in ₹ Crore)

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

**Year ended March 31, 2021**

(Amount in ₹ Crore)

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

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


**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.5.2 Liquidity Coverage Ratio (LCR)**
**a) Quantitative Disclosure**

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

(Amount in ₹ Crore)

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

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

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

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

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

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



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

### b) *Qualitative Disclosure*

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

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

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

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

### 1.5.3 **Net Stable Funding Ratio (NSFR)**

#### *Qualitative Disclosure*

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

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

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

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

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

*Quantitative Disclosure*

(Amount in ₹ Crore)

Particulars	Net Stable Funding Ratio (NSFR)						Weighted value	No maturity	Quarter ended December 31, 2021		
	Quarter ended March 31, 2022			Quarter ended December 31, 2021					Unweighted value by residual maturity	6 months to < 1yr	≥ 1yr
	Unweighted value by residual maturity	< 6 months to < 1yr	6 months to < 1yr	Unweighted value by residual maturity	< 6 months to < 1yr	6 months to < 1yr					
	No maturity	< 6 months to < 1yr	6 months to < 1yr	≥ 1yr	Weighted value						
<b>ASF Item</b>											
1 Capital: (2+3)	17,638.52	-	-	1,000.00	18,638.52	16,072.65	-	-	300	16,372.65	
2 Regulatory capital	17,638.52	-	-	-	17,638.52	16,072.65	-	-	-	16,072.65	
3 Other capital instruments	-	-	-	1,000.00	1,000.00	-	-	-	300	300.00	
4 Retail deposits and deposits from small business customers: (5+6)	59,637.36	31,428.73	34,549.10	31,677.74	145,973.13	57,775.05	27,428.82	30,357.92	35,002.69	140,087.05	
5 Stable deposits	9,653.36	7,235.99	7,945.01	6,512.69	30,105.33	9,660.03	5,682.63	6,232.40	6,288.69	26,785.00	
6 Less stable deposits	49,984.00	24,192.74	26,604.09	25,165.05	115,867.80	48,115.02	21,746.19	24,125.52	28,714.00	113,302.05	
7 Wholesale funding: (8+9)	6,067.89	19,273.28	6,820.39	6,639.21	14,058.29	5,258.52	17,079.96	6,858.69	3,520.01	10,317.37	
8 Operational deposits	-	-	-	-	-	-	-	-	-	-	
9 Other wholesale funding	6,067.89	19,273.28	6,820.39	6,639.21	14,058.29	5,258.52	17,079.96	6,858.69	3,520.01	10,317.37	
10 Other liabilities: (11+12)	5,340.14	873.95	-	-	-	6,049.71	3,172.36	-	-	-	
11 NSFR derivative liabilities	-	-	-	-	-	-	-	-	-	-	
12 All other liabilities and equity not included in the above categories	5,340.14	873.95	-	-	-	6,049.71	3,172.36	-	-	-	
13 Total ASF (1+4+7+10)					178,669.94					166,777.07	
<b>RSF Item</b>											
14 Total NSFR high-quality liquid assets (HQLA)					1,882.70					1,882.10	
15 Deposits held at other financial institutions for operational purposes	1,287.28	-	-	-	643.64	1,020.48	-	-	-	510.24	
16 Performing loans and securities: (17+18+19+21+23)	838.35	52,109.96	17,924.10	79,748.31	95,285.18	623.47	45,342.21	19,052.16	75,988.74	91,444.84	
17 Performing loans to financial institutions secured by Level 1 HQLA	-	6,200.00	-	-	6,200.00	-	-	1,900.00	-	190.00	
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	8,075.75	1,827.55	13,038.94	15,164.08	-	6,723.07	2,711.44	12,557.58	14,921.76	
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	12.00	37,830.86	16,085.80	46,776.13	64,745.32	11.83	36,715.15	16,331.64	44,662.85	62,497.64	
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.03	5,643.61	808.89	9,893.59	9,657.10	0.28	6,493.95	2,147.32	9,975.46	10,804.83	
21 Performing residential mortgages, of which:	-	3.35	10.75	19,933.24	14,053.38	-	3.99	9.08	18,768.31	13,315.55	
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	2.72	9.41	14,484.57	9,421.03	-	3.17	7.93	13,220.29	8,598.74	
23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	826.35	-	-	-	702.40	611.64	-	-	-	519.89	
24 Other assets: (sum of rows 25 to 29)	5,853.54	3,087.81	2,082.54	13,279.27	23,641.99	5,638.78	3,782.43	2,258.27	12,020.92	23,197.61	
25 Physical traded commodities, including gold	-	-	-	-	-	-	-	-	-	-	
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	791.47	-	-	672.75	-	712.68	-	-	605.78	
27 NSFR derivative assets (Net)	-	-	-	-	-	-	8.96	-	-	8.96	
28 NSFR derivative liabilities before deduction of variation margin posted	-	571.00	-	-	285.5	-	416.73	-	-	20.84	
29 All other assets not included in the above categories	5,853.54	1,725.94	2,082.54	13,279.27	22,940.69	5,638.78	2,644.06	2,258.27	12,020.92	22,562.03	
30 Off-balance sheet items	-	38,722.76	10,164.78	-	2,241.08	-	35,255.86	9,008.63	-	2,033.05	
31 Total RSF (14+15+16+24+30)					123,694.59					119,037.84	
32 <b>Net Stable Funding Ratio (%)</b>					<b>144.44%</b>					<b>140.10%</b>	



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

### 1.6. Exposures

#### 1.6.1 Exposure to Real Estate Sector

(Amount in ₹ Crore)

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

#### 1.6.2 Exposure to Capital Market

(Amount in ₹ Crore)

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

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

(Amount in ₹ Crore)

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

**1.6.3 Risk Category wise Country Exposure**

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

(Amount in ₹ Crore)

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

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

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

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

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

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

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



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

### 1.6.8 Details of Intra-Group Exposure

(Amount in ₹ Crore)

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

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

### 1.7. Concentration of Deposits, Advances, Exposures and NPAs

#### 1.7.1 Information on Concentration of deposits:

(Amount in ₹ Crore)

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

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

#### 1.7.2 Information on Concentration of advances:

(Amount in ₹ Crore)

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

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

#### 1.7.3 Information on Concentration of exposures:

(Amount in ₹ Crore)

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

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

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

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.7.4 Information on Concentration of NPAs:**

(Amount in ₹ Crore)

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

**1.8 Securitisation Transactions**

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

**1.9. Sponsored SPVs**

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

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

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

(Amount in ₹ Crore)

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

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

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

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


**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**B) Top Five grounds of complaints received by the Bank from customers**

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year		Number of complaints received during the year		% increase/(decrease) in the number of complaints received over the previous year		Number of complaints pending at the end of the year		Of 5, number of complaints pending beyond 30 days	
	1	2	3	4	5	6	7	8	9	10
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
ATM/Debit Cards	2,481	1,038	117,181	117,915	(0.62)	(17.43)	2,038	2,481	218	119
Internet/Mobile/ Electronic Banking	860	87	36,367	19,543	86.09	74.76	3,288	860	795	-
Account opening/difficulty in operation of accounts	37	35	1,212	2,578	(52.99)	(17.45)	14	37	-	-
Loans and advances	44	22	1,799	1,315	36.81	69.24	31	44	-	-
Credit Cards	-	-	955	-	*	*	01	-	-	-
Others	76	510	3,343	6,563	(49.06)	(84.51)	18	76	-	-
<b>Total</b>	<b>3,498</b>	<b>1,692</b>	<b>160,857</b>	<b>147,914</b>	<b>-</b>	<b>-</b>	<b>5,390</b>	<b>3,498</b>	<b>1,013</b>	<b>119</b>

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

**1.12. Details of Penalty imposed by RBI**

(Amount in ₹ Lakh)

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

**1.13. Disclosures on Remuneration**
**i) Qualitative disclosures**

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

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

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

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

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

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

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

- i. To oversee the framing, review and implementation of an effective Compensation Policy, as per RBI Guidelines.
- ii. To review the compensation package for the MD & CEO and Executive Directors and recommend revisions for Board approval.
- iii. To consider and approve issuance and allotment of shares under ESOS to MD & CEO /EDs and employees of the Bank.
- iv. Work in coordination with Risk Management Committee of the Bank, in order to achieve effective alignment between risk and remuneration.

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

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

The objectives of the remuneration policy are four-fold:

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

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

- 1. Fixed Pay and Perquisites:** The fixed compensation is determined based on the relevant factors such as industry standards, the exposure, skill sets, talent and qualification attained by the official over his/her career span and adherence to statutory requirements. All the fixed items of compensation, including the perquisites, will be treated as part of fixed pay. Perquisites that are reimbursable would also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Contributions towards superannuation/retiral benefits will also be treated as part of fixed pay.
- 2. Variable Compensation:** The variable compensation for Whole Time Directors, Managing Director & Chief Executive Officer and Material Risk Takers is fixed based on organizational performance (both business-unit and firm-wide) and KPAs set for the official. The organization's performance is charted based on Performance Scorecard which takes into account various financial indicators like revenue earned, cost deployed, profit earned, NPA position and other intangible factors like leadership and employee development. The Scorecard provides a mix of Financial and Non-Financial, Quantitative and Qualitative Metrics. Additionally, serious supervisory observations (if any) are also factored. The variable pay is paid in the form of share-linked instruments, or a mix of cash and share-linked instruments.

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



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

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

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

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

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

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

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

### **Committees to mitigate risks caused by an individual decision**

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

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

### **Hedging**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

### Risk Control and Compliance Staff

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

### Other categories of Staff

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

### Malus / Claw back arrangement

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

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

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

#### f) *Description of the different forms of variable remuneration*

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

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

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

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

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

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



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

### iii) General Quantitative Disclosure

(Amount in ₹ Crore)

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

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

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

### 1.14. Other Disclosures

#### 1.14.1. The Key business ratios and other information:

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

\* Working Funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year.

\*\* Net Interest Income / Average Earning Assets. (Net Interest Income = Interest Income – Interest Expense).

\*\*\* Productivity ratios are based on average number of employees for the year.

§ Operating profit represents total income as reduced by interest expended and operating expenses.

#### 1.14.2. Bancassurance Business

Details of income earned from Bancassurance business:

(Amount in ₹ Crore)

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

#### 1.14.3. Marketing and distribution (excluding Bancassurance Business)

Details of income earned from marketing and distribution business:

(Amount in ₹ Crore)

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

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.14.4 Priority Sector Lending Certificates (PSLC)**

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

(Amount in ₹ Crore)

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

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

(Amount in ₹ Crore)

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

**<sup>@</sup> Amount of Provisions made for income-tax during the year**

(Amount in ₹ Crore)

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

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

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

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

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



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

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

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

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

### 1.14.7. Payment of DICGC Insurance Premium

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

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

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

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

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

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

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

#### 2.1. Employee Benefits (AS 15)

##### a) Defined Contribution Plan

###### Provident Fund

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

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

###### New Pension Scheme

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

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

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

##### b) Defined benefit plan

###### Gratuity

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

###### Superannuation / Pension

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



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

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

### i) Change in benefit obligations:

(Amount in ₹ Crore)

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

### ii) Change in plan assets:

(Amount in ₹ Crore)

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

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

(Amount in ₹ Crore)

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

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

(Amount in ₹ Crore)

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

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

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

**v) Investment details of plan Assets\*:**

(Amount in ₹ Crore)

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

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

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

**vi) Experience adjustments:**
**i) Gratuity Plan**

(Amount in ₹ Crore)

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


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

(Amount in ₹ Crore)

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

**vii) Assumptions:**

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

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

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

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

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

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

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

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

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

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

Particulars	(Amount in ₹ Crore)	
	March 31, 2022	March 31, 2021
Privilege leave	313.01	219.59
Sick leave	27.42	22.12
Leave travel concession	33.48	21.26
Casual leave	2.23	1.23
<b>Total actuarial liability</b>	<b>376.14</b>	<b>264.20</b>
<b>Assumptions</b>		
Discount rate	7.36%	6.95%
Salary escalation rate	5.00%	5.00%
Attrition rate	2.00%	2.00%

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

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

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

**2.2. Segment Reporting (AS 17)**
**A. Business Segments**

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

**Treasury**

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

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

**Corporate/Wholesale Banking**

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

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



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

### Retail banking

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

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

### Other Banking Operations

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

### Unallocated

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

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

### March 31, 2022:

(Amount in ₹ Crore)

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

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**March 31, 2021:**

(Amount in ₹ Crore)

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

**B. Geographical Segment Information**

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

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

**2.3. Related Party Disclosures (AS 18)**
**a) Details of Related Parties:**
**Subsidiaries, associates/joint ventures/other related entities**

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


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

Name of the Key Management personnel	Relatives of the Key Management Personnel
Mr. Shyam Srinivasan, Managing Director & CEO	<ul style="list-style-type: none"> <li>▪ Mr. T S Srinivasan</li> <li>▪ Ms. Kamala Srinivasan</li> <li>▪ Ms. Maya Shyam</li> <li>▪ Ms. Meena Lochani</li> <li>▪ Ms. Rohini</li> </ul>
Mr. Ashutosh Khajuria, Executive Director	<ul style="list-style-type: none"> <li>▪ Ms. Sunita Khajuria</li> <li>▪ Ms. Vasundhara Khajuria</li> <li>▪ Ms. Yashodhara Khajuria</li> </ul>
Ms. Shalini Warriar, Executive Director	<ul style="list-style-type: none"> <li>▪ Ms. Parvathi Warriar</li> <li>▪ Ms. Asha Warriar</li> </ul>

**b) Transactions with related parties**
**For the year ended March 31, 2022:**

(Amount in ₹ Crore)

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

\* Denotes figures less than ₹ 1 Lakh.

# Represents outstanding as on March 31, 2022

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

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

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

**For the year ended March 31, 2021:**

(Amount in ₹ Crore)

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

<sup>#</sup> Represents outstanding as on March 31, 2021

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

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


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

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

(Amount in ₹ Crore)

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

<sup>#</sup> Not significant related party transaction in FY 2020-21.

\* Denotes figures less than ₹ 1 Lakh.

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**2.4. Deferred Tax Assets / Liability (AS 22)**

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

(Amount in ₹ Crore)

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

**3. OTHER DISCLOSURES**
**3.1. Earnings per share (AS 20)**

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

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

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



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

### 3.2 Share Capital

#### A. Equity Issue

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

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

#### B. Subscribed and paid up capital includes:

- (i) 16,590 equity shares of ₹ 2/- each (previous year 16,590 equity shares of ₹ 2/- each) issued for consideration other than cash.
- (ii) 28,361,023 underlying equity shares of ₹ 2/- each (previous year 29,232,891 equity shares of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs).

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

- (i) Allotment of 6,530 equity shares of ₹ 2/- each (previous year 6,530 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1993 issued at a premium of ₹ 5/- per share
- (ii) 262,100 equity shares of ₹ 2/- each (previous year 262,100 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1996 issued at a premium of ₹ 28/- per share
- (iii) 1,074,165 equity shares of ₹ 2/- each (previous year 1,074,165 equity shares of ₹ 2/- each) at a premium of ₹ 48/- per share pertaining to Rights issue of 2007

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

- (i) 406,670 equity shares of ₹ 2/- each (previous year 406,670 equity shares of ₹ 2/- each) out of the Bonus issue of 2004 and
- (ii) 612,005 equity shares of ₹ 2/- each (previous year 612,005 equity shares of ₹ 2/- each) out of the Bonus issue of 2015.

#### D. Employee Stock Option Scheme (ESOS)

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

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

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

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

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

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

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

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

*ii) Employee Stock Option Scheme 2017 (ESOS 2017)*

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

### E. Dividend

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

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

### 3.3. Fixed Assets

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

Particulars	(Amount in ₹ Crore)	
	March 31, 2022	March 31, 2021
<b>Gross Block</b>		
At the beginning of the year	305.14	250.67
Additions during the year	65.67	54.47
Deductions / Adjustments during the year	-	-
At the end of the year	<b>370.81</b>	<b>305.14</b>
<b>Depreciation / Amortization</b>		
At the beginning of the year	227.18	201.62
Charge for the year	33.89	25.56
Deductions / Adjustments during the year	-	-
Depreciation to date	<b>261.07</b>	<b>227.18</b>
<b>Net Block</b>	<b>109.74</b>	<b>77.96</b>

### B) Revaluation of Fixed Assets

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

### 3.4. Operating Leases (AS 19)

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

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

There are no provisions relating to contingent rent.

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

### 3.5 Provisions and Contingencies

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

Particulars	(Amount in ₹ Crore)	
	March 31, 2022	March 31, 2021
Opening balance	5.54	5.76
Additions during the year	1.13	1.32
Reductions during the year	-	1.54
<b>Closing balance</b>	<b>6.67</b>	<b>5.54</b>

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

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

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

(Amount in ₹ Crore)

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

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

## c) Movement in provision for other contingencies

(Amount in ₹ Crore)

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

## d) Movement in floating provision

(Amount in ₹ Crore)

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

**3.6 Description of contingent liabilities:**

## a) Claims against the Bank not acknowledged as debts

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

## b) Liability on account of forward exchange and derivative contracts

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

## c) Guarantees given on behalf of constituents

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



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

### d) Acceptances, endorsements and other obligations

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

### e) Other items for which the bank is contingently liable

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

(Refer schedule 12 for amounts relating to Contingent Liabilities)

### 3.7 Inter-bank participation with risk sharing

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

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

### 3.8 Provision for Long Term contracts

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

### 3.9 Corporate Social Responsibility (CSR)

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

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

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

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

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

		(Amount in ₹ Crore)	
SI No	Particulars	March 31, 2022	March 31, 2021
1	Federal Bank Hormis Memorial Foundation*	39.26	33.42
<b>Total</b>		<b>39.26</b>	<b>33.42</b>

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

### 3.10 Investor Education and Protection Fund

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

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

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

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

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

**3.13 Letter of Comfort**

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

**3.14 Uncertainties on account of COVID-19**

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

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

**For and on behalf of the Board of Directors**

Manikandan Muthiah  
Head - Financial Reporting

Samir P Rajdev  
Company Secretary

Ashutosh Khajuria  
Executive Director  
(DIN: 05154975)

Shalini Warriar  
Executive Director  
(DIN: 08257526)

Venkatraman Venkateswaran  
Chief Financial Officer

C Balagopal  
Chairman  
(DIN: 00430938)

Shyam Srinivasan  
Managing Director & CEO  
(DIN: 02274773)

**As per our report of even date**

For Varma & Varma  
Chartered Accountants  
Firm's Registration No:  
0045325

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

Vijay Narayan Govind  
Partner  
Membership No: 203094  
Place: Kochi

Kaushal Muzumdar  
Partner  
Membership No: 100938  
Place: Kochi

**Directors:**

A P Hota  
Siddhartha Sengupta  
Manoj Fadnis  
Sudarshan Sen  
Varsha Vasant Purandare  
Sankarshan Basu  
Ramanand Mundkur

(DIN: 02593219)  
(DIN: 08467648)  
(DIN: 01087055)  
(DIN: 03570051)  
(DIN: 05288076)  
(DIN: 06466594)  
(DIN: 03498212)

Place: Kochi  
Date : May 06, 2022



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

### SCOPE OF APPLICATION AND CAPITAL ADEQUACY

#### I. TABLE DF- 1 SCOPE OF APPLICATION

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

##### Qualitative Disclosures

##### a) List of group entities considered for consolidation

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

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

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

**Quantitative Disclosures**
**c) List of group entities considered for consolidation**

(Amount in ₹ Mn.)

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

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

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

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

(Amount in ₹ Mn.)

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

**f) Restrictions or impediments on transfer of funds or regulatory capital within the banking group:**

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


**TABLE DF -2: CAPITAL ADEQUACY**

<b>1 Qualitative disclosures</b>		
<b>1.1</b>	A summary discussion of the Bank's approach to assess the adequacy of its capital to support current and future activities	
	1. Policy on Internal Capital Adequacy Assessment Process has been put in place and the assessment of capital commensurate to the risk profile is reviewed on a quarterly basis.	
	2. Capital requirement for current business levels and estimated future business levels are assessed on a periodic basis.	
	3. The minimum capital required to be maintained by the Bank (including CCB) for the period ended March 31, 2022 is 11.50%. The given minimum capital requirement includes capital conservative buffer of 2.50%. Bank's CRAR is above the regulatory minimum as stipulated in Based III Capital Regulations.	
<b>2</b>	<b>Quantitative disclosures</b> (Solo Bank)	(Amount in ₹ Mn.)
<b>2.1</b>	<b>Capital requirements for Credit risk</b>	<b>96,454.09</b>
	Portfolios subject to Standardized approach	96,454.09
	Securitization exposures	0.00
<b>2.2</b>	<b>Capital requirements for Market risk</b> (Standardized duration approach)	<b>3,057.87</b>
	Interest rate risk	1,418.05
	Foreign exchange risk (including gold)	222.75
	Equity risk	1,417.07
<b>2.3</b>	<b>Capital requirements for Operational risk</b>	<b>10,525.37</b>
	Basic Indicator Approach	10,525.37
	Total Capital Requirements	<b>110,037.33</b>
<b>2.4</b>	<b>Common Equity Tier 1, Tier 1 &amp; Total Capital Ratios</b>	<b>Standalone Consolidated</b>
	Common Equity Tier 1 capital ratio	14.43% 14.77%
	Tier 1 capital ratio	14.43% 14.77%
	Total capital ratio	15.77% 16.33%

### Structure and organization of Bank's Risk Management function

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

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

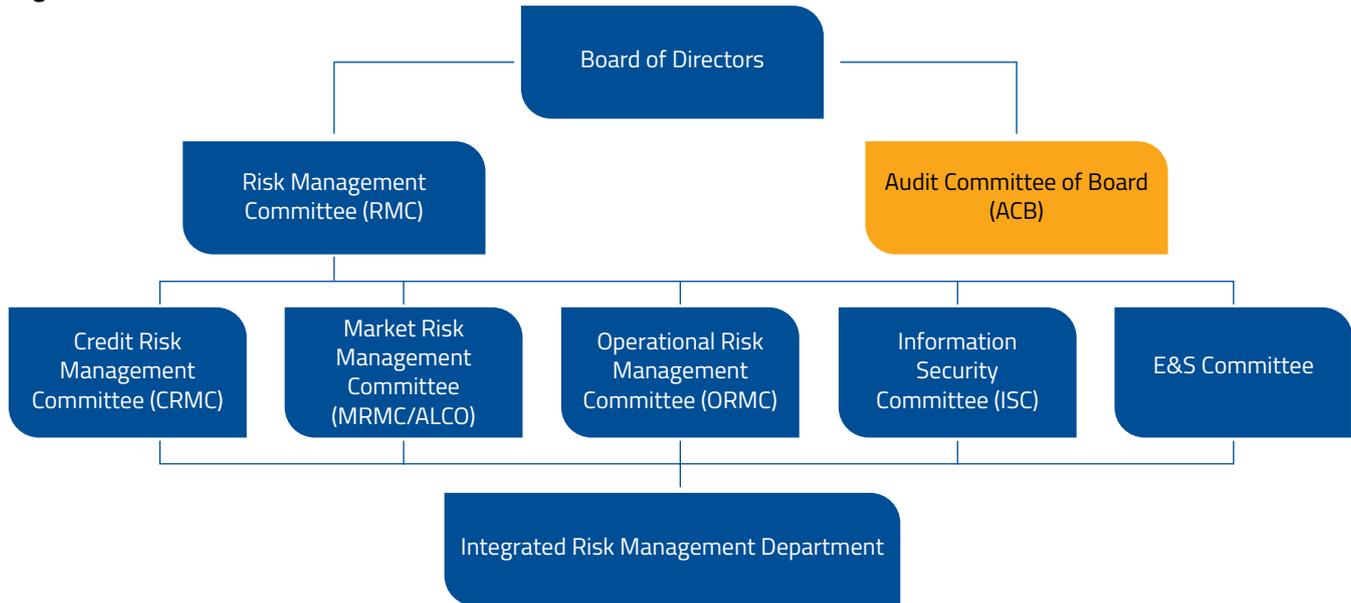
There are five support committees of senior executives viz Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC also known as ALCO), Operational Risk Management Committee (ORMC), Information Security Committee (ISC) and E&S Committee, responsible for implementation of policies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

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

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

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

**Organization Structure:**



**RISK EXPOSURE AND ASSESSMENT**

**1. Credit risk**

*Strategies and processes:*

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

- a) Defined segment exposures delineated into Business Banking, Commercial Banking, Corporate, Retail and Agri advances.
- b) Industry wise segment ceilings on aggregate lending in respect of certain industries, ceilings have been fixed for specific geographies with a view to contain Concentration risk.
- c) Individual borrower wise and borrower group wise lending ceilings linked as a percentage to the Bank’s eligible capital base as at the end of the previous year.
- d) Borrowers are subjected to credit rating and loans are granted only to those borrowers falling within defined thresholds of risk levels; the approach also includes diversification of borrowers within defined thresholds of risk levels.
- e) Major business of the Bank is within India. However, bank has an IFSC branch located in GIFT City, Gujarat. In respect of cross border trade which would involve exposures to banks and financial institutions located outside India, there is a geographic cap on exposures apart from cap on individual bank / institution. Bank has also fixed ceiling for its foreign currency exposures.
- f) Bank has adopted a well-defined approach for sourcing and underwriting loan proposals. Proper due diligence is carried out while sourcing fresh credit limits.
- g) Credit sanctioning powers are granted as per Credit Delegation Policy based upon the amount and riskiness of the exposure.
- h) Regular review of all credit policies including exposure ceilings are carried out with due approval of Bank’s Board of Directors.
- i) Credit hub system is put in place to enhance quality of credit appraisal and underwriting process.



- j) Specialized Credit Advisory Teams operating at strategic locations to streamline and monitor credit processes within the credit hubs, evaluate and chart action plans to act on EWS, conduct unit visit of stressed account and formulate other measures to maintain standard health classification of credit exposures.
- k) Dedicated Credit Monitoring Department at national level and other key geographies to monitor / follow up of performance of loans and advances.
- l) Credit Administration Department at central level and at other key geographies are formed to ensure compliance of documentation formalities and submission of post credit monitoring reports / compliance of sanction order covenants.
- m) Market Intelligence Unit formed under IRMD with cross functional team members to facilitate the collection and processing of multiple sources of information on large borrowers with an objective to prevent adverse selection of borrowers and throw up early warning signals of possible fraud or credit risk.
- n) Robust statistical score cards are used for retail credit appraisal process.
- o) Bank also uses Behavioral / transactional models for monitoring the transaction behavior of loan accounts.
- p) Model validation is done on yearly basis to assess the discriminatory power and stability of the models.
- q) Bank has laid down appropriate mechanism for ongoing identification, development and assessment of expertise of officials in the area of credit appraisal, underwriting and credit management functions.
- r) Internal credit rating of all credit proposals above ₹10 Crores is confirmed by Integrated Risk Management Department.
- s) Bank has adopted the best ESMS practices to minimise environmental and social risks associated with lending activities.

#### Structure and organization of risk management function:

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

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

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

#### Scope and nature of risk reporting / measurement systems:

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

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

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

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

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

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

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

## **2. Market risk**

#### **Strategies and processes:**

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

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

#### **Structure and organization of risk management function:**

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

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



#### Scope and nature of risk reporting / measurement systems:

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

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

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

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

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

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

### 3. Operational risk

#### Strategies and processes:

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

#### Structure and organization of risk management function:

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

#### Scope and nature of risk reporting / measurement systems:

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

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

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

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

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

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

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

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

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

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

#### **4. Interest rate risk in Banking Book**

##### **Strategies and processes:**

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

##### **Structure and organization of risk management function:**

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

##### **Scope and nature of risk reporting / measurement systems:**

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

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

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



## TABLE DF – 3: CREDIT RISK: GENERAL DISCLOSURES

### Qualitative disclosures

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

##### 1. Non-Performing Assets

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

- a. Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
- b. The account remains 'Out of order' as indicated in paragraph 2 below, in respect of an Overdraft / Cash Credit (OD/CC).
- c. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted.
- d. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
- e. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.
- f. The amount of liquidity facility remains outstanding for more than 90 days, in respect of securitization transaction undertaken in terms of the Reserve Bank of India (Securitization of Standard Assets) Directions, 2021.
- g. The overdue receivables representing positive mark-to-market value of a derivative contract remaining unpaid for a period of 90 days from the specified due date for payment, in respect of derivative transactions.
- h. The minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement, in respect of credit card.
- i. The accounts with following temporary deficiencies.
  - i. Drawings in the working capital account based on drawing power calculated from stock statements older than three months, would be deemed as irregular. Such account will turn NPA if such irregular drawings are permitted in the account for a continuous period of 90 days.
  - ii. Regular/ ad hoc credit limits which is not reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

##### 2. 'Out of Order' status

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

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

##### 3. 'Overdue'

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

##### 4. Special Mention Accounts

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

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

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

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

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

### Credit Risk

Credit Risk may be defined as

- Inability or unwillingness of the counterparty to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities.
- Downgrading of counterparties whose credit instruments, the Bank may be holding, causing the value of those assets to fall.
- Settlement Risk (possibility that the Bank may pay counterparty and fail to receive the corresponding settlement in return).

### Discussion of the Bank's Credit Risk Management Policy:

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

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

### Quantitative disclosures

(Amount in ₹ Mn.)

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

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

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


**INDUSTRY TYPE DISTRIBUTION OF EXPOSURES**

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

(Amount in ₹ Mn.)

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

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



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

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

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

(Amount in ₹ Mn.)

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

**ASSET QUALITY**
**Advances**

(Amount in ₹ Mn.)

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



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

\* Including stressed asset sold to ARC

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

<b>Details of write offs and recoveries that have been booked directly to the income statement</b>		(Amount in ₹ Mn.)
Write offs that have been booked directly to the income statement		1,790.34
Recoveries that have been booked directly to the income statement		1,717.33

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

<b>Major Industry breakup of NPA</b>			(Amount in ₹ Mn.)
Industry	Gross NPA	Specific Provision	
NPA in Top 5 industries	4213.34	3284.96	

<b>Geography wise Distribution of NPA and Provision</b>				(Amount in ₹ Mn.)
Geography	Gross NPA	Specific Provision	General Provision	
Domestic	39,472.63	25,377.28	-	
Overseas	1,894.81	1,042.15	-	
Total	41,367.44	26,419.43	691.80	

**TABLE DF – 4: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH**
**1 Qualitative disclosures**

For portfolios under the Standardized Approach:

*Names of credit rating agencies used, plus reasons for any changes:*

Bank has approved all the seven External Credit Rating Agencies accredited by RBI for the purpose of credit risk rating of domestic borrower accounts that forms the basis for determining risk weights under Standardized Approach.

External Credit Rating Agencies approved are:

1. CRISIL Ratings Ltd
2. CARE
3. India Ratings and Research Private Limited (Formerly FITCH INDIA)
4. ICRA
5. Brickwork Ratings India Pvt. Ltd. (BRICKWORK)
6. Acuite Rating & Research (Formerly SMERA Ratings Ltd)
7. INFOMERICS Valuation and Rating Pvt. Ltd. (INFOMERICS)

Bank is also using the ratings of the following international credit rating agencies for assigning risk weights to claims for capital adequacy purposes where the exposure can be specified as international exposure:

1. Fitch
2. Moody's and
3. Standard & Poor's

With respect to external credit rating, Bank is using long term ratings for risk weighting all long-term claims and unrated short-term claims on the same counterparty. However, short term rating of a counterparty is used only to assign risk weight to all short-term claims of the obligor and not to risk weight unrated long-term claims on the same counterparty.

*Types of exposure for which each agency is used:*

1. Rating by the agencies is used for both fund based and non-fund based exposures.
2. Short Term Rating given by the agencies is used for exposure with contractual maturity of less than or equal to one year (except Cash Credit, Overdrafts and other Revolving Credits).
3. Long Term Rating given by the agencies is used for exposures with contractual maturity of above one year and also for Cash Credit, Overdrafts and other Revolving Credits.
4. Rating assigned to one particular entity within a corporate group is not used to risk weight other entities within the same group.

The rating reviewed, at least once during past 15 months will only be considered for risk weighting purposes.

*Description of the process used to transfer public issue ratings into comparable assets in the Banking Book:*

The ratings available in public domain are mapped according to mapping process as envisaged in RBI guidelines on the subject.

Issue Specific Ratings (Bank's own exposures or other issuance of debt by the same borrower constituent/ counterparty) or Issuer Ratings (borrower constituent/ counterparty) are applied to unrated exposures of the same borrower constituent/ counterparty subject to the following:

1. Issue specific ratings are used where the unrated claim of the Bank ranks pari passu or senior to the rated issue / debt.
2. Wherever issuer rating or issue specific ratings are used to risk weight unrated claims, such ratings are extended to entire amount of claim on the same counterparty.
3. Ratings used for risk weighting purposes are confirmed from the websites of the rating agencies concerned.

**2 Quantitative disclosures**

Risk weight wise details of exposures (rated and unrated) after risk mitigation subject to the Standardized Approach (Credit equivalent amount of all exposures subjected to Standardized Approach, after risk mitigation)

<b>Risk Weight</b>	(Amount in ₹ Mn.)
Below 100 %	138785.16
100 %	51971.81
More than 100 %	8506.84
Deducted*	7005.02
<b>Total</b>	<b>199263.81</b>

\*Investment in subsidiary



**TABLE DF – 5: CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED APPROACHES**

<b>1</b>	<b>Qualitative disclosures</b>
	Disclosures on credit risk mitigation methodology adopted by the Bank that are recognized under the Standardized Approach for reducing capital requirements for credit risk
<b>1.1</b>	<b>Policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting</b>
	Bank has no practice of on-balance sheet netting for credit risk mitigation. Eligible collaterals taken for the exposures are separately earmarked and the exposures are expressed without netting.
<b>1.2</b>	<b>Policies and processes for collateral valuation and management</b>
	Bank has put in place Board approved policy on Credit Risk Management in which Collateral Management and credit risk mitigation techniques used by the Bank for both Risk management and capital computation purposes are separately included. The Loan policy of the Bank covers various aspects of valuation of collaterals.
<b>1.3</b>	<b>Description of the main types of collateral taken by the Bank</b>
	Collaterals used by Bank as risk mitigants for capital computation under Standardized Approach comprise eligible financial collaterals namely:
	<ol style="list-style-type: none"> <li>1. Cash margin and fixed deposits of the counterparty with the Bank.</li> <li>2. Gold jewel of purity 91.6% and above, the value of which is notionally converted to value of gold with 99.99% purity.</li> <li>3. Securities issued by Central and State Governments.</li> <li>4. Kisan Vikas Patra and National Savings Certificates.</li> <li>5. Life Insurance Policies with a declared surrender value of an Insurance company regulated by the insurance sector regulator.</li> <li>6. Debt securities rated by a chosen Credit Rating Agency in respect of which the Bank is sufficiently confident of market liquidity of the security and where these securities are either: <ol style="list-style-type: none"> <li>a. Attracting 100% or lesser risk weight i.e. rated at least BBB (-) when issued by Public sector entities and other entities including banks and Primary Dealers or</li> <li>b. Attracting 100% or lesser risk weight i.e. rated at least A3 for short term debt instruments</li> </ol> </li> <li>7. Debt securities not rated by a chosen Credit Rating Agency in respect of which the bank is sufficiently confident of market liquidity of the security and where these securities are: <ol style="list-style-type: none"> <li>a. Issued by the bank</li> <li>b. Listed on a recognized exchange</li> <li>c. Classified as senior debt</li> <li>d. All rated issues of the same seniority by the issuing Bank are rated at least BBB (-) or A3 by a chosen Credit Rating Agency</li> <li>e. The bank has no information to suggest that the issue justifies a rating below BBB (-) or A3 by a chosen Credit Rating Agency</li> <li>f. Bank is sufficiently confident about the market liquidity of the security.</li> </ol> </li> <li>8. Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation and mutual funds where <ol style="list-style-type: none"> <li>a. A price for the units is publicly quoted daily i.e. where the daily NAV is available in public domain</li> <li>b. Mutual fund is limited to investing in the permitted instruments listed.</li> </ol> </li> </ol>
	Bank has no practice of monitoring / controlling exposures on a net basis, though Bank is able to determine at any time loans/ advances and deposits of the same counterparty. Netting benefit, even if available, is not utilized in capital computation under Basel III norms.

#### 1.4 Main types of guarantor counterparty and their creditworthiness

Bank considers guarantees, which are direct, explicit, irrevocable and unconditional for Credit risk mitigation. Use of such guarantees for capital computation is strictly as per RBI guidelines on the subject.

Main types of guarantor counterparties are

- a. Sovereigns (Central / State Governments)
- b. Sovereign entities like ECGC, CGFTSI
- c. Banks and Primary Dealers with a lower risk weight than the counter party

Other entities rated AA (-) or better. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.

#### 1.5 Information on market / credit risk concentrations within the mitigation taken by the Bank

Majority of financial collaterals held by the Bank are by way of own Deposits, Government Securities, Gold, Life Insurance Policies and other approved securities like NSC, KVP etc. Bank does not envisage market liquidity risk in respect of financial collaterals except in Gold and Units of Mutual Funds. Bank does not have concentration in exposure collateralized through units of eligible Mutual Funds. With respect to gold loans, each and every exposure is reviewed/ renewed/closed within a maximum period of 12 months. Bank could successfully manage the risks posed by sudden reduction in gold price in the past on account of maintaining RBI stipulated LTV and close monitoring if the accounts. Measures warranted during each situation were timely taken.

Bank has not experienced any significant Market liquidity risk in Gold. Overall, financial collaterals do not have any issue in realization.

Concentration on account of collateral is also relevant in the case of Land & building. Except in the case of Housing loan to individuals and loans against property, land and building is considered only as an additional security. As land and building is not recognized as eligible collateral under Standardized Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge. It is used only in the case of Housing loan to individuals and non-performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

## 2 Quantitative Disclosures

### 2.1 Credit risk exposure covered by eligible financial collaterals

(Amount in ₹ Mn.)

		<b>Credit equivalent of gross exposure</b>	<b>Value of eligible financial collateral after haircuts</b>	<b>Net amount of credit exposure</b>
	Risk weight wise details of exposures (rated and unrated) after risk mitigation subject to the Standardized Approach (Credit equivalent amount of all exposures subjected to Standardized Approach, after risk mitigation)			
A	Funded Credit Exposure	251,736.97	234,375.97	17,361.01
B	Non funded Credit exposure	84,234.00	23,787.65	60,446.35
C	Securitization exposures – On balance sheet	-	-	-
D	Securitization exposures – Off balance sheet	-	-	-
	<b>TOTAL</b>	<b>335,970.97</b>	<b>258,163.61</b>	<b>77,807.36</b>

### 2.2 Credit risk exposure covered by guarantees

	<b>Type of exposure</b>	<b>Credit equivalent of gross exposure</b>	<b>Amount of guarantee (Credit equivalent)</b>
A	Funded Credit Exposure	38,226.01	38,116.83
B	Non funded Credit exposure	754.89	333.43
C	Securitization exposures – on balance sheet	-	-
D	Securitization exposures – off balance sheet	-	-
	<b>TOTAL</b>	<b>38,980.90</b>	<b>38,450.26</b>



**TABLE DF – 6: SECURITISATION: DISCLOSURES FOR STANDARDIZED APPROACH**

<b>1</b>	<b>Qualitative disclosures</b>
<b>1.1</b>	<b>General disclosures on securitization exposures of the Bank</b>
A	Objectives of securitization activities of the Bank (including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the Bank to other entities and nature of other risks inherent in securitized assets) Bank's securitisation exposure is limited to investments in securitisation instruments (Pass Through Certificates) and purchase of asset portfolio by way of Direct assignment route. The bank invests/ purchase securitised assets with the objective of book building and yield optimisation.
B	Role of Bank in securitization processes (originator / investor/ service provider/ facility provider etc.) and extent of involvement in each activity. As an Investor: The Bank invests in Pass Through Certificates backed by financial assets originated by third parties. Such investments are held in its Trading book. As an Assignee: The Bank also purchases Asset portfolio by way of Direct assignment from Banks / NBFCs.
C	Processes in place to monitor changes in the credit and market risk of securitization exposures The major risks involved in Loan assignment transactions are: <b>Credit Risk:</b> The risk of default on a debt that may arise from an obligor failing to make required payments. <b>Co-mingling risks:</b> Risks arising on account of co-mingling of funds belonging to the assignee with that of originator. This occurs when there is a time lag between collection of loan instalments by the originator and remittance to the assignee. <b>Regulatory and legal risks:</b> Risks arising due to non-compliance of regulatory requirements resulting in keeping higher risk weight/ capital charge for assignment transactions. Risk of non-compliance of regulatory rules. <b>Prepayment risk:</b> Prepayment risk arises on account of prepayment of dues by obligors in the assigned pool either in part or full. Bank is constantly monitoring the changes in Credit and Market risk profile of securitization instruments held in the Trading book and Banking book. In case of portfolio purchased through Assignment route, monitoring is done on an individual account level.
D	Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposures The Bank has not originated any securitization exposures. In the case of purchase by way of Direct assignment route, Bank has not used any Credit risk mitigants.
<b>1.2</b>	<b>Accounting policies for securitization activities</b>
A	Treatment of transaction (whether as sales or financings) NA
B	Methods and key assumptions (including inputs) applied in valuing positions retained or purchased Income from investments in Pass Through Certificates is recognized on accrual basis. Income recognition is subjected to prudential norms stipulated by Reserve Bank of India in this regard. The loans purchased through Direct assignment route are classified as advances. The loans purchased will be carried at acquisition cost.
C	Changes in methods and key assumptions from the previous period and impact of the changes No change is effected in methods and key assumptions used for valuation of investment in securitized instruments (Pass Through Certificates).
D	Policies for recognizing liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitized assets. Bank has not entered into any arrangement to provide financial support for securitized assets.
<b>1.3</b>	<b>In the Banking Book, names of ECAs used for securitizations and the types of securitization exposures for which each agency is used.</b> For computation of Capital requirements for loans purchased by way of Direct assignment, Bank has used the Credit rating issued by eligible ECAs.

<b>2. Quantitative disclosures</b> (Amount in ₹ Mn)	
A	Total amount of exposures securitized by the Bank Nil
B	For exposures securitized, losses recognized by the Bank during the current period (exposure type wise break up) Nil
C	Amount of assets intended to be securitized within a year Nil
D	Of (C) above, amount of assets originated within a year before securitization Nil
E	Securitization exposures (by exposure type) and unrecognized gain or losses on sale thereon

Type of exposure	Amount securitized	Unrecognized gain / loss
Nil	Nil	Nil
F Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup) (Direct assignment of Cash flows)	Housing	2,688.49
	Loan against property	9,493.64
	Mixed Assets*	4,848.68
	Agri / Allied activities	391.44
	<b>Total</b>	<b>17,422.25</b>

G	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup) Nil
---	---

H	Aggregate amount of securitization exposures retained or purchased and associated capital charges (Direct assignment of Cash flows)
---	---

Risk Weight Bands	Exposure Type	Exposure	Capital Charge
Less than 100%	Housing Loans	2,599.41	99.30
	Mixed Assets*	4,642.42	340.34
	Loan against property	8,945.88	798.47
	Agri / Allied activities	391.44	26.42
At 100%	Mixed Assets*	113.86	7.26
	Loan against property	456.28	30.15
More than 100%	Housing Loans	89.09	7.76
	Loan against property	91.47	10.48
	Mixed Assets*	92.41	10.60

\*includes Commercial Vehicle Loans, Personal loan and Micro & Small Business Loans

I	Total amount of deductions from capital on account of securitization exposures Nil
	Deducted entirely from Tier I capital-underlying exposure type wise breakup Nil
	Credit enhancing interest only strips (I/O) deducted from total capital – underlying exposure type wise breakup Nil
	Other exposures deducted from total capital – underlying exposure type wise breakup Nil

## 2.2 In the Trading Book

A	Aggregate amount of exposures securitized by the Bank for which the Bank has retained some exposures, which is subject to Market Risk approach (exposure type wise details)
---	---

Type of exposure	Amount securitized	Unrecognized gain / loss
Nil	Nil	Nil
B	Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup)	
	Type of exposure	(Amount in ₹ Mn.)
	Investment in Pass through Certificates	5,596.81
C	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup) Nil	
D	Securitization exposures retained / purchased subject to Comprehensive Risk Measure for specific risk –	



E	Securitization exposures retained / purchased subject to specific risk capital charge (risk weight band wise distribution)		
	<b>Type of exposure</b>	<b>Capital charge as % to exposure</b>	<b>Exposure (Amount in ₹ Mn.)</b>
	Investment in Pass through Certificates	4.60	5,612.41
F	Aggregate amount of capital requirements for securitization exposures (risk weight band wise distribution)		
	<b>Type of exposure</b>	<b>Capital charge as % to exposure</b>	<b>Capital charge (Amount in ₹ Mn.)</b>
	Investment in Pass through Certificates	4.60	258.19
G	Total amount of deductions from capital on account of securitization exposures		Nil
	Deducted entirely from Tier I capital – underlying exposure type wise break up		Nil
	Credit enhancing interest only strips (I/Os) deducted from total capital – underlying exposure type wise break up		Nil
	Other exposures deducted from total capital – underlying exposure type wise break up		Nil

**TABLE DF – 7: MARKET RISK IN TRADING BOOK**

<b>1. Qualitative disclosures</b>		
<b>1.1 Approach used for computation of capital charge for market risk</b>		
	Bank has adopted Standardized Duration Approach as prescribed by RBI for computation of capital charge for general market risk and is fully compliant with such RBI guidelines. Bank uses VaR as an indicative tool for measuring Forex risk and Equity Price risk. Standardized Duration Approach is applied for computation of General Market Risk for	
	<ul style="list-style-type: none"> <li>▪ Securities under HFT category</li> <li>▪ Securities under AFS category</li> <li>▪ Open gold position limits</li> <li>▪ Open foreign exchange position limits</li> <li>▪ Trading positions in derivatives</li> <li>▪ Derivatives entered into for hedging trading book exposures</li> </ul>	
	Specific capital charge for market risk is computed based on risk weights prescribed by the Regulator.	
<b>1.2 Portfolios covered in the process of computation of capital charge</b>		
	Investment portfolio under AFS and HFT, Gold and Forex open positions and Derivatives entered for trading and hedging.	
<b>2. Quantitative Disclosures</b>		
<b>2.1 Minimum capital requirements for market risk as per Standardized Duration Approach</b>	(Amount in ₹ Mn.)	
	Interest rate risk	1,418.05
	Foreign exchange risk (including gold)	222.75
	Equity position risk	1,417.07

**TABLE DF – 8: OPERATIONAL RISK**

<b>1. Qualitative disclosures</b>	
<b>1.1 Approach used for computation of capital charge for operational risk (and for which the Bank is qualified)</b>	
	Bank is following the Basic Indicator Approach for computation of capital charge for operational risk. Bank has initiated steps for migrating to the advanced approaches in due course.

**TABLE DF – 9: INTEREST RATE RISK IN BANKING BOOK (IRRBB)**
**1. Qualitative disclosures**

The impact of adverse movements in interest rates on financials is referred to as interest rate risk. For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL) and rate sensitive off-balance sheet items. As interest rate risk can impact both Net Interest Income (NII) and Economic value of capital, it is assessed and managed from both earnings and economic value perspective.

- a) **Earnings perspective:** Analyses the impact on Bank's Net Interest Income (NII) in the short term through traditional gap analysis.
- b) **Economic perspective:** Analyses the impact on the Net-worth of bank due to re-pricing of assets, liabilities and off-balance sheet items through duration gap analysis.

The Bank classifies an asset/liability as rate sensitive if:

- Within the time interval under consideration, there is a cash flow
- The interest rate resets / reprices contractually during the interval
- RBI changes the interest rates in cases where interest rates are administered.

Rate sensitive assets and liabilities are grouped under various time buckets prescribed by RBI for interest rate sensitivity statement and bucket wise modified duration is computed using the suggested common maturity, coupon and yield parameters.

Non-rate sensitive liabilities and assets primarily comprise of capital, reserves and surplus, other liabilities, cash and balances with RBI, current account balances with banks, fixed assets and other assets.

IRRBB is assessed on a monthly basis and monitored by ALCO, both under earnings and economic value perspectives.

(Amount in ₹ Mn.)

**2. Quantitative disclosures - Impact of interest rate risk**

	Total Book	Banking Book
<b>2.1 Earnings perspective (Traditional Gap Analysis)</b>		
Earnings at Risk (EaR) – impact for one year due to Uniform 1% increase/ decrease in interest rate	1263.23	891.20
Economic value perspective – percentage and quantum of decrease in market value of equity on account of 1% uniform increase/decrease in interest rate	7968.24	6894.80

(Currency wise break up not provided as the turnover in other currencies is less than 5% of total turnover)

**TABLE DF – 10: GENERAL DISCLOSURE FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK**
**Qualitative disclosures**

Bank has put in place Counterparty Credit Risk limits for banks as counterparty, based on internal rating of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach.

**Quantitative disclosures**

The Bank does not recognize bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The balance outstanding and the current exposure thereof are as follows:

(Amount in ₹ Mn.)

Particulars	Notional Amounts	Current Exposure
Foreign exchange contracts	247698.71	15732.04
Interest rate derivative contracts	29230.00	334.33
<b>Total</b>	<b>276928.71</b>	<b>16066.37</b>


**TABLE DF – 11: COMPOSITION OF CAPITAL**

(Amount in ₹ Mn.)

Basel III common disclosure template			Ref No
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	66629.87	a+d
2	Retained earnings	39097.19	l-m1
3	Accumulated other comprehensive income (and other reserves)	80395.39	b+c+e+f+i+j+k
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)</i>	0.00	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00	
6	<b>Common Equity Tier 1 capital: before regulatory adjustments</b>	<b>186122.45</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
7	Prudential valuation adjustments	0.00	
8	Goodwill (net of related tax liability)	150.18	x1
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	30.65	r+p
10	Deferred tax assets	0.00	
11	Cash-flow hedge reserve	0.00	
12	Shortfall of provisions to expected losses	0.00	
13	Securitisation gain on sale	0.00	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	994.64	
15	Defined-benefit pension fund net assets	0.00	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0.00	
17	Reciprocal cross-holdings in common equity	0.00	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0.00	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	0.00	
20	Mortgage servicing rights (amount above 10% threshold)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00	
22	Amount exceeding the 15% threshold	0.00	
23	of which: significant investments in the common stock of financial entities	0.00	
24	of which: mortgage servicing rights	0.00	
25	of which: deferred tax assets arising from temporary differences	0.00	
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00	
26 a	<i>of which:</i> Investments in the equity capital of the unconsolidated insurance subsidiaries	0.00	
26 b	<i>of which:</i> Investments in the equity capital of unconsolidated non-financial subsidiaries	0.00	
26 c	<i>of which:</i> Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00	
26 d	<i>of which:</i> Unamortised pension funds expenditures	0.00	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00	
28	Total regulatory adjustments to Common equity Tier 1	1175.47	
29	<b>Common Equity Tier 1 capital (CET1)</b>	<b>184946.98</b>	

(Amount in ₹ Mn.)

<b>Basel III common disclosure template</b>		<b>Ref No</b>	
<b>Additional Tier 1 capital: instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	0.00	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	0.00	
33	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	0.00	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0.00	
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	0.00	
36	Additional Tier 1 capital before regulatory adjustments	0.00	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
37	Investments in own Additional Tier 1 instruments	0.00	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.00	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0.00	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00	
41	National specific regulatory adjustments (41a+41b)	0.00	
41 a	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0.00	
41 b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	0.00	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.00	
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	0.00	
44	<b>Additional Tier 1 capital (AT1)</b>	0.00	
45	<b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44)</b>	<b>184946.98</b>	
<b>Tier 2 capital: instruments and provisions</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	10000.00	n
47	Directly issued capital instruments subject to phase out from Tier 2	0.00	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0.00	
49	<i>of which: instruments issued by subsidiaries subject to phase out</i>	0.00	
50	Provisions	9586.86	ci+h+o+g
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>19586.86</b>	
<b>Tier 2 capital: regulatory adjustments</b>			
52	Investments in own Tier 2 instruments	0.00	
53	Reciprocal cross-holdings in Tier 2 instruments	12.20	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0.00	



(Amount in ₹ Mn.)

<b>Basel III common disclosure template</b>		<b>Ref No</b>
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00
56	National specific regulatory adjustments (56a+56b)	0.00
56 a	<i>of which:</i> Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	0.00
56 b	<i>of which:</i> Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0.00
57	Total regulatory adjustments to Tier 2 capital	12.20
58	<b>Tier 2 capital (T2)</b>	19574.66
59	<b>Total capital (TC = T1 + T2) (45 + 58)</b>	<b>204521.64</b>
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	<b>1252529.80</b>
60 a	<i>of which: total credit risk weighted assets</i>	1101604.92
60 b	<i>of which: total market risk weighted assets</i>	33976.32
60 c	<i>of which: total operational risk weighted assets</i>	116948.56
<b>Capital ratios and buffers</b>		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.77%
62	Tier 1 (as a percentage of risk weighted assets)	14.77%
63	Total capital (as a percentage of risk weighted assets)	16.33%
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	0.00%
65	<i>of which: capital conservation buffer requirement</i>	2.50%
66	<i>of which: bank specific countercyclical buffer requirement</i>	0.00%
67	<i>of which: G-SIB buffer requirement</i>	0.00%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	9.27%
<b>National minima (if different from Basel III)</b>		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Non-significant investments in the capital of other financial entities	7107.09
73	Significant investments in the common stock of financial entities	7005.02
74	Mortgage servicing rights (net of related tax liability)	0.00
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0.00
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	7667.12
77	Cap on inclusion of provisions in Tier 2 under standardised approach	13769.57
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b>		
80	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	NA
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	NA
82	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	NA
83	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>	NA
84	<i>Current cap on T2 instruments subject to phase out arrangements</i>	NA
85	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	NA

**Note to the Template**

Row No. of the template	Particular	(Amount in ₹ Mn.)
10	Deferred tax assets associated with accumulated losses	0.00
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	1615.14
	Total as indicated in row 10	1615.14
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	2080.00
	of which: Increase in Common Equity Tier 1 capital	2080.00
	of which: Increase in Additional Tier 1 capital	0.00
	of which: Increase in Tier 2 capital	0.00
26 b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0.00
	(i) Increase in Common Equity Tier 1 capital	0.00
	(ii) Increase in risk weighted assets	0.00
50	Eligible Provisions included in Tier 2 capital	7667.12
	Investment Fluctuation Reserve included in Tier 2 capital	1897.20
	Eligible Revaluation Reserves included in Tier 2 capital	22.54
	<b>Total of row 50</b>	<b>9586.86</b>

**TABLE DF-12**

(Amount in ₹ Mn.)

Composition of Capital: Reconciliation Requirements Step 1		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		31-03-2022	31-03-2022
<b>A</b>	<b>Capital &amp; Liabilities</b>		
i	Paid-up Capital	4205.09	4205.09
	Reserves & Surplus	183733.31	190744.91
	Minority Interest	0.00	0.00
	Total Capital	<b>187938.40</b>	<b>194949.99</b>
ii	Deposits	<b>1817005.86</b>	<b>1816775.21</b>
	of which: Deposits from banks	15710.36	15710.36
	of which: Customer deposits	1801295.50	1801064.85
	of which: Other deposits (pl. specify)	0.00	0.00
iii	Borrowings	<b>153931.15</b>	<b>195873.86</b>
	of which: From RBI	0.00	0.00
	of which: From banks	743.00	39124.19
	of which: From other institutions & agencies	133754.08	137315.60
	of which: Others (pl. specify)	19434.07	19434.07
	of which: Capital instruments	10000.00	10000.00
iv	Other liabilities & provisions	<b>50587.68</b>	<b>54152.89</b>
	<b>Total Liabilities</b>	<b>2209463.09</b>	<b>2261751.95</b>


**TABLE DF-12**

(Amount in ₹ Mn.)

Composition of Capital: Reconciliation Requirements Step 1		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		31-03-2022	31-03-2022
<b>B</b>	<b>Assets</b>		
i	Cash and balances with Reserve Bank of India	<b>99992.71</b>	<b>100161.11</b>
	Balance with banks and money at call and short notice	<b>110110.75</b>	<b>111199.95</b>
ii	Investments:	<b>391794.62</b>	<b>389993.43</b>
	of which: Government securities	348660.62	352689.97
	of which: Other approved securities	0.00	0.00
	of which: Shares	5143.30	5012.70
	of which: Debentures & Bonds	15815.37	13543.33
	of which: Subsidiaries / Joint Ventures / Associates	6688.02	2080.00
	of which: Others (Commercial Papers, Mutual Funds etc.)	15487.30	16517.25
iii	Loans and advances	<b>1449283.25</b>	<b>1499514.62</b>
	of which: Loans and advances to banks	14310.89	14310.89
	of which: Loans and advances to customers	1434972.36	1485203.73
iv	Fixed assets	<b>6339.44</b>	<b>6721.03</b>
v	Other assets	<b>151942.33</b>	<b>154161.81</b>
	of which: Goodwill and intangible assets	0.00	30.65
	of which: Deferred tax assets	1259.43	1615.14
vi	Goodwill on consolidation	0.00	0.00
vii	Debit balance in Profit & Loss account	0.00	0.00
	<b>Total Assets</b>	<b>2209463.09</b>	<b>2261751.95</b>

**TABLE DF-12**

(Amount in ₹ Mn.)

Composition of Capital: Reconciliation Requirements Step 2		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		31-03-2022	31-03-2022	
<b>A</b>	<b>Capital &amp; Liabilities</b>			
i	Paid-up Capital	<b>4205.09</b>	<b>4205.09</b>	
	of which: Amount eligible for CET1	4205.09	4205.09	a
	of which: Amount eligible for AT1	0.00	0.00	
	Reserves & Surplus	<b>183733.31</b>	<b>190744.91</b>	
	Of which	0.00	0.00	
	- Statutory Reserve	38534.28	38534.28	b
	- Revaluation Reserve (Part of CET1 at a discount of 55%)	0.00	0.00	c
	- Revaluation reserves at a discount of 55 percent (T-2) (if not already shown under CET 1)	50.09	50.09	c i
	- Share premium	60791.35	62424.78	d
	- Capital Redemption Reserve	0.00	14.66	di
	- Capital Reserve	7454.50	7454.50	e
	- Revenue and other reserves	25133.42	25608.08	f
	- Investment fluctuation reserve	1897.20	1897.20	g
	- Investment reserve			h
	- Foreign Currency Translation Reserve (at a discount of 75 per cent)	19.12	19.12	i
	- ESOP Reserve	13.70	22.91	l1
	- Special reserve	8483.20	8483.20	j
	- Contingency reserve	301.00	301.00	k
	- Balance in Profit and loss account at the end of the previous financial year	33053.83	34274.52	l
	- Current Financial year profit (After appropriations)	8001.62	8607.26	m
	- Dividend appropriation considered for regulatory purposes		3784.59	m1
	Minority Interest	0.00	3053.31	m2
	- Cash flow hedge reserve	0.00		
	Total Capital	<b>187938.40</b>	<b>194949.99</b>	
ii	Deposits	<b>1817005.86</b>	<b>1816775.21</b>	
	of which: Deposits from banks	15710.36	15710.36	
	of which: Customer deposits	1801295.50	1801064.85	
	of which: Other deposits (pl. specify)	0.00	0.00	
iii	Borrowings	<b>153931.15</b>	<b>195873.86</b>	
	of which: From RBI	0.00	0.00	
	of which: From banks	743.00	39124.19	
	of which: From other institutions & agencies	133754.08	137315.60	
	of which: Others	19434.07	19434.07	
	of which: Capital instruments (Tier II bonds)	10000.00	10000.00	
	- Recognized under Tier II	10000.00	10000.00	n
	- Not Recognized under Tier II	0.00	0.00	


**TABLE DF-12**

(Amount in ₹ Mn.)

<b>Composition of Capital: Reconciliation Requirements Step 2</b>		<b>Balance sheet as in financial statements</b>	<b>Balance sheet under regulatory scope of consolidation</b>	<b>Ref No.</b>
		<b>31-03-2022</b>	<b>31-03-2022</b>	
iv	Other liabilities & provisions	<b>50587.68</b>	<b>54152.89</b>	
	of which: DTLs		0.00	
	of which: Standard asset provision included under Tier II	13155.10	7667.12	o
	<b>Total Liabilities</b>	<b>2209463.09</b>	<b>2261751.95</b>	
<b>B</b>	<b>Assets</b>			
i	Cash and balances with Reserve Bank of India	<b>99992.71</b>	<b>100161.11</b>	
	Balance with banks and money at call and short notice	<b>110110.75</b>	<b>111199.95</b>	
ii	Investments	<b>391794.62</b>	<b>389993.43</b>	
	of which: Government securities	348660.62	352689.97	
	of which: Other approved securities	0.00	0.00	
	of which: Shares	5143.30	5012.70	
	of which: Good will	0.00	150.18	x1
	of which: Debentures & Bonds	15815.37	13543.33	
	of which: Subsidiaries / Joint Ventures / Associates	6688.02	2080.00	
	of which: Others (Commercial Papers, Mutual Funds etc.)	15487.30	16517.25	
iii	Loans and advances	<b>1449283.25</b>	<b>1499514.62</b>	
	of which: Loans and advances to banks	14310.89	14310.89	
	of which: Loans and advances to customers	1434972.36	1485203.73	
iv	Fixed assets	<b>6339.44</b>	<b>6721.03</b>	
	of which Intangible assets	0.00	30.65	p
v	Other assets	<b>151942.33</b>	<b>154161.81</b>	
	a Other intangibles (excluding MSRs)	0.00	0.00	r
	b Deferred tax assets	1259.43	1615.14	
	c MAT credit entitlement	0.00	0.00	
vi	Goodwill on consolidation	0.00	0.00	
vi	Debit balance in Profit & Loss account	0.00	0.00	
	<b>Total Assets</b>	<b>2209463.09</b>	<b>2261751.95</b>	

**TABLE DF-16: EQUITIES – DISCLOSURE FOR BANKING BOOK POSITIONS**
**Qualitative Disclosures**

Valuation and accounting of equity holdings in the banking book:

In accordance with the RBI Master Directions on “Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks”, investments are classified at the time of purchase into Held for Trading (‘HFT’), “Available for Sale” (‘AFS’) and “Held to Maturity” (‘HTM’) categories.

Investment in the equity of subsidiaries and joint ventures (a Joint Venture is the one in which the bank, along with its subsidiaries, holds more than 25% of the equity) are required to be classified under HTM category.

Investments in Held to Maturity are carried at their acquisition cost. Any diminution, other than temporary, in the value of such securities is provided for. Profit on sale / redemption of investments is included in the Profit and Loss account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale / redemption is charged to the Profit and Loss account

Investments in subsidiaries/associates as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any. The book value of Bank's equity investment HTM portfolio was ₹6,688.01 Mn as at 31.03.2022.

### Quantitative Disclosures

	(Amount in ₹ Mn.)
Market Value of Equity Investments in HTM Outstanding	6688.01
The types and nature of investments, including the amount that can be classified as:	
▪ Market Value of Listed Equities in HTM	0.00
▪ Market Value of Unlisted Equities in HTM	6688.01
Net Profit / Loss on sale of Equities from HTM	0.00
Total unrealized gains (losses)*	0.00
MTM of HTM equities	0.00

\*Unrealized gains (losses) recognized in the balance sheet but not through the profit and loss account.

All our investments in subsidiaries are kept under common equity.

### LEVERAGE RATIO (Consolidated)

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III leverage ratio is defined as the ratio of capital measure (the numerator) to exposure measure (the denominator), expressed as a percentage.

The capital measure used for the leverage ratio at any particular point in time is the Tier 1 capital measure applying at that time under the risk-based framework. Total exposure measure is the sum of the on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off- balance sheet (OBS) items.

$$\text{Leverage Ratio} = \frac{\text{(Tier I Capital)}}{\text{(Total Exposure)}}$$

### TABLE DF 17 - SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE.

Item	(Amount in ₹ Mn.)
1 Total consolidated assets as per published financial statements	2209463.09
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	52288.86
3 Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure (less)	1175.47
4 Adjustments for derivative financial instruments	16066.37
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	60500.00
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	182641.63
7 Other adjustments	5301.73
8 Leverage ratio exposure	2525086.20


**TABLE DF 18 - LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE**

Item	Leverage ratio framework (Amount in ₹ Mn.)
<b>On-balance sheet exposures</b>	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	2267053.67
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	1175.47
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	2265878.20
<b>Derivative exposures</b>	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	5526.92
5 Add-on amounts for PFE associated with all derivatives transactions	10539.45
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8 (Exempted CCP leg of client-cleared trade exposures)	0.00
9 Adjusted effective notional amount of written credit derivatives	0.00
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
<b>11 Total derivative exposures (sum of lines 4 to 10)</b>	<b>16066.37</b>
<b>Securities financing transaction exposures</b>	
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	60500.00
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
14 CCR exposure for SFT assets	0.00
15 Agent transaction exposures	0.00
<b>16 Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>60500.00</b>
<b>Other off-balance sheet exposures</b>	
17 Off-balance sheet exposure at gross notional amount	482875.39
18 (Adjustments for conversion to credit equivalent amounts)	300233.76
<b>19 Off-balance sheet items (sum of lines 17 and 18)</b>	<b>182641.63</b>
<b>Capital and total exposures</b>	
20 Tier 1 Capital	184946.98
21 Total exposures (sum of lines 3, 11, 16 and 19)	<b>2525086.20</b>
<b>Leverage ratio</b>	
22 Basel III leverage ratio	7.32%

\*Leverage ratio (Solo): 7.15%

# Independent Auditors' Report

**To the Members of The Federal Bank Limited  
Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of The Federal Bank Limited (hereinafter referred as the 'the Bank' or 'Holding Company') and its two subsidiaries (Holding Company and subsidiaries together referred to as 'the Group') and its two associates which comprise the consolidated Balance Sheet as at March 31, 2022, the consolidated Profit and Loss Account and the consolidated Cash Flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

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

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities

**Description of Key Audit Matters**

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>(i) <b>Classification of Advances, Identification of Non-Performing Advances, Income Recognition and Provision on Advances (Schedule 9 read with Note 6.2 of Schedule 17 and Note 1.8 of Schedule 18 to the consolidated financial statements)</b></p> <p>Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorised as secured by Tangible assets (including advances against Book Debts), covered by Bank/Government Guarantees and Unsecured advances.</p>	<p>Our audit approach / procedures towards Classification of Advances, Identification of Non-performing Advances, Income Recognition and Provision on Advances included the following:</p> <ul style="list-style-type: none"> <li>- Understanding and considering the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI (IRACP Norms), including the additional provisions and asset classification benefit extended on restructured advances under RBI's COVID-19 Regulatory Package .</li> </ul>

for the Audit of the consolidated Financial Statements' section of our report. We are independent of the Group and its associates in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of audit reports of other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Emphasis of Matter**

We draw attention to Note No. 1.21 of Schedule 18 to the consolidated financial statements regarding the impact of COVID-19 pandemic. As stated therein, in view of continuing uncertainties, the extent of impact of the pandemic on the Group's operations and financial position would depend on several factors including actions taken to mitigate its impact and other regulatory measures.

Our opinion on the consolidated financial statements is not modified in respect of this matter.

**Key Audit Matters**

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



## Independent Auditors' Report (Contd...)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>The Reserve Bank of India ('RBI') has prescribed the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' in respect of advances for banks ('IRACP Norms'), including circulars in relation to COVID-19 Regulatory Package – Asset Classification and Provisioning.</p> <p>The identification of performing and non-performing advances (including advances restructured under applicable IRACP Norms) involves establishment of proper mechanism and the Bank is required to apply significant degree of judgement to identify and determine the amount of provision required against each advance applying both quantitative as well as qualitative factors prescribed by the regulations.</p> <p>Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on:</p> <ul style="list-style-type: none"> <li>- Completeness and timing of recognition of non-performing assets in accordance with criteria as per IRACP norms;</li> <li>- Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security;</li> <li>- Appropriate reversal of unrealized income on the NPAs.</li> </ul> <p>Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions on restructured advances under applicable IRACP Norms) and income recognition on advances:</p> <ul style="list-style-type: none"> <li>- Requires proper control mechanism and significant level of estimation by the Bank;</li> <li>- Required to be aligned with changes in IRACP Norms during the year arising out of the COVID 19 pandemic</li> <li>- Has significant impact on the overall financial statements of the Bank;</li> </ul> <p>we have ascertained this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>- Understanding, evaluation and testing the design and operating effectiveness of key controls (including system based automated controls) for identification and provisioning of impaired accounts based on the extant guidelines on IRACP laid down by the RBI.</li> <li>- Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included: <ul style="list-style-type: none"> <li>i. Considering testing of the exception reports generated from the application systems where the advances have been recorded.</li> <li>ii. Considering the accounts reported by the Bank and other banks as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress.</li> <li>iii. Reviewing account statements, drawing power calculation, security and other related information of the borrowers selected based on quantitative and qualitative risk factors</li> <li>iv. Reading of minutes of management committee and credit committee meetings and performing inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product</li> <li>v. Considering audit reports and memorandum of changes issued by statutory branch auditors.</li> <li>vi. Considering Internal Audit, Systems Audit, Credit Audit and Concurrent Audit as per the policies and procedures of the Bank.</li> <li>vii. Considering the RBI Annual Financial Inspection report on the Bank, the bank's response to the observations and other communication with RBI during the year.</li> <li>viii. Reviewing the report submitted by external expert appointed by the Bank to verify compliance with the RBI circular on Automation of IRACP processes through the Bank's core banking system.</li> <li>ix. Examination of advances including stressed/ restructured advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines.</li> <li>x. Visits to branches/offices and examination of documentation and other records relating to advances.</li> </ul> </li> </ul> <p>For Non- performing advances identified, we, based on factors including stressed sectors and account materiality, tested on a sample basis the asset classification dates, reversal of unrealized interest, value of available security and provisioning as per IRACP norms. We recomputed the provision for NPA on such samples after considering the key input factors and compared our measurement outcome to that prepared by management.</p>

## Independent Auditors' Report (Contd...)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>(ii) Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 read with Note 6.1 of Schedule 17 and Note 1.8 of Schedule 18 to the consolidated financial statements).</b></p> <p>Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. RBI Circulars and directives, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, non-recognition of income and provisioning against non-performing investments.</p> <p>The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc.</p> <p>We identified valuation of investments and identification of NPI as a Key Audit Matter because of the management judgement involved in determining the value of certain investments (Bonds and Debentures, Pass-through certificates) based on applicable Regulatory guidelines and the Bank's policies, impairment assessment for HTM book based on management judgement, the degree of regulatory focus and the overall significance to the financial results of the Bank.</p>	<p>Our audit approach/procedures towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs) and provisioning/ depreciation related to Investments. In particular -</p> <ul style="list-style-type: none"> <li>- We evaluated and understood the Bank's internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs, reversal of income on NPIs and provisioning/ depreciation related to investments;</li> <li>- We assessed and evaluated the process adopted for collection of information from various sources for determining market value of these investments;</li> <li>- For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security;</li> <li>- We carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained and if accrual of income is in accordance with the RBI Circular for those selected sample of NPIs;</li> </ul> <p>We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.</p>
<p><b>(iii) Information Technology ('IT') Systems and Controls for financial reporting</b></p> <p>The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>The Bank uses several systems for its overall financial reporting and there is a large volume of transactions being recorded at multiple locations daily. In addition, there are increasing challenges to protect the integrity of the Bank's systems and data since cyber security has become a more significant risk in recent periods.</p>	<p>As a part of our audit procedures for review of the Bank's IT systems and related controls for financial reporting:</p> <ul style="list-style-type: none"> <li>- We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</li> <li>- We tested sample IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were reviewed and authorised. We inspected requests of changes to systems for approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</li> </ul>



## Independent Auditors' Report (Contd...)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Due to the pervasive nature and complexity of the IT environment as well as its importance in relation to accurate and timely financial reporting, we have identified this area as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>- We reviewed the Bank's controls over opening and unauthorized operations in internal/ office accounts</li> <li>- In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal financial controls over financial reporting. Where deficiencies were identified, we sought explanations regarding compensating controls or performed alternate audit procedures. In addition, we understood where relevant, changes made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</li> </ul>
<p><b>(iv) Assessment of Provisions and Contingent Liabilities (Schedules 5 and 12 read with Notes 6.13 &amp; 6.21 of Schedule 17 to the consolidated financial statements)</b></p>	
<p>Assessment of Provisions and Contingent liabilities in respect of certain litigations including Direct and Indirect Taxes, various claims filed by other parties not acknowledged as debt Schedule 12 to the consolidated financial statements and various employee benefits schemes Schedule 5 to the consolidated financial statements was identified as a significant audit area.</p> <p>There is high level of judgement involved in estimating the level of provisioning required as well as in the disclosure of both Provisions and Contingent Liabilities in respect of tax matters and other legal claims. The Bank's assessment is supported by the facts of matter, their own judgment, past experience, and advice from independent legal/ tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Bank's reported profit and state of affairs presented in the Balance Sheet.</p> <p>The valuations of the employee benefit liabilities are calculated with reference to multiple actuarial assumptions and inputs including discount rate, rate of inflation and mortality rates. The valuation of funded assets in respect of the same is also sensitive to changes in the assumptions.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of the matters which requires application of judgment in interpretation of law, circumstances of each case and estimates involved.</p>	<p>Our audit approach / procedures involved:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of internal controls relevant to the identification of litigations and legal cases to be reported;</li> <li>- Understanding the current status of the litigations/tax assessments for the Bank</li> <li>- Examining recent orders and/or communication received from various tax authorities/ judicial forums and follow up action thereon;</li> <li>- Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice including opinion of the Bank's tax consultants;</li> <li>- Review and analysis of evaluation of the contentions of the Bank through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues; and</li> <li>- Testing the design and operating effectiveness of key controls over the completeness and accuracy of the data, the measurement of the fair value of the schemes' assets, understanding the judgements made in determining the assumptions used by management to value the employee liabilities with specific schemes and market practice.</li> <li>- Our audit procedures included an assessment of the assumptions used by the actuary by comparing life expectancy assumptions with relevant mortality tables, benchmarking inflation and discount rates against external market data. We verified the value of plan assets to the statements provided by asset management companies managing the plan assets.</li> <li>- Verification of disclosures related to significant litigations, taxation matters and Employee benefits liabilities in the consolidated financial statements.</li> </ul>

## Independent Auditors' Report (Contd...)

### Information other than the consolidated Financial Statements and Auditors' Report Thereon

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

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

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

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

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

due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

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

The respective Board of Directors of the entities included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

### Auditors' Responsibilities for the audit of the consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system



## Independent Auditors' Report (Contd...)

with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial statements made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described under 'Other Matters' in this audit report.

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

We communicate with those charged with governance of the Bank and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Other Matters

- I. We did not audit the financial statements of 331 Branches included in the consolidated financial statements of the Bank whose financial statements reflect total assets of ₹52,539 crores as at March 31, 2022 and total revenue of ₹2,091 crores for the year ended on that date, as considered in the consolidated financial statements. The financial statements of these branches have been audited by branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the reports of such branch auditors.
- II. The Consolidated Financial Statements include the audited financial statements of one subsidiary, whose financial statements reflecting total assets of ₹19.83 crores as at 31st March 2022, total revenues of ₹ 44.10 crores and total net profit after tax of ₹3.46 crores for the year ended 31st March 2022, and net cash inflow amounting to ₹3.71 crores for the year ended on that date, as considered in the Consolidated Financial Statements have been audited by one of the joint auditors of the Bank whose reports have been furnished to us by the management. The Consolidated

## Independent Auditors' Report (Contd...)

Financial Statements also include the audited financial statements of one subsidiary, whose financial statements reflecting total assets of ₹ 6,538.36 crores as at 31st March 2022, total revenues of ₹ 892.30 crores and total net profit after tax of ₹ 99.79 crores for the year ended 31st March 2022 and net cash outflow amounting to ₹ 460.09 crores for the year ended on that date, as considered in the Consolidated Financial Statements have been audited by another independent auditor, whose reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, as well as our report in terms of subsection (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the respective reports of the aforesaid joint auditor and other auditor.

III. The consolidated financial statements also include the Group's share of net profit of ₹31.03 crore for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of its associates and our report in terms of subsection (3) of Section 143 of the Act, insofar as it relates to the aforesaid associates is based solely on the report of the other auditors.

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

### Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit and the consideration of the reports of the other auditors on separate financial statements of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report that, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears

from our examination of those books and the reports of the other auditors;

- c) The consolidated Balance Sheet, the consolidated Profit and Loss Account, the consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- e) On the basis of written representations received from the directors as on March 31, 2022 and taken on record by the Board of Directors of the Bank and the reports of the statutory auditors of its subsidiaries and associates none of the directors of the Group companies and its associates is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank with reference to the consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- g) In our opinion, being a banking company, the remuneration to its directors during the year ended March 31, 2022 has been paid/provided by the Bank in accordance with the provisions of section 35B (1) of the Banking Regulation Act, 1949, and;

In our opinion and according to the information and explanations given to us and based on the report of the statutory auditors of subsidiaries and associates which were not audited by us, the remuneration paid during the current year by the subsidiary companies and an associate company to their directors is in accordance with the provisions of Section 197 of the Act. The auditors of Ageas Federal Life Insurance Company Limited, (Formerly known as IDBI Federal Life Insurance Company Limited) ('the associate') have reported, managerial remuneration is governed u/s 34A of the Insurance Act, 1938 and requires IRDAI approval. Accordingly, the provisions of Section 197 read with schedule V to the Act are not applicable, and hence reporting under Section 197(16) is not required.



## Independent Auditors' Report (Contd...)

- h) With respect to the other matters to be included in the Auditors' Report in accordance with the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates - Refer Schedule 12 and Note No 1.14 under Schedule 18 to the consolidated financial statements;
  - ii. Provision as required, has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 1.15 under Schedule 18 to the consolidated financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank or its subsidiaries and associates during the year ended 31 March 2022;
  - iv. a) The respective managements of the Holding Company, its subsidiaries and its associates which are companies incorporated in India whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the note 1.19 under Schedule 18 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries or associates to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries or associates ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - b) The respective managements of the Holding Company, its subsidiaries and its associates,
- which are companies incorporated in India whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the note 1.19 under Schedule 18 to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries or associates from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries or associates shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the bank's subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
  - v. The dividend declared and paid by the Holding Company, its subsidiaries, and associates, where applicable, is in accordance with sec.123 of the Act, to the extent it applies to declaration of dividend.

**For Varma & Varma**  
Chartered Accountants  
FRN: 004532S

**Vijay Narayan Govind**  
Partner  
M. No.203094  
UDIN: 22203094AIMXVO2939

Kochi  
06th May 2022

**For Borkar & Muzumdar**  
Chartered Accountants  
FRN: 101569W

**Kaushal Muzumdar**  
Partner  
M. No. 100938  
UDIN: 22100938AIMXTL2356

Kochi  
06th May 2022

## Independent Auditors' Report (Contd...)

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

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

We have audited the internal financial controls over financial reporting with reference to consolidated financial statements of The Federal Bank Limited ('the Bank'), its subsidiary companies and its associates which are companies incorporated in India, as at March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Bank for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls over Financial Reporting

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

#### Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiaries and associates, in terms of their report referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting with reference to consolidated financial statements.

#### Meaning of Internal Financial Controls Over Financial Reporting

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



## Independent Auditors' Report (Contd...)

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

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

### Other Matters

1. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiaries and two associates, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.
2. Our aforesaid report in so far as it relates to the operating effectiveness of internal financial controls over financial reporting of 331 branches of the Bank is based on the corresponding reports of the respective branch auditors of those branches of the Bank.

Our opinion on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### For Varma & Varma

Chartered Accountants  
FRN: 004532S

#### Vijay Narayan Govind

Partner  
M. No.203094  
UDIN: 22203094AIMXVO2939

Kochi  
06th May 2022

#### For Borkar & Muzumdar

Chartered Accountants  
FRN: 101569W

#### Kaushal Muzumdar

Partner  
M. No. 100938  
UDIN: 22100938AIMXTL2356

Kochi  
06th May 2022

# Consolidated Balance Sheet

as at March 31, 2022

(₹ in Thousand)

	Schedule	As at March 31, 2022	As at March 31, 2021
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	4,205,089	3,992,301
Reserves and surplus	2	188,350,098	161,047,194
Minority interest	2A	3,053,307	2,170,379
Deposits	3	1,816,775,213	1,721,861,042
Borrowings	4	195,873,861	122,706,009
Other liabilities and provisions	5	54,152,877	37,888,345
<b>TOTAL</b>		<b>2,262,410,445</b>	<b>2,049,665,270</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	100,161,105	76,545,101
Balances with banks and money at call and short notice	7	111,199,948	121,612,248
Investments	8	390,651,931	367,316,744
Advances	9	1,499,514,616	1,355,144,123
Fixed assets	10	6,721,033	5,174,870
Other assets	11	154,161,812	123,872,184
<b>TOTAL</b>		<b>2,262,410,445</b>	<b>2,049,665,270</b>
Contingent liabilities	12	389,315,038	364,270,082
Bills for collection		50,132,757	39,772,224
Significant accounting policies	17		
Notes to accounts	18		
Schedules referred to above form an integral part of the Consolidated Balance Sheet			

**For and on behalf of the Board of Directors**

 Manikandan Muthiah  
Head - Financial Reporting

 Samir P Rajdev  
Company Secretary

 Ashutosh Khajuria  
Executive Director  
(DIN: 05154975)

 Shalini Warriar  
Executive Director  
(DIN: 08257526)

 Venkatraman Venkateswaran  
Chief Financial Officer

 C Balagopal  
Chairman  
(DIN: 00430938)

 Shyam Srinivasan  
Managing Director & CEO  
(DIN: 02274773)

**As per our report of even date**

 For Varma & Varma  
Chartered Accountants  
Firm's Registration No:  
0045325

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

 Vijay Narayan Govind  
Partner  
Membership No: 203094  
Place: Kochi

 Kaushal Muzumdar  
Partner  
Membership No: 100938  
Place: Kochi

**Directors:**

 A P Hota  
Siddhartha Sengupta  
Manoj Fadnis  
Sudarshan Sen  
Varsha Vasant Purandare  
Sankarshan Basu  
Ramanand Mundkur

 (DIN: 02593219)  
(DIN: 08467648)  
(DIN: 01087055)  
(DIN: 03570051)  
(DIN: 05288076)  
(DIN: 06466594)  
(DIN: 03498212)

 Place: Kochi  
Date : May 06, 2022



# Consolidated Profit and Loss Account

for the year ended March 31, 2022

	Schedule	Year ended March 31, 2022	Year ended March 31, 2021
(₹ in Thousand)			
<b>I. INCOME</b>			
Interest earned	13	143,815,315	143,140,755
Other income	14	21,209,332	19,716,535
<b>TOTAL</b>		<b>165,024,647</b>	<b>162,857,290</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	79,593,793	84,349,581
Operating expenses	16	45,921,464	38,986,638
Provisions and contingencies (Refer Note 1.8 of Schedule 18)		19,855,432	23,049,012
<b>TOTAL</b>		<b>145,370,689</b>	<b>146,385,231</b>
<b>III. NET PROFIT FOR THE YEAR</b>		<b>19,653,958</b>	<b>16,472,059</b>
Less: Minority interest		266,386	152,363
Add: Share in Profit of Associates		310,281	323,642
<b>IV. CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP</b>		<b>19,697,853</b>	<b>16,643,338</b>
Balance in Profit and Loss Account brought forward from previous year		34,958,136	27,417,347
Less: Minority interest pertaining to Pre-acquisition profit (Note 2 of Schedule 17)		11,114	-
<b>V. AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>54,644,875</b>	<b>44,060,685</b>
<b>VI. APPROPRIATIONS</b>			
Transfer to Revenue Reserve		2,667,208	2,295,718
Transfer to Statutory Reserve		4,724,554	3,975,743
Transfer to Capital Reserve		888,693	1,534,458
Transfer to Special Reserve		1,233,400	1,209,900
Transfer to Reserve fund		146,293	86,730
Redemption of Preference Shares		47,053	-
Dividend pertaining to previous year paid during the year (Note 1.1 E of Schedule 18)		1,397,396	-
Balance carried over to Consolidated Balance Sheet		43,540,278	34,958,136
<b>TOTAL</b>		<b>54,644,875</b>	<b>44,060,685</b>
Earnings per share (Face value of ₹ 2/- each) (₹) (Note 1.6 of Schedule 18)			
Basic		9.52	8.34
Diluted		9.44	8.31
Significant accounting policies	17		
Notes to accounts	18		
Schedules referred to above form an integral part of the Consolidated Profit and Loss account			

## For and on behalf of the Board of Directors

Manikandan Muthiah  
Head - Financial Reporting

Samir P Rajdev  
Company Secretary

Ashutosh Khajuria  
Executive Director  
(DIN: 05154975)

Shalini Warriar  
Executive Director  
(DIN: 08257526)

Venkatraman Venkateswaran  
Chief Financial Officer

C Balagopal  
Chairman  
(DIN: 00430938)

Shyam Srinivasan  
Managing Director & CEO  
(DIN: 02274773)

## As per our report of even date

For Varma & Varma  
Chartered Accountants  
Firm's Registration No:  
0045325

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

Vijay Narayan Govind  
Partner  
Membership No: 203094  
Place: Kochi

Kaushal Muzumdar  
Partner  
Membership No: 100938  
Place: Kochi

Place: Kochi  
Date : May 06, 2022

## Directors:

A P Hota  
Siddhartha Sengupta  
Manoj Fadnis  
Sudarshan Sen  
Varsha Vasant Purandare  
Sankarshan Basu  
Ramanand Mundkur

(DIN: 02593219)  
(DIN: 08467648)  
(DIN: 01087055)  
(DIN: 03570051)  
(DIN: 05288076)  
(DIN: 06466594)  
(DIN: 03498212)

# Consolidated Cash Flow Statement

for the year ended March 31, 2022

(₹ in Thousand)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>Cash Flow from Operating Activities</b>		
Net Profit before taxes	26,506,665	22,256,900
<b>Adjustments for:</b>		
Depreciation on Group's Property	1,388,981	1,149,202
Provision / Depreciation on Investments	806,251	186,388
Amortisation of Premium on Held to Maturity Investments	1,692,231	1,421,890
Provision / Charge for Non Performing Advances	6,615,437	15,436,804
Provision for Standard Assets and Contingencies	6,438,433	1,674,321
(Profit)/ Loss on sale of fixed assets (net)	(53,304)	(17,989)
Employees Stock option Expense	5,690	3,436
	<b>43,400,384</b>	<b>42,110,952</b>
<b>Adjustments for working capital changes:-</b>		
(Increase)/ Decrease in Investments [excluding Held to Maturity Investments]	(37,792,807)	26,120,043
(Increase)/ Decrease in Advances	(150,985,929)	(122,085,933)
(Increase)/ Decrease in Other Assets	(28,165,675)	(28,001,726)
Increase/ (Decrease) in Deposits	94,914,171	199,341,969
Increase/ (Decrease) in Other liabilities and provisions	9,826,099	592,129
	<b>(112,204,141)</b>	<b>75,966,482</b>
Direct taxes paid (net)	(8,932,766)	(6,287,094)
<b>Net Cash Flow from / (used in) Operating Activities</b>	<b>(77,736,523)</b>	<b>111,790,340</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2,955,200)	(1,299,307)
Proceeds from Sale of Fixed Assets	73,359	41,342
(Increase)/ Decrease in Held to Maturity Investments	11,959,138	(37,891,132)
<b>Net Cash flow from / (used in) Investing Activities</b>	<b>9,077,297</b>	<b>(39,149,097)</b>



## Consolidated Cash Flow Statement (Contd...)

for the year ended March 31, 2022

	(₹ in Thousand)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital	212,787	6,976
Proceeds from Share Premium (net of share issue expenses)	9,057,309	129,293
Increase / (Decrease) in Minority Interest	885,833	358,864
Proceeds from Issue of Subordinate Debt	7,048,000	-
Increase/(Decrease) in Borrowings (Excluding Subordinate Debt)	66,119,853	(2,571,190)
Dividend Paid	(1,397,396)	-
<b>Net Cash flow from / (used in) Financing Activities</b>	<b>81,926,386</b>	<b>(2,076,057)</b>
<b>Effect of exchange fluctuation on translation reserve</b>	<b>(63,456)</b>	<b>19,084</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>13,203,704</b>	<b>70,584,270</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>198,157,349</b>	<b>127,573,079</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>211,361,053</b>	<b>198,157,349</b>

Notes:

Cash and Cash Equivalents comprises of Cash in hand (including foreign currency notes), Balances with Reserve Bank of India, Balances with banks and money at call and short notice (Refer Schedules 6 and 7 of the Consolidated Balance Sheet)

### For and on behalf of the Board of Directors

Manikandan Muthiah  
Head - Financial Reporting

Samir P Rajdev  
Company Secretary

Ashutosh Khajuria  
Executive Director  
(DIN: 05154975)

Shalini Warriar  
Executive Director  
(DIN: 08257526)

Venkatraman Venkateswaran  
Chief Financial Officer

C Balagopal  
Chairman  
(DIN: 00430938)

Shyam Srinivasan  
Managing Director & CEO  
(DIN: 02274773)

### As per our report of even date

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

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

Vijay Narayan Govind  
Partner  
Membership No: 203094  
Place: Kochi

Kaushal Muzumdar  
Partner  
Membership No: 100938  
Place: Kochi

### Directors:

A P Hota  
Siddhartha Sengupta  
Manoj Fadnis  
Sudarshan Sen  
Varsha Vasant Purandare  
Sankarshan Basu  
Ramanand Mundkur

(DIN: 02593219)  
(DIN: 08467648)  
(DIN: 01087055)  
(DIN: 03570051)  
(DIN: 05288076)  
(DIN: 06466594)  
(DIN: 03498212)

Place: Kochi  
Date : May 06, 2022

# Schedules Forming Part of the Consolidated Balance Sheet

## SCHEDULE 1 - CAPITAL

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

Refer Note 1.1 of Schedule 18

## SCHEDULE 2 - RESERVES AND SURPLUS

	(₹ in Thousand)	
	As at March 31, 2022	As at March 31, 2021
<b>I. Statutory Reserve</b>		
Opening balance	33,809,726	29,833,982
Additions during the year	4,724,554	3,975,744
	<b>38,534,280</b>	<b>33,809,726</b>
<b>II. Capital Reserves</b>		
a) Revaluation Reserve		
Opening balance	50,091	50,091
Additions during the year	-	-
	<b>50,091</b>	<b>50,091</b>
(b) Capital Redemption Reserve		
Opening balance	-	-
Additions during the year	14,661	-
	<b>14,661</b>	<b>-</b>
(c) Others		
Opening balance	6,580,463	5,046,005
Additions during the year*	874,033	1,534,458
	<b>7,454,496</b>	<b>6,580,463</b>
	<b>7,519,248</b>	<b>6,630,554</b>
<b>III. Share premium (Refer Note 1.1 of Schedule 18)</b>		
Opening balance	53,303,285	53,173,992
Additions during the year	9,121,497	130,995
Deductions during the year	-	1,702
	<b>62,424,782</b>	<b>53,303,285</b>



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

	(₹ in Thousand)	
	As at March 31, 2022	As at March 31, 2021
<b>IV. Revenue and Other Reserves</b>		
a) Revenue Reserve		
Opening Balance	22,466,209	20,170,491
Additions during the year	2,667,208	2,295,718
	<b>25,133,417</b>	<b>22,466,209</b>
(b) Investment Fluctuation Reserve		
Opening Balance	1,897,200	1,897,200
	<b>1,897,200</b>	<b>1,897,200</b>
(c) Special Reserve (As per section 36(1)(viii) of Income Tax Act, 1961)		
Opening balance	7,249,800	6,039,900
Additions during the year	1,233,400	1,209,900
	<b>8,483,200</b>	<b>7,249,800</b>
<b>V. Foreign Currency Translation Reserve</b>		
Opening Balance	82,572	63,488
Additions / (Deductions) during the year [Refer Schedule 17 (6.6)]	(63,456)	19,084
	<b>19,116</b>	<b>82,572</b>
<b>VI. ESOP Reserve</b>		
Opening Balance	17,222	13,786
Additions during the year	5,690	3,436
	<b>22,912</b>	<b>17,222</b>
<b>VII. Contingency Reserve</b>		
Opening balance	301,003	301,003
	<b>301,003</b>	<b>301,003</b>
<b>VIII. Reserve Fund</b>		
Opening balance	330,723	243,993
Additions during the year	143,182	86,730
	<b>473,905</b>	<b>330,723</b>
<b>IX. General Reserve</b>		
Opening balance	764	764
Addition / (Deductions) during the year	(7)	-
	<b>757</b>	<b>764</b>
<b>X. Balance in Consolidated Profit and Loss Account</b>	<b>43,540,278</b>	<b>34,958,136</b>
<b>Total</b>	<b>188,350,098</b>	<b>161,047,194</b>

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

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

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

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

### SCHEDULE 2A - MINORITY INTEREST

	(₹ in Thousand)	
	As at March 31, 2022	As at March 31, 2021
Minority interest at the date on which parent-subsi-dary relationship came into existence	786,638	786,638
Subsequent increase	2,266,669	1,383,741
<b>Total</b>	<b>3,053,307</b>	<b>2,170,379</b>

### SCHEDULE 3 - DEPOSITS

	(₹ in Thousand)	
	As at March 31, 2022	As at March 31, 2021
<b>A.</b> I. Demand Deposits		
i. From Banks	6,176,235	4,583,310
ii. From Others	137,523,300	113,320,966
	<b>143,699,535</b>	<b>117,904,276</b>
II. Savings Bank Deposits	<b>530,826,744</b>	<b>468,522,891</b>
III. Term Deposits		
i. From Banks	9,534,129	26,909,515
ii. From Others	1,132,714,805	1,108,524,360
	<b>1,142,248,934</b>	<b>1,135,433,875</b>
<b>Total</b>	<b>1,816,775,213</b>	<b>1,721,861,042</b>
<b>B.</b> I. Deposits of branches in India	1,816,772,232	1,721,819,135
II. Deposits of branches outside India	2,981	41,907
<b>Total</b>	<b>1,816,775,213</b>	<b>1,721,861,042</b>

### SCHEDULE 4 - BORROWINGS

	(₹ in Thousand)	
	As at March 31, 2022	As at March 31, 2021
I. Borrowings in India		
i. Reserve Bank of India	-	-
ii. Other Banks	39,124,195	35,555,016
iii. Other institutions and agencies	137,315,596	65,459,065
<b>Total</b>	<b>176,439,791</b>	<b>101,014,081</b>
II. Borrowings outside India	19,434,070	21,691,928
<b>Total</b>	<b>195,873,861</b>	<b>122,706,009</b>
a) Secured borrowings included in I and II above	162,209,403	88,526,605
b) Tier II bond included in I(ii) & I(iii) above	10,153,000	3,105,000



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

### SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
I. Bills Payable	6,175,507	4,980,825
II. Inter - office adjustments (Net)	-	-
III. Interest accrued	2,834,252	2,472,313
IV. Others (including provisions)*	45,143,118	30,435,207
<b>Total</b>	<b>54,152,877</b>	<b>37,888,345</b>
*Includes		
General provision for standard assets	14,009,955	7,529,203

### SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
I. Cash in hand (including foreign currency notes)	17,297,195	16,746,615
II. Balance with Reserve Bank of India		
i. in Current Accounts	82,863,910	59,798,486
ii. in Other Accounts	-	-
<b>Total</b>	<b>100,161,105</b>	<b>76,545,101</b>

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

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
<b>I. In India</b>		
i. Balances with banks		
a. in Current Accounts	4,148,052	6,690,910
b. in Other Deposit Accounts	4,382,501	3,570,372
ii. Money at call and short notice		
a. With Banks	-	-
b. With other institutions	62,000,000	38,500,000
<b>Total</b>	<b>70,530,553</b>	<b>48,761,282</b>
<b>II. Outside India</b>		
i. in Current Accounts	9,063,922	12,060,693
ii. in Other Deposit Accounts	29,938,038	60,351,613
iii. Money at call and short notice	1,667,435	438,660
<b>Total</b>	<b>40,669,395</b>	<b>72,850,966</b>
<b>Grand Total (I and II)</b>	<b>111,199,948</b>	<b>121,612,248</b>

## Schedules Forming Part of The Consolidated Balance Sheet (Contd...)

### SCHEDULE 8 - INVESTMENTS

	(₹ in Thousand)	
	As at March 31, 2022	As at March 31, 2021
<b>I. Investments in India in :</b>		
i. Government Securities <sup>##</sup>	352,689,974	327,826,425
ii. Other approved Securities	-	-
iii. Shares <sup>#</sup>	4,562,519	4,418,463
iv. Debentures and Bonds	13,543,328	19,607,863
v. Joint Venture <sup>*</sup>	2,738,499	2,763,618
vi. Others <sup>@</sup>	16,517,252	11,855,402
<b>Total</b>	<b>390,051,572</b>	<b>366,471,771</b>
<b>II. Investments outside India</b>		
i. Government Securities (including Local authorities)	439,301	840,738
ii. Subsidiaries / Joint Ventures abroad	-	-
iii. Other investments		
a. Debentures and Bonds	151,737	-
b. Shares	9,321	4,235
<b>Total</b>	<b>600,359</b>	<b>844,973</b>
<b>Grand Total (I and II)</b>	<b>390,651,931</b>	<b>367,316,744</b>
Gross Investments		
In India	395,023,569	370,805,482
Outside India	600,359	844,973
<b>Total</b>	<b>395,623,928</b>	<b>371,650,455</b>
Depreciation/ Provision for Investments		
In India	4,971,997	4,333,711
Outside India	-	-
<b>Total</b>	<b>4,971,997</b>	<b>4,333,711</b>
Net Investments		
In India	390,051,572	366,471,771
Outside India	600,359	844,973
<b>Total</b>	<b>390,651,931</b>	<b>367,316,744</b>

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

<sup>#</sup> - Includes Cost of Investment in Associate amounting to ₹ 309,714 Thousands (Previous Year ₹ 226,857 Thousands) including Goodwill of ₹ 150,181 Thousands (Previous Year ₹ 146,709 Thousands)

<sup>\*</sup> - represents investment accounted as an associate in line with AS -23 , Accounting for Investments in Associates in Consolidated Financial Statements , prescribed under Section 133 of the Companies Act, 2013 [Refer Schedule 17, Note 2 (iv)].

<sup>@</sup> - Comprises of:

	(₹ in Thousand)	
Particulars	As at March 31, 2022	As at March 31, 2021
Pass through certificates (PTCs)	5,596,808	3,319,135
Certificate of Deposits	5,323,433	4,998,672
Commercial Paper	2,481,327	484,080
Venture Capital Funds (VCFs)	1,141,681	1,102,906
Security Receipts	694,067	1,600,621
Mutual Fund	1,279,936	349,988
<b>Total</b>	<b>16,517,252</b>	<b>11,855,402</b>



## Schedules Forming Part of The Consolidated Balance Sheet (Contd...)

### SCHEDULE 9 - ADVANCES

(₹ in Thousand)

	As at March 31, 2022	As at March 31, 2021
A. i. Bills purchased and discounted	35,191,053	48,623,002
ii. Cash credits, overdrafts and loans repayable on demand	644,095,456	551,041,833
iii. Term loans	820,228,107	755,479,288
<b>Total</b>	<b>1,499,514,616</b>	<b>1,355,144,123</b>
B. i. Secured by tangible assets*	1,234,097,232	1,098,734,868
ii. Covered by Bank/Government guarantees #	18,091,031	18,370,850
iii. Unsecured	247,326,353	238,038,405
<b>Total</b>	<b>1,499,514,616</b>	<b>1,355,144,123</b>
C. I. Advances in India		
i. Priority sectors	442,727,087	356,182,092
ii. Public sector	1,234,066	805,144
iii. Banks	1,951	9,155,519
iv. Others	1,039,580,028	971,035,654
<b>Total</b>	<b>1,483,543,132</b>	<b>1,337,178,409</b>
II. Advances outside India		
i. Due from Banks	528,746	1,526,508
ii. Due from Others		
a) Bills purchased and discounted	-	-
b) Syndicated Loans	3,717,803	5,657,157
c) Others	11,724,935	10,782,049
<b>Total</b>	<b>15,971,484</b>	<b>17,965,714</b>
<b>Grand Total (C I and C II)</b>	<b>1,499,514,616</b>	<b>1,355,144,123</b>

\* - Includes Advances against book debts

# - Includes Advances against Letter of credit issued by banks  
(Advances are net of provisions)

## Schedules Forming Part of The Consolidated Balance Sheet (Contd...)

### SCHEDULE 10 - FIXED ASSETS

	(₹ in Thousand)	
	As at March 31, 2022	As at March 31, 2021
<b>A. Premises #</b>		
<b>Gross Block</b>		
At the beginning of the year	2,436,549	2,402,232
Additions during the year	533,626	39,600
Deductions during the year	1,533	5,283
At the end of the year	<b>2,968,642</b>	<b>2,436,549</b>
<b>Depreciation</b>		
As at the beginning of the year	1,023,451	982,845
Charge for the Year	42,268	43,492
Deductions during the year	-	2,886
Depreciation to date	<b>1,065,719</b>	<b>1,023,451</b>
<b>Net Block</b>	<b>1,902,923</b>	<b>1,413,098</b>
<b>B. Other fixed assets</b>		
(including furniture and fixtures)		
<b>Gross Block</b>		
At the beginning of the year	13,371,686	12,232,112
Additions during the year	2,263,894	1,405,023
Deductions during the year	257,302	265,449
At the end of the year	<b>15,378,278</b>	<b>13,371,686</b>
<b>Depreciation</b>		
As at the beginning of the year	9,740,715	8,879,497
Charge for the year	1,346,713	1,105,595
Deductions during the year	238,779	244,377
Depreciation to date	<b>10,848,649</b>	<b>9,740,715</b>
<b>Net Block</b>	<b>4,529,629</b>	<b>3,630,971</b>
<b>C. Capital Work in progress (Including Capital Advances)</b>	<b>288,481</b>	<b>130,801</b>
<b>Grand Total (A+B+C)</b>	<b>6,721,033</b>	<b>5,174,870</b>

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



## Schedules Forming Part of The Consolidated Balance Sheet (Contd...)

### SCHEDULE 11 - OTHER ASSETS

	(₹ in Thousand)	
	As at March 31, 2022	As at March 31, 2021
I. Inter - office adjustments (net)	-	-
II. Interest accrued	12,523,377	12,777,790
III. Tax paid in advance/Tax Deducted at source (Net of provision)	11,844,772	11,277,117
IV. Stationery and Stamps	11,895	8,600
V. Non-banking assets acquired in satisfaction of claims*	3,936	16,259
VI. Others #	129,777,832	99,792,418
<b>Total</b>	<b>154,161,812</b>	<b>123,872,184</b>
* - Includes certain Non-Banking assets acquired in satisfaction of claims which are in the process of being transferred in the Bank's name.		
# - Includes		
(a) Priority sector shortfall deposits	109,941,405	85,220,770
(b) Deferred Tax Asset (Refer Note 1.7 of Schedule 18)	1,615,138	58,840
(c) Security deposits	2,354,945	1,574,871

### SCHEDULE 12 - CONTINGENT LIABILITIES

	(₹ in Thousand)	
	As at March 31, 2022	As at March 31, 2021
I. Claims against the Bank not acknowledged as debts	16,878,498	17,445,140
II. Liability on account of outstanding forward exchange contracts**	266,022,356	260,669,140
III. Guarantees given on behalf of constituents - in India	78,761,957	67,442,288
IV. Acceptances, endorsements and other obligations	22,885,851	14,349,424
V. Other items for which the Bank is contingently liable @	4,766,376	4,364,090
<b>Total</b>	<b>389,315,038</b>	<b>364,270,082</b>
(Refer Note 1.14 of Schedule 18)		
** - Including Derivatives		
@ - includes ₹ 2,486,487 Thousands (Previous Year : ₹ 2,120,340 Thousands) being amount transferred to DEA Fund Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell. BC.114/30.01.002/2013-14.		

# Schedules Forming Part of the Consolidated Profit and Loss Account

## SCHEDULE 13 - INTEREST EARNED

(₹ in Thousand)

	Year ended March 31, 2022	Year ended March 31, 2021
I. Interest/discount on advances/bills	115,643,106	113,531,365
II. Income on investments	23,164,920	23,382,858
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,202,669	3,681,644
IV. Others*	2,804,620	2,544,888
<b>Total</b>	<b>143,815,315</b>	<b>143,140,755</b>

\* - Includes interest on Income tax refunds amounting to ₹ 288,977 thousands (Previous year ₹ 87,518 thousands) accounted based on Assessment orders received.

## SCHEDULE 14 - OTHER INCOME

(₹ in Thousand)

	Year ended March 31, 2022	Year ended March 31, 2021
I. Commission, exchange and brokerage	13,228,649	10,494,554
II. Profit on sale of investments (Net)	3,886,879	6,108,187
III. Profit / (Loss) on revaluation of investments (Net)	(813,501)	137,937
IV. Profit / (Loss) on sale of land, buildings and other assets (Net)	53,304	17,989
V. Profit on foreign exchange/derivative transactions (Net)	2,420,161	1,939,989
VI. Income earned by way of dividends etc. from subsidiaries / associates and / or joint ventures.	-	-
VII. Miscellaneous income**	2,433,840	1,017,879
<b>Total</b>	<b>21,209,332</b>	<b>19,716,535</b>

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

## SCHEDULE 15 - INTEREST EXPENDED

(₹ in Thousand)

	Year ended March 31, 2022	Year ended March 31, 2021
I. Interest on deposits	73,322,891	78,045,404
II. Interest on Reserve Bank of India/Inter bank borrowings	358,479	419,646
III. Others	5,912,423	5,884,531
<b>Total</b>	<b>79,593,793</b>	<b>84,349,581</b>

## SCHEDULE 16 - OPERATING EXPENSES

(₹ in Thousand)

	Year ended March 31, 2022	Year ended March 31, 2021
I. Payments to and provisions for employees	25,116,596	21,720,184
II. Rent, taxes and lighting	3,655,870	3,190,459
III. Printing and stationery	294,405	259,667
IV. Advertisement and publicity	121,696	96,758
V. Depreciation on group's property	1,388,981	1,149,202
VI. Directors' fees, allowances and expenses	31,809	23,851
VII. Auditors' fees and expenses (including branch auditors' fees and expenses)	78,282	85,021
VIII. Law charges	316,507	194,298
IX. Postage, Telegrams, Telephones etc	912,628	819,003
X. Repairs and maintenance	858,127	700,499
XI. Insurance	2,145,710	1,929,055
XII. Other expenditure#	11,000,853	8,818,641
<b>Total</b>	<b>45,921,464</b>	<b>38,986,638</b>

# - Includes expenditure on Corporate Social Responsibility - ₹ 407,404 Thousands (Previous Year: ₹ 362,802 Thousands)



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

### 1. BACKGROUND

The Federal Bank Limited ('FBL' or the 'Bank') together with its subsidiaries (collectively, the 'Group') and associates is a diversified financial services group providing a wide range of banking and financial services including commercial banking, retail banking, project and corporate finance, working capital finance, insurance and treasury products and services. Operations of the Group are spread all over India. The Bank was incorporated on April 23, 1931 as Travancore Federal Bank Limited to cater to the banking needs of Travancore Province. It embarked on a phase of sustained growth under the leadership of Late K.P. Hormis. The bank is governed by Banking Regulation Act, 1949, the Companies Act, 2013 and other applicable Acts/ regulations. The bank had set up an International Financial Services Centre (IFSC) Banking unit (IBU) in Gujarat International Finance Tec-City (GIFT City). IBU at Gift city is equivalent to an Offshore Banking unit, for all regulatory purposes.

### 2. PRINCIPLES OF CONSOLIDATION

- (i) The consolidated financial statements relate to the Bank, its subsidiary companies and the Group's share of Profit/Loss in its associates. The details of subsidiaries and associate entities are given below:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2022	March 31, 2021
Fedbank Financial Services Limited (FFSL)	Subsidiary Company	India	The Federal Bank Limited	73.30	74.00
Federal Operations and Services Limited (FOSL)	Subsidiary Company	India	The Federal Bank Limited	100.00	100.00
Ageas Federal Life Insurance Company Limited	Associate	India	The Federal Bank Limited	26.00	26.00
Equirus Capital Private Limited	Associate	India	The Federal Bank Limited	19.89	19.90

- (ii) The audited financial statements of the subsidiary companies and the audited financial statements of the associates have been drawn up to the same reporting date as that of the Bank, i.e. March 31, 2022.
- (iii) The financial statements of the Bank and its subsidiary companies have been combined on a line-by-line basis as per AS 21, *Consolidated Financial statements* by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- (iv) The consolidated financial statements include the share of profit of the associate companies which have been accounted for using equity method as per AS 23 *Accounting for Investments in Associates in Consolidated Financial Statements*. Accordingly, the share of profit of the associate companies has been added to the cost of respective investment.
- (v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Bank's separate financial statements.
- (vi) Differences in accounting policies followed by the subsidiaries and associates have been reviewed and no adjustments have been made, since the impact of these differences is not significant.

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

### 3. BASIS OF ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Bank and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules, 2021 and other relevant provisions of the Companies Act, 2013 ("the Act") as applicable and current practices prevailing within the Banking Industry in India. Suitable adjustments are made to align with the format prescribed under the Banking Regulation Act, 1949. The consolidated financial statements have been prepared on accrual basis under historical cost convention, except as otherwise stated. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year except otherwise stated.

The financial statements of Fedbank Financial Services Limited is prepared in accordance with notified Indian Accounting Standards ('Ind-AS'). However, the financial statements of the referred subsidiary used for consolidation purpose is a 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 (Accounting Standards) Rules, 2021.

### 4. USE OF ESTIMATES

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

### 5. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

## 6. SIGNIFICANT ACCOUNTING POLICIES

### 6.1 Investments

#### *The Bank* Classification

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

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

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

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

Under each of these categories, investments are further classified under six groups (hereinafter called groups) - Government Securities, Other Approved Securities, Shares,



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

Debentures and Bonds, Investments in Subsidiaries/ Joint Ventures and Other Investments for the purposes of disclosure in the Balance Sheet.

### Transfer of securities between Categories

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

### Acquisition Cost

In determining the acquisition cost of the Investment:

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

### Valuation

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

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

amortized over the remaining maturity period of the security on a straight-line basis. Any diminution, other than temporary, in the value of such securities is provided for.

- c. Treasury Bills, Commercial paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.
- d. Units of Mutual Funds are valued at the latest repurchase price / net asset value declared by Mutual Fund.
- e. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:
  - In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FBIL / FIMMDA and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA/ FBIL are adopted for this purpose.
  - In case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI.
  - Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at "breakup" value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company based on the stipulated norms as per RBI circular.
  - Units of Venture Capital Funds (VCF) held under AFS category where current quotations are not available are marked to market based on the Net Asset Value (NAV) shown by VCF as per the latest audited financials of the fund. In case the audited

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

financials are not available for a period beyond 18 months, the investments are valued at ₹1/- per VCF. Investment in unquoted VCF are categorized under HTM category for the initial period of three years and valued at cost as per RBI guidelines.

- Investments in Security Receipts are valued as per the latest NAV obtained from issuing Asset Reconstruction Companies, subject to floor provision requirements as per RBI guidelines.
- f. Investments in subsidiaries/associates as per RBI guidelines are categorized as HTM and assessed for impairment to determine permanent diminution, if any.
- g. The Bank follows settlement date method of accounting for purchase and sale of investments.
- h. Non-Performing Investments are identified and valued based on RBI Guidelines.

### Disposal of Investments

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

### Repurchase and Reverse Repurchase Transactions

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

### Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The Short Sales positions are reflected in 'Securities Short Sold ('SSS') A/C, specifically created for

this purpose. The short position is categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked –to-market and resultant gains/losses are accounted for as per the relevant RBI guidelines for valuation of Investments discussed earlier.

### The Subsidiaries

Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long-Term Investments.

Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortized over the remaining maturity of the security on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income from investments. The book value of investment is reduced to the extent of amount amortized during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

## 6.2 Advances

### The Bank

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

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



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

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

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

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

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

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

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

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

### *Fedbank Financial Services Limited*

Advances are classified as Standard Assets or Non-performing Assets and Provisions required are made as per the guidelines of the Reserve Bank of India on matters relating to Prudential Norms as applicable to "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016"

For gold loans, the Company may roll over/ repledge the overdue loan into a fresh loan, provided –

- the customer brings in additional margin in the form of gold or cash to meet the LTV margin requirements as per RBI guidelines; or
- if the revalued collateral value of the gold is adequate to meet the LTV margin requirements as per RBI guidelines.

Irrespective of the days past due status, if these gold loans have adequate margin available as required by the regulatory norms, these loans are classified as 'standard' and standard asset provision rates are only applied.

### 6.3 Securitisation and transfer of assets

#### *The Bank*

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

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

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

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

### *Fedbank Financial Services Limited*

The Company enters into securitisation / assignment transactions and assets are de-recognised upon sale only if the Company surrenders the control over the contractual rights that comprises in the financial assets i.e. when they meet true sale criteria. The Company has adopted the accounting policy for securitisation / assignment transactions, as notified by RBI in its circular "Revision to the guidelines on transfer of assets through Securitisation and Transfer of loan assets" as amended from time to time.

Gains arising out of securitisation of assets are recognised over the tenure of the securities issued by Special Purpose Vehicle (SPV), losses if any are recognised upfront.

The amount of cash profit on assignment transaction is held under "Cash Profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at every reporting period end as prescribed by RBI in the aforementioned circular. The unamortised portion is reflected as "Other long-term liabilities" / "Other current liabilities".

### 6.4 Country risk

#### *The Bank*

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

### 6.5 Priority Sector Lending Certificates (PSLC)

#### *The Bank*

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. In the case of a sale transaction, the Bank sells the fulfillment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfillment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

### 6.6 Transactions involving foreign exchange

#### *The Bank*

#### *In respect of domestic operations:*

- Foreign currency income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.
- Foreign currency monetary items are translated at the closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) as at the Balance sheet date.
- The resulting net valuation profit or loss is recognized in the Profit and Loss Account.

#### *In respect of Non-Integral Foreign Branches:*

- Income and expenditure items are translated at quarterly average closing rates.
- Both Monetary and Non- Monetary foreign currency Assets and liabilities are translated at closing exchange rates notified by Foreign Exchange Dealers Association of India (FEDAI) at the Balance Sheet date.
- The resulting profit/loss arising from exchange differences are accumulated in Foreign Currency Translation Reserve until remittance or the disposal of the net investment in the non-integral foreign operations in accordance with AS-11 'The Effect of changes in Foreign Exchange Rate' as notified under the Act. Any realised gains or losses on such disposal are recognised in the Profit and Loss Account.

#### *Valuation of Foreign Exchange Spot and Forward Contracts*

- Foreign exchange spot and forward Contracts (Other than the forwards / swaps marked under Funding category) outstanding as at the Balance Sheet date are revalued at the closing Spot and Forward Rates respectively as notified by FEDAI and at interpolated / extrapolated rates for contracts of interim maturities.
- For valuation of contracts having longer maturities i.e. greater than one year, the forward points (for rates/ tenures not published by FEDAI) are obtained from Reuters for valuation of the FX Deals.
- As per directions of FEDAI, the profit or loss is considered on present value basis by discounting the forward profit or loss till the valuation date using discounting yields. The resulting profit or loss on valuation is recognized in the Profit and Loss Account.



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

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

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

### *Federal Operations and Services Limited*

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year-end. The exchange gain/ loss arising during the year are adjusted to the Statement of Profit and Loss.

### 6.7 Derivative transactions

#### *The Bank*

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

### 6.8 Revenue Recognition

#### *The Bank*

- Interest income is recognised on an accrual basis in accordance with AS – 9, 'Revenue Recognition' as notified under Section 133 of the Companies Act, 2013 read together with Companies (Accounting Standards) Rules, 2021 and the RBI guidelines, except interest income on non-performing assets, which is recognised upon receipt basis as specified in RBI guidelines.
- Interest on income tax refund is recognised in the year of receipt of Assessment Orders.
- The recoveries made from NPA accounts are appropriated based on "first in first out" policy; i.e. the earliest entry shall be realized first. If different entries are made in the account on the same day, the realization shall be in the order of charges, interest, and principal.

- Processing fees collected on loans disbursed, along with related loan acquisition costs are recognised at inception/ renewal of the loan.
- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis.
- Guarantee commission, commission on letter of credit and annual locker rent fees are recognised on a straight-line basis over the period of contract. Other fees and commission income are recognised when due, except in cases where the bank is uncertain of ultimate collection.
- Dividend on Equity Shares, Preference Shares and on Mutual Funds is recognised as Income when the right to receive the dividend is established.
- Loan Syndication fee is accounted for on completion of the agreed service and when right to receive is established.
- In compromise settlement cases, sacrifice on settlement is accounted upfront.
- Unpaid funded interest on term loans are accounted on realisation as per the guidelines of RBI.
- The difference between the sale price and purchase cost of gold coins, received on consignment basis is included in other income. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/ received is accounted on an accrual basis.
- Gain/loss on sell down of loans and advances through direct assignment is recognised at the time of sale.
- In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.
- In respect of non-performing assets acquired from other Banks / FIs and NBFCs, collections in excess of the consideration paid at each asset level or portfolio level is treated as income in accordance with RBI guidelines and clarifications.

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

### *Fedbank Financial Services Limited*

- Revenue is recognized as and when it is earned, and no significant uncertainty exists as to its realization or collection.
- Interest Income is recognized on accrual basis, except in case of interest on non-performing assets which are recognized on receipt basis in accordance with "Systemically important Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2016 " and the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India as applicable to a NBFC-ND-SI. Overdue charges are recognized when the Company is certain of its realization.
- Interest on securities is accounted for on accrual basis except where the ultimate collection cannot be established with reasonable certainty.
- Processing Fees are recovered and recognised at the time of disbursement of loan.
- Penal interest income and other charges (like bouncing charges, foreclosure charges etc.) levied are recognized upon realisation basis.

### *Federal Operations and Services Limited*

- Revenue from Operations is recognized as and when services are rendered, as per the terms of Master Service Agreement entered into by the company.
- Other Income
  - i. Interest income is recognised on accrual basis using effective interest rate method.
  - ii. Dividend income is recognised when the Company's right to receive is established.
  - iii. Other incomes are recognised on accrual basis except when there are significant uncertainties.

## 6.9 Fixed assets and depreciation / amortization

### *The Bank*

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes cost of purchase and all expenditure like freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset before it is ready to put to use. Taxes like GST paid on Fixed assets

wherever eligible are availed as ITC as per GST rules. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future economic benefit / functioning capability from / of such assets.

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

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

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

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

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



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

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

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

### *Fedbank Financial Services Limited*

- Tangible Assets are carried at their cost of acquisition less accumulated depreciation and impairment losses, if any. Cost Includes freight, duties, taxes and other incidental expenses and expenses on installation of the assets.
- Depreciation/amortization on assets is charged based on the useful life of the assets as prescribed under Schedule II of the Companies Act, 2013.

Asset Type	Useful Life (In Years)	Method	Rate of Depreciation (%)
Computer Equipment's	3	SLM	31.67
Server	6		15.83
Office Equipment's	5		45.08
Furniture & Fixtures	10	WDV	25.88
Vehicles - Cars	8		31.24

- Lease hold improvements are being amortized over the period of lease.
- Intangible assets include computer software which are carried at cost of acquisition less accumulated amortization and amortized on a Straight-Line Method (SLM) basis over the estimated useful lives of 3 years on a pro rata basis.

### *Federal Operations and Services Limited*

- Property, Plant and Equipments are stated at cost less accumulated depreciation and impairment in value if any. Cost includes purchase price, (inclusive of import duties and non - refundable purchase taxes, after deducting trade discounts and rebates), other

costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

- When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares/ major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.
- On disposal of an item of property, plant and equipment, the differences between the disposal proceeds and its carrying amount is recognised in the Statement of Profit and Loss. The residual values, useful life and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate. Capital work in progress comprises of the cost of fixed asset that are not yet ready for their intended use at the reporting date.
- Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less accumulated depreciation and impairment, if any.
- Depreciation is provided on Written Down Value Method in accordance with Schedule II of the Companies Act, 2013. The useful life adopted is as prescribed under Schedule II of the Companies Act 2013, except for the following assets for which a different useful life has been adopted on the basis of technical evaluation/management estimate, based on a review by the management at the year end:-
  - a) The cost of lease holds improvements are amortised on a straight line basis over the lease period.
  - b) Cost of license is capitalised as intangible asset and amortized over the license period. Also, the cost of software is capitalised as intangible asset and amortised on a straight line basis over the useful life of 5 years.
  - c) Assets individually costing ₹ 2,000/- or less are fully depreciated in the year of purchase.

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

**6.10 Impairment of Assets**

*Group*

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 in the Profit and Loss account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

**6.11 Non-Banking Assets acquired in Satisfaction of Claims**

*The Bank*

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

**6.12 Lease transactions**

*Operating Lease*

*The Group*

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

**6.13 Retirement and other employee benefits**

*The Bank*

a) *Provident Fund*

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

b) *Pension Fund*

Employees covered under pension scheme are entitled to get pension benefits, which is a defined benefit plan. The Bank contributes at specific rates of the salary to the Federal Bank (Employees') Pension Fund Trust

set up by the Bank and administered by the Trustees. Additional amount being the liability shortfall as ascertained by an independent actuary, contributed towards The Federal Bank Employees' Pension Fund, is determined on actuarial basis on projected unit credit method as on the Balance Sheet dates. The contribution paid / payable by the bank to Federal Bank Employees' Pension Fund is charged to the Profit and Loss Account.

c) *Gratuity*

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

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

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

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

e) *New Pension Scheme ('NPS')*

In respect of employees who are covered under NPS, the Bank contributes certain percentage of the sum of basic salary and dearness allowance of employees to the aforesaid scheme, a defined contribution plan, which is managed and administered by pension fund management companies and regulated by Pension Fund Regulatory and Development Authority (PFRDA). NPS contributions are recognised in the Profit and



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

Loss Account in the period in which they accrue. The Bank has no liability other than its contribution and recognises such contributions as an expense in the year incurred.

### f) *Other employee Benefits*

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

### *Fedbank Financial Services Limited*

#### a) *Short Term Employee Benefits*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and the undiscounted amounts are recognized as expenses in the Statement of Profit and Loss of the year in which the related services are rendered.

#### b) *Defined Contribution Plan*

The Company has defined contribution plans for employees comprising of Provident Fund and Employee State Insurance. The contributions paid/payable to these plans during the year are charged to Statement of Profit and Loss for the year.

#### c) *Defined Benefit Plan*

Payment of gratuity to employees is covered by the "Exide Life Group Gratuity Unit Linked Scheme" of the Exide life Insurance Company Limited, which is a defined benefit scheme and the company, makes contribution under the said scheme. The net present value of the obligation for gratuity benefits as determined on the independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past service cost if any and as reduced by the fair value of planned asset is recognized in the accounts. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

#### d) *Other Long Term Employee Benefits*

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried

out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

### *Federal Operations and Services Limited*

#### a) *Short Term Employee Benefits*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and the undiscounted amounts are recognized as expenses in the Statement of Profit and Loss of the year in which the related services are rendered.

#### b) *Defined Contribution Plan*

The Company has defined contribution plans for employees comprising of Provident Fund and Employee State Insurance. The contributions paid/payable to these plans during the year are charged to Statement of Profit and Loss for the year.

#### c) *Defined Benefit Plan*

The Company pays gratuity, a defined benefit plan, to employees who retire or resign. The company provides gratuity to the eligible employees as a terminal benefit. These liabilities are determined on actuarial valuation, conducted annually using projected unit credit method at balance sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

## 6.14 Employee Stock Option Scheme

### *The Bank*

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

In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments" issued by the ICAI, the Bank follows 'Intrinsic value method' for accounting of ESOS based on which, the excess, if any,

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

of the market price of the share preceding the date of grant of the option under ESOS over the exercise price of the option is amortized on a straight line basis over the vesting period. However, the stock options granted to Material risk takers, after March 31, 2021 are accounted as per 'Fair value method' using Black-Scholes model, which is recognized as compensation expense over the vesting period in line with extant RBI guidelines.

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

### *Fedbank Financial Services Limited*

Stock options granted to employees under the stock option schemes are accounted using the intrinsic value method prescribed in the Guidance Note on Employees Share Based Payments issued by The Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is considered as deferred employee compensation. The expense on deferred employee compensation is recognized in Profit and Loss Account on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to expense, equal to the amortized portion of value of lapsed portion.

### **6.15 Debit and Credit card reward points**

#### *The Bank*

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

### **6.16 Taxation**

#### *Group*

Income tax expense is the aggregate amount of current tax and deferred tax charge.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

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

### **6.17 Input Credit under GST**

#### *Group*

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

### **6.18 Share issue expenses**

#### *Group*

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

### **6.19 Corporate Social Responsibility**

#### *Group*

Expenditure towards Corporate Social Responsibility, in accordance with Companies Act, 2013 is recognized in the Profit and Loss Account.



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

### 6.20 Earnings per Share

#### Group

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

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

### 6.21 Provisions, contingent liabilities, and contingent assets

#### Group

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

A disclosure of contingent liability is made when there is:

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

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

Contingent assets, if any, are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

Further in the case of *Fedbank Financial Services Limited*- Secured/Unsecured Loans are classified/ provided for, as per the management's best estimates, subject to the minimum provision required as per Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Company follows a write back policy of provisions which are carried forward for more than 15 months, excluding those pertaining to holding Company, employee benefits or any kind of provision which is in dispute with regulatory authority.

### 6.22 Segment information

#### Group

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

### 6.23 Accounting for Dividend

#### Group

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

### 6.24 Cash and Cash Equivalents

#### Group

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

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

Amounts in notes to accounts forming part of the Consolidated Financial Statements for the year ended March 31, 2022 are denominated in ₹ Crore to conform to extant RBI guidelines except where stated otherwise.

### 1.1 SHARE CAPITAL

#### A. Equity Issue

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

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

#### B. Subscribed and paid up capital includes:

- (i) 16,590 equity shares of ₹ 2/- each (previous year 16,590 equity shares of ₹ 2/- each) issued for consideration other than cash.
- (ii) 28,361,023 underlying equity shares of ₹ 2/- each (previous year 29,232,891 equity shares of ₹ 2/- each) held by custodian on behalf of holders of Global Depository Receipts (GDRs).

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

- (i) Allotment of 6,530 equity shares of ₹ 2/- each (previous year 6,530 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1993 issued at a premium of ₹ 5/- per share
- (ii) 262,100 equity shares of ₹ 2/- each (previous year 262,100 equity shares of ₹ 2/- each) pertaining to the Rights issue of 1996 issued at a premium of ₹ 28/- per share
- (iii) 1,074,165 equity shares of ₹ 2/- each (previous year 1,074,165 equity shares of ₹ 2/- each) at a premium of ₹ 48/- per share pertaining to Rights issue of 2007

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

- (i) 406,670 equity shares of ₹ 2/- each (previous year 406,670 equity shares of ₹ 2/- each) out of the Bonus issue of 2004 and
- (ii) 612,005 equity shares of ₹ 2/- each (previous year 612,005 equity shares of ₹ 2/- each) out of the Bonus issue of 2015.

#### D. Employee Stock Option Scheme (ESOS)

##### *The Bank*

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

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


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

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

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

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

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

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

(ii) *Employee Stock Option Scheme 2017 (ESOS 2017)*

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

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

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

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

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

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

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

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

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

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

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

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

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


**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**(iii) Effect of Fair value method of accounting ESOS**

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

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

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

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

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

**Fedbank Financial Services Limited**
**(i) Employee Stock Option Plan 2018 (ESOP)**

Shareholders of the Company had approved Fedbank Financial Services Limited Employee Stock Option Plan 2018 (ESOP), the result of which was announced on November 13, 2018, enabling the Board and/or the "Compensation Committee" to grant such number of equity shares, including options, of the Company not exceeding 6% of the aggregate number of paid up equity shares of the Company, in line with the guidelines of SEBI. Pursuant thereto, the Compensation Committee of the Company granted the following options:

Particulars	(Number of Options)	
	March 31, 2022	March 31, 2021
Outstanding at the beginning of the year	8,151,351	5,511,351
Granted during the year	-	2,700,000
Exercised during the year	281,000	12,000
Forfeited/lapsed during the year	-	48,000
Outstanding at the end of the year	7,870,351	8,151,351
Exercisable at the end of the year	1,439,000	655,000

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

### (ii) Effect of Fair value method of accounting ESOP

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options, net profit would be lower by ₹ 2.18 Crore (previous year ₹ 2.54 Crore). The modified basic and diluted earnings per share for the year, had the Company followed Fair Value Method for accounting of ESOP would be ₹ 3.13 and ₹ 3.13 (previous year ₹ 1.93 and ₹ 1.92) respectively.

### Group

#### Effect of Fair value method of accounting ESOS

If "Fair Value Method" had been adopted based on "Black-Scholes pricing model" for pricing and accounting of options which are presently accounted using "Intrinsic Value Method", net profit after tax would be lower by ₹ 22.70 Crore (previous year ₹ 24.62 Crore). The modified basic and diluted earnings per share for the year, had the Group followed Fair Value Method for accounting of options which are presently accounted using intrinsic value method would be ₹ 9.41 and ₹ 9.35 (previous year ₹ 8.22 and ₹ 8.20) respectively.

## E. Dividend

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

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

## 1.2 EMPLOYEE BENEFITS (AS 15)

### 1.2.1 Defined Contribution Plan

#### The Bank

##### Provident Fund

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

##### New Pension Scheme

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

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



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

### *The Subsidiaries*

The subsidiaries have defined contribution plans for employees comprising of Provident Fund and Employee State Insurance. The contributions paid/payable to these plans during the year are charged to the Statement of Profit and Loss for the year.

### *Group*

The Group makes Provident Fund, Employee State Insurance Scheme Contributions and Defined Contributory Pension Scheme for Qualifying Employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised ₹ 9.70 Crore (previous year ₹ 7.37 Crore) for provident fund contributions, ₹ 0.85 Crore (previous year ₹ 0.64 Crore) for Employee State Insurance Scheme Contributions and ₹ 77.82 Crore (previous year ₹ 45.79 Crore) for DCPS in the Consolidated Profit and Loss Account. The Contributions payable to these plans by the group are at the rates specified in the rules of the schemes.

### **1.2.2 Defined benefit plan**

#### **A. Gratuity**

##### *The Bank*

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

##### *Fedbank Financial Services Limited*

Payment of gratuity to employees is covered by the "Exide Life Group Gratuity Unit Linked Scheme" of the Exide life Insurance Company Limited, which is a defined benefit scheme and the Company makes contribution under the said scheme. The net present value of the obligation for gratuity benefits as determined on the independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognised past service cost if any and as reduced by the fair value of planned asset is recognized in the accounts. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur.

##### *Federal Operations and Services Limited*

The Company pays gratuity, a defined benefit plan, to employees who retire or resign. The Company provides gratuity to the eligible employees as a terminal benefit. These liabilities are determined on the basis of actuarial valuation under projected unit credit method at the Balance Sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

#### **B. Superannuation / Pension**

##### *The Bank*

The Bank provides for monthly pension, a defined benefit retirement plan (the "pension plan") covering eligible employees. The pension plan provides a monthly pension after retirement of the employees till death and to the family after the death of the pensioner. The monthly pension is based on the respective employees' salary and the tenure of employment. Vesting occurs upon completion of ten years of service. Liabilities with regard to the pension plan are determined by actuarial valuation as on the Balance Sheet date, based upon which, the Bank contributes all the ascertained liabilities to the Federal Bank (Employees') Pension Fund Trust (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**

The following table as furnished by actuary sets out the funded status of gratuity / pension plan and the amount recognized in the Group's Financial Statements for the years indicated:

## (i) Change in benefit obligations

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Projected benefit obligation at the beginning of the year	467.81	374.63	2.49	1.81	0.16	0.06	1,486.28	1,197.98
Current Service Cost	29.27	37.79	1.62	0.99	0.28	0.11	388.95	224.60
Interest cost	31.79	24.22	0.14	0.10	0.01	*	70.65	70.22
Actuarial (gain)/ loss	(5.84)	83.38	(0.94)	(0.30)	*	(0.01)	295.67	330.11
Benefits paid	(71.74)	(52.21)	(0.12)	(0.11)	-	-	(493.61)	(336.63)
<b>Projected benefit obligation at the end of the year</b>	<b>451.29</b>	<b>467.81</b>	<b>3.19</b>	<b>2.49</b>	<b>0.45</b>	<b>0.16</b>	<b>1,747.94</b>	<b>1,486.28</b>

\* denotes figures less than ₹ 1 lakh

## (ii) Change in plan assets

(Amount in ₹ Crore)

Particulars	Gratuity Plan				Pension Plan	
	FBL		FFSL		FBL	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Plan assets at the beginning of the year at fair value	469.49	369.30	2.33	1.49	1,494.71	1,129.93
Expected return on plan assets	37.56	22.20	0.17	0.10	119.58	80.68
Actuarial gain/(loss)	1.67	2.29	(0.01)	0.15	12.35	9.83
Employer's Contributions	56.79	127.91	0.70	0.69	670.96	610.90
Benefits paid	(71.73)	(52.21)	(0.12)	(0.11)	(493.61)	(336.63)
<b>Plan assets at the end of the year at fair value</b>	<b>493.78</b>	<b>469.49</b>	<b>3.07</b>	<b>2.33</b>	<b>1,803.99</b>	<b>1,494.71</b>

## (iii) Reconciliation of present value of the obligation and the fair value of the plan assets

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2022	March 31, 2021						
Fair value of plan assets at the end of the year	493.78	469.49	3.07	2.33	-	-	1803.99	1,494.71
Present value of the defined benefit obligations at the end of the year	451.29	467.81	3.19	2.49	0.45	0.16	1747.94	1,486.28
<b>Liability/ (Asset) recognized in the Consolidated Balance Sheet</b>	<b>(42.49)</b>	<b>(1.68)</b>	<b>0.12</b>	<b>0.16</b>	<b>0.45</b>	<b>0.16</b>	<b>(56.05)</b>	<b>(8.43)</b>


**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**

## (iv) Gratuity/ pension cost

(Amount in ₹ Crore)

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Current Service cost	29.27	37.79	1.62	0.99	0.28	0.11	388.95	224.60
Interest cost	31.79	24.22	0.14	0.10	0.01	*	70.65	70.22
Expected return on plan assets	(37.56)	(22.20)	(0.17)	(0.10)	-	-	(119.58)	(80.68)
Actuarial (gain)/loss	(7.51)	81.09	(0.93)	(0.46)	*	(0.01)	283.32	320.28
Net Cost	15.99	120.90	0.66	0.53	0.29	0.10	623.34	534.42
Other direct contributions to the Fund	-	-	-	-	-	-	(37.52)	-
Net Cost Debit to Consolidated Profit and Loss Account	15.99	120.90	0.66	0.53	0.29	0.10	585.82 <sup>#</sup>	534.42
Actual return on plan assets <sup>##</sup>	39.23	24.49	-	-	-	-	131.93	90.52

\* denotes figures less than ₹ 1 lakh

<sup>#</sup> Includes entire additional liability of ₹ 177.32 Crore provided by the Bank during the year ended March 31, 2022 pursuant to the revision in family pension payable to employees of the Bank covered under 11th Bipartite Settlement/Joint Note dated November 11, 2020.

<sup>##</sup> Figures taken from Audited Financial statements of respective trusts

## (v) Investment details of plan Assets\*

(Amount in ₹ Crore)

Particulars	Gratuity Plan		Pension Plan	
	FBL		FBL	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Central and State Government bonds	-	-	-	-
Other debt securities	-	-	5.00	5.00
Balance in Saving bank account with the Bank	2.07	0.01	3.90	0.01
Net current assets	-	-	0.32	0.32
Balance with LIC/ABSL <sup>#</sup>	491.71	469.48	1,794.77	1,489.38
<b>Total</b>	<b>493.78</b>	<b>469.49</b>	<b>1,803.99</b>	<b>1,494.71</b>

\* Figures taken from Audited Financial statements of respective trusts.

<sup>#</sup> In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India (LIC) and Aditya Birla Sun Life Insurance Company Limited (ABSL), the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

## (vi) Experience adjustments

## a) Gratuity Plan

The Bank

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined Benefit Obligations	451.29	467.81	374.63	329.19	311.55	260.48
Plan Assets	493.78	469.49	369.30	334.23	265.75	261.54
Surplus/(Deficit)	42.49	1.68	(5.33)	5.04	(45.80)	1.06
Experience adjustments on Plan Liabilities [Gain/(Loss)]	8.09	(89.21)	(10.09)	(6.56)	(7.08)	2.18
Experience Adjustments on Plan Assets [Gain/ (Loss)]	(7.67)	7.20	3.29	0.77	1.97	(0.42)

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
*Fedbank Financial Services Limited*

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined Benefit obligations	3.19	2.49	1.81	1.07	0.64	0.46
Plan Assets	3.07	2.33	1.49	1.10	Nil	Nil
Surplus/(Deficit)	(0.12)	(0.16)	(0.31)	0.03	(0.64)	(0.46)
Experience adjustments on Plan Liabilities [Gain/ (Loss)]	0.75	0.29	(0.07)	0.04	0.05	0.03
Actuarial gain / (loss) on Plan Assets	0.01	0.15	(0.01)	0.01	N.A.	N.A.

## b) Pension Plan

*The Bank*

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Defined Benefit Obligations	1,747.94	1,486.28	1,197.98	983.39	899.64	737.38
Plan Assets	1,803.99	1,494.71	1,129.93	978.09	893.06	746.33
Surplus/(Deficit)	56.05	8.43	(68.05)	(5.30)	(6.58)	8.95
Experience adjustments on Plan Liabilities [Gain/(Loss)]	(342.70)	(327.78)	(95.10)	(39.39)	(33.27)	93.67
Experience adjustments on Plan Assets [Gain/(Loss)]	(0.49)	13.79	7.54	(3.14)	9.60	6.66

## (vii) Assumptions

Particulars	Gratuity Plan						Pension Plan	
	FBL		FFSL		FOSL		FBL	
	March 31, 2022	March 31, 2021						
Discount rate	7.36%	6.95%	6.03%	5.60%	7.19%	6.76%	7.25%	6.82%
Annuity rate per Rupee (in ₹)	-	-	-	-	-	-	146.69	150.83
Salary escalation rate	5.00%	5.00%	6.50%	6.50%	5.00%	5.00%	5.00%	5.00%
Estimated rate of return on plan assets	8.00%	6.01%	-	-	-	-	8.00%	7.14%
Attrition Rate	2.00%	2.00%	-	-	-	-	1.00%	1.00%
Mortality Table	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate	IALM 2006-08 Ultimate

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the defined benefit plans during the annual period beginning after the balance sheet date is based on various internal / external factors, a best estimate of the contribution is not determinable.

The above information except otherwise stated is as certified by the actuary and relied upon by the auditors.



## SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

### C. Leave Encashment/ Sick Leave / Leave Travel Concession / Unavailed Casual Leave

#### The Bank

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence for a maximum of 240 days. The Bank records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Bank measures the expected cost of compensated absence as the additional amount that the Bank expects to pay as a result of the unutilised entitlement that has accumulated at the balance sheet date based on actuarial valuations.

#### Fedbank Financial Services Limited

The Company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the year in which they occur.

#### Group

A sum of ₹ 112.65 Crore (previous year ₹ 56.85 Crore) has been provided towards the above liabilities in accordance with AS 15 based on actuarial valuation.

The actuarial liability of compensated absences of accumulated privilege, sick, casual leaves and leave travel concession of the employees of the Group is given below:

Particulars	(Amount in ₹ Crore)			
	March 31, 2022		March 31, 2021	
	FBL	FFSL	FBL	FFSL
Privilege leave	313.01	3.07	219.59	2.36
Sick leave	27.42	-	22.12	-
Leave travel concession	33.48	-	21.26	-
Casual leave	2.23	-	1.23	-
<b>Total actuarial liability</b>	<b>376.14</b>	<b>3.07</b>	<b>264.20</b>	<b>2.36</b>
<b>Assumptions</b>				
Discount rate	7.36%	6.03%	6.95%	5.60%
Salary escalation rate	5.00%	6.50%	5.00%	6.50%
Attrition rate	2.00%	N.A.	2.00%	N.A.

The discount rate is based on the prevailing market yields of Government of India securities as on the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The above information is as certified by the actuary and relied upon by the auditors.

## SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

### 1.3 SEGMENT REPORTING (AS 17)

#### A. Business Segments

Business of the Group is divided into four segments viz. Treasury, Corporate or Wholesale Banking, Retail Banking and Other Banking Operations. The principal activities of these segments and income and expenses structure are as follows:

##### Treasury

Treasury operations include trading and investments in Government Securities and corporate debt instruments, equity and mutual funds, derivative trading and foreign exchange operations on proprietary account and for customers.

The income of this segment primarily consists of earnings in the form of interest from the investment portfolio of the Bank, gains, losses, margins and fee/charges on trading and foreign exchange operations. The principal expense of the segment consists of interest expense on funds borrowed/utilized and other allocated overheads. Provisions allocated to the segment consist of diminution in the value of non performing portfolio of the segment.

##### Corporate/Wholesale Banking

The segment consists of lending of funds, acceptance of deposits and other banking services to corporates, trusts, partnership firms, statutory bodies which are not considered under retail banking segment.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the methodology approved by the board of the bank. Provisions allocated to the segment include the loan loss provision and standard asset provision created for the portfolio under the segment.

##### Retail banking

Retail banking constitutes lending of funds, acceptance of deposits and other banking services to any legal person including small business customers, on the basis of the status of the borrower, nature of the product, granularity of the exposure and quantum thereof.

Revenue of this segment consists of interest earned, charges /fees from loans and other banking services rendered to such customers. The principal expenses of the segment consist of interest expenses on funds utilized and other expenses allocated as per the methodology approved by the board of the Bank. Provisions allocated to the segment includes the loan loss provision and standard asset provision created for the portfolio under the segment.

##### Other Banking Operations

This segment includes banking operations, not covered under any of the above segments such as para banking operations. The income from such services and associated costs are disclosed in this segment.

##### Unallocated

All items that are reckoned at enterprise level and cannot be allocated to reportable segments are included in unallocated portion. These mainly includes provision for tax (net of advance tax), deferred tax asset/liability, fixed assets, cash and balances in other bank current accounts, etc. Unallocated segment revenue consists of profit on sale of fixed assets, notice pay on resignation of employees etc.



## SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

The following table sets forth, for the years indicated, the business segment results:

### March 31, 2022

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	Total
Revenue	2,313.27	4,223.07	9,781.55	148.37	16,466.26
Result (net of provisions)	627.22	541.14	1,334.33	107.38	2,610.07
Unallocated income / (expense)					36.21
Operating profit (PBT)					2,646.28
Income taxes					(680.88)
Share in profit of associates					31.03
Minority interest					(26.64)
Extraordinary profit/(loss)	-	-	-	-	-
Net profit					1,969.79
<b>OTHER INFORMATION</b>					
Segment assets	47,637.64	78,084.65	93,782.55	4.01	219,508.85
Unallocated assets					6,732.19
Total assets					226,241.04
Segment liabilities	18,595.84	18,773.66	166,841.08	3.64	204,214.22
Unallocated liabilities					2,465.97
Total liabilities					206,680.19

### March 31, 2021

(Amount in ₹ Crore)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operations	Total
Revenue	2,745.14	4,519.07	8,937.08	82.00	16,283.29
Result (net of provisions)	722.26	215.47	1,198.69	69.70	2,206.12
Unallocated income / (expense)					2.44
Operating profit (PBT)					2,208.56
Income taxes					(561.36)
Share in profit of associates					32.37
Minority interest					(15.24)
Extraordinary profit/(loss)	-	-	-	-	-
Net profit					1,664.33
<b>OTHER INFORMATION</b>					
Segment assets	44,796.57	70,839.59	82,825.63	-	198,461.79
Unallocated assets					6,504.74
Total assets					204,966.53
Segment liabilities	14,032.76	16,099.60	156,117.03	-	186,249.39
Unallocated liabilities					1,996.15
Total liabilities					188,245.54

### B. Geographical Segment Information

The Business operations of the Bank are largely concentrated in India and for purpose of Segment reporting, the Bank considered to operate only in domestic segment, though the bank has its operation in International Financial Services Centre (IFSC) Banking Unit in Gujarat International Finance Tec-city (GIFT City). The business conducted from the same is considered as a part of Indian operations

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

**1.4 RELATED PARTY DISCLOSURES (AS 18)**
**a) Details of Related Parties**

Name of the entity	Nature of Relationship
Ageas Federal Life Insurance Company Limited	Associate
Equirus Capital Private Limited	Associate
Federal Bank Hormis Memorial Foundation	Entity in which KMPs can exercise significant influence

**Key Management Personnel**

Name of the Key Management personnel	Relatives of the Key Management Personnel
Mr. Shyam Srinivasan, Managing Director & CEO	▪ Mr. T S Srinivasan
	▪ Ms. Kamala Srinivasan
	▪ Ms. Maya Shyam
	▪ Ms. Meena Lochani
	▪ Ms. Rohini
Mr. Ashutosh Khajuria, Executive Director	▪ Ms. Sunita Khajuria
	▪ Ms. Vasundhara Khajuria
	▪ Ms. Yashodhara Khajuria
Ms. Shalini Warriar, Executive Director	▪ Ms. Parvathi Warriar
	▪ Ms. Asha Warriar

**b) Transactions with related parties**

For the year ended March 31, 2022

(Amount in ₹ Crore)

Items/Related Party	Associates	Key Management Personnel	Relatives of KMP	Total
Deposits <sup>#</sup>	46.55 (81.55)	4.50 (4.66)	2.08 (2.11)	53.13 (88.32)
Advances <sup>#</sup>	-	0.21 (0.24)	0.10 (0.11)	0.31 (0.35)
Investments in shares <sup>#</sup>	232.01 (232.01)	-	-	232.01 (232.01)
Interest paid	*	0.20	0.09	0.29
Interest received	0.11	0.01	*	0.12
Income from services rendered	62.76	-	-	62.76
Receivable <sup>#</sup>	10.20	-	-	10.20
Directors sitting fee received	0.14	-	-	0.14
Remuneration paid	-	5.92	-	5.92
Dividend received	27.67	-	-	27.67
Dividend paid	-	0.08	-	0.08
Share capital received on exercise of ESOS	-	-	-	-
Number of options granted under ESOS	-	226,000	-	226,000
Number of options outstanding under ESOS	-	3,536,680	-	3,536,680

\* Denotes figures less than ₹ 1 Lakh.

<sup>#</sup> Represents outstanding as on March 31, 2022



## SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

For the year ended March 31, 2021

(Amount in ₹ Crore)

Items/Related Party	Associates	Key Management Personnel	Relatives of KMP	Total
Deposits <sup>#</sup>	17.17 (40.27)	3.60 (3.99)	1.41 (1.41)	22.18 (45.67)
Advances <sup>#</sup>	5.39 (28.78)	0.25 (0.28)	-	5.64 (29.06)
Investments in shares <sup>#</sup>	229.60 (229.60)	-	-	229.60 (229.60)
Interest paid	0.55	0.14	0.07	0.76
Interest received	0.23	0.01	-	0.24
Income from services rendered	46.95	-	-	46.95
Receivable <sup>#</sup>	8.30	-	-	8.30
Directors sitting fee	0.10	-	-	0.10
Remuneration paid	-	4.56	-	4.56
Dividend received	-	-	-	-
Dividend paid	-	-	-	-
Share capital received on exercise of ESOS	-	1.22	-	1.22
Number of options granted under ESOS	-	-	-	-
Number of options outstanding under ESOS	-	3,310,680	-	3,310,680

<sup>#</sup> Represents outstanding as on March 31, 2021

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month end.

In accordance with RBI guidelines, details pertaining to the related party transactions have not been provided where there is only one related party in a category.

The significant transactions between the Group and the related parties during the year ended March 31, 2022 and March 31, 2021 are given below. A specified related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

(Amount in ₹ Crore)

Nature of Transaction	Name of the Related party	March 31, 2022	March 31, 2021
Deposits	Ageas Federal Life Insurance Company Limited	46.46	0.02 <sup>#</sup>
Investments in shares	Ageas Federal Life Insurance Company Limited	208.00	208.00
Interest paid	Mr. Shyam Srinivasan	0.15	0.09
	Ageas Federal Life Insurance Company Limited	-	0.55
Income from services rendered	Ageas Federal Life Insurance Company Limited	62.76	46.94
Receivable	Ageas Federal Life Insurance Company Limited	10.20	8.30
Directors sitting fee received	Ageas Federal Life Insurance Company Limited	0.14	0.10
	Mr. Shyam Srinivasan	2.94	2.31
Remuneration paid	Mr. Ashutosh Khajuria	1.52	1.17
	Ms. Shalini Warriar	1.46	1.09
Dividend received	Ageas Federal Life Insurance Company Limited	27.04	-
	Mr. Shyam Srinivasan	0.05	-
Dividend paid	Mr. Ashutosh Khajuria	0.03	-
	Mr. Ashutosh Khajuria	-	1.22
Number of options granted under ESOS	Mr. Ashutosh Khajuria	113,000	-
	Ms. Shalini Warriar	113,000	-
Number of options outstanding under ESOS	Mr. Ashutosh Khajuria	960,500	847,500
	Ms. Shalini Warriar	2,255,000	2,142,500

<sup>#</sup> not significant related party transaction in FY 2020-21.

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.5 OPERATING LEASE (AS 19)**
*The Bank*

Lease payments for assets taken on operating lease are recognised as an expense in the Profit and Loss Account as per the lease terms. During the year an amount of ₹ 174.16 Crore (previous year ₹ 162.49 Crore) was charged to Profit and loss account.

The Bank has not sub-leased its properties taken on lease.

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

*Fedbank Financial Services Limited*

The Company has entered into operating lease arrangement for its Corporate office. The lease is non cancellable and is for a period of 5 years and may be renewed for further period based on mutual agreement of the parties. The lease agreement provide for an increase in lease payment by 5% for every one year.

Particulars	(Amount in ₹ Crore)	
	March 31, 2022	March 31, 2021
Future minimum lease payments:		
- Up to one year	4.19	4.62
- More than one year and up to five years	4.82	11.07
- More than five years	-	-
Lease payments recognised in the Statement of Profit and Loss with respect to above mentioned operating lease arrangement	3.99	4.42

In addition, all other operating lease agreements entered into by the Company are cancellable in nature. Accordingly, the lease rental payments for branches / offices taken on an operating lease ₹ 26.57 Crore (previous year ₹ 17.66 Crore) have been recognised as "Rent Paid" in the Statement of Profit and Loss.

*Federal Operations and Services Limited*

The Company has taken premises under rental arrangements, which are in the nature of cancellable operating leases except for rent of 2nd floor office in Visakhapatnam, which has a lock-in period of 3 years.

Future minimum lease payable under non-cancellable operating leases are as follows:

Particulars	(Amount in ₹ Crore)	
	March 31, 2022	March 31, 2021
Future minimum lease payments:		
- Up to one year	0.21	0.56
- More than one year and up to five years	-	-
- More than five years	-	-
Lease payments recognised in the Statement of Profit and Loss with respect to above mentioned operating lease arrangement	0.86	0.72



## SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

### 1.6 EARNINGS PER SHARE (AS 20)

Basic and diluted earnings per equity share are computed in accordance with AS 20 – Earnings per share. Basic earnings per equity share is computed by dividing consolidated net profit of the group for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing the consolidated net profit of the group for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.

The following table sets forth, for the years indicated, the computation of earnings per share.

Particulars	March 31, 2022	March 31, 2021
Earnings used in the computation of basic and diluted earnings per share (₹ in Crore)	1,969.79	1,664.33
Basic earnings per share (in ₹)	9.52	8.34
Effect of potential equity shares (in ₹)	0.08	0.03
Diluted earnings per share (in ₹)	9.44	8.31
Nominal value per share (in ₹)	2.00	2.00
<b>Reconciliation between weighted shares used in computation of basic and diluted earnings per share</b>		
Basic weighted average number of equity shares outstanding (in Crore)	206.92	199.45
Add: Effect of potential number of equity shares for stock options outstanding (in Crore)	1.64	0.72
Diluted weighted average number of equity shares outstanding (in Crore)	208.56	200.17

### 1.7 DEFERRED TAX ASSETS / LIABILITY (AS 22)

The major components of deferred tax assets and deferred tax liabilities are as under:

Particulars	(Amount in ₹ Crore)	
	March 31, 2022	March 31, 2021
<b>Deferred Tax Liability</b>		
Tax effect of items constituting deferred tax liability:		
(i) Interest accrued but not due	148.15	153.75
(ii) Depreciation on Investments	3.77	13.38
(iii) Special Reserve under Section 36 (1) (viii) of the Income Tax Act, 1961	199.16	168.12
(iv) Others	9.16	10.90
<b>Total - (A)</b>	<b>360.24</b>	<b>346.15</b>
<b>Deferred Tax Asset</b>		
Tax effect of items constituting deferred tax assets:		
(i) Interest/premium paid on purchase of securities	0.38	1.44
(ii) Provision for Standard Assets	342.22	185.42
(iii) Depreciation on Fixed Assets	6.61	11.76
(iv) Others	172.54	153.41
<b>Total - (B)</b>	<b>521.75</b>	<b>352.03</b>
<b>Net Deferred tax liability/ (Asset) (A-B)</b>	<b>(161.51)</b>	<b>(5.88)</b>

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.8 PROVISIONS AND CONTINGENCIES RECOGNISED IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT INCLUDES:**

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
i) Provision towards NPAs	661.55	1,547.04
ii) Provision for Non-Performing Investments	(0.72)	28.90
iii) Provision for Standard Assets	610.40	149.95
iv) Provision for Taxation (Refer Note 1.9)	680.88	561.35
v) Provision towards present value of sacrifice on restructuring, other contingencies etc.	33.43	17.66
<b>Total</b>	<b>1,985.54</b>	<b>2,304.90</b>

**1.9 AMOUNT OF PROVISIONS MADE FOR INCOME-TAX DURING THE YEAR**

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Provision for Income Tax		
a) Current Tax	845.25	583.31
b) Deferred Tax	(164.37)	(21.95)
<b>Total</b>	<b>680.88</b>	<b>561.36</b>

**1.10 DRAW DOWN FROM RESERVES**

The Group has not drawn down any amount from any reserves during the years ended March 31, 2022 and March 31, 2021.

**1.11 DETAILS OF PENALTY IMPOSED BY RBI**
*The Bank*

(Amount in ₹ Lakh)

Particulars	March 31, 2022	March 31, 2021
a) Penalty imposed on currency chests		
Number of instances of default	14	15
Quantum of penalty imposed	0.56	2.08
b) Penalty imposed on deficiency in regulatory compliances		
Number of instances of default	4	-
Quantum of penalty imposed	0.40	-

*Fedbank Financial Services Limited*

Penalty of ₹ Nil was imposed on Fedbank Financial Services Limited during the year ended March 31, 2022. (previous year ₹ 0.15 Crore\*)

- \* During the financial year ended March 31, 2021, RBI vide order ref EFD.CO.SO/372/02.14.148/2020-21 March 22, 2021 in exercise of the powers conferred under clause (b) of sub-section (1) of section 58G read with clause (aa) of sub-section (5) of section 58B of the Reserve Bank of India Act, 1934, a penalty of ₹ 0.15 Crore was imposed on Fedbank Financial Services Limited.



## SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

### 1.12 FIXED ASSETS

A) Fixed Assets as per Schedule 10 include Intangible Assets relating to Software and System Development Expenditure. Details regarding the same are tabulated below:

Particulars	(Amount in ₹ Crore)	
	March 31, 2022	March 31, 2021
<b>Gross Block</b>		
At the beginning of the year	313.12	257.74
Additions during the year	67.94	55.87
Deductions / Adjustments during the year	-	0.49
At the end of the year	<b>381.06</b>	<b>313.12</b>
<b>Depreciation / Amortization</b>		
At the beginning of the year	232.68	206.48
Charge for the year	35.46	26.67
Deductions during the year	-	0.47
Depreciation to date	<b>268.14</b>	<b>232.68</b>
<b>Net Block</b>	<b>112.92</b>	<b>80.44</b>

### B) Revaluation of Fixed Assets

During the year 1995-96, the appreciation of ₹ 9.65 Crore in the value of land and buildings consequent upon revaluation by approved valuer was credited to Revaluation Reserve. There has been no revaluation of assets during the years ended March 31, 2022 and March 31, 2021.

### 1.13 PROVISIONS AND CONTINGENCIES

a) Movement in provision for non-credit related\* frauds included under other liabilities

Particulars	(Amount in ₹ Crore)	
	March 31, 2022	March 31, 2021
Opening balance	5.54	5.76
Additions during the year	1.13	1.32
Reductions during the year	-	1.54
<b>Closing balance</b>	<b>6.67</b>	<b>5.54</b>

\* Provision for credit related frauds is included in Provision towards NPAs.

b) Movement in provision for debit and credit card reward points

Particulars	(Amount in ₹ Crore)	
	March 31, 2022	March 31, 2021
Opening provision	5.84	15.58
Provision made during the year	31.68	15.39
Reductions during the year	26.63	25.13
<b>Closing provision*</b>	<b>10.89</b>	<b>5.84</b>

\* The closing provision is based on the actuarial valuation of accumulated debit and credit card reward points which has been relied on by auditors. This amount will be utilized towards redemption of the debit and credit card reward points.

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**c) Movement in provision for other contingencies**

(Amount in ₹ Crore)

Particulars	March 31, 2022	March 31, 2021
Opening provision	42.22	31.28
Provision made during the year	35.88	14.35
Provision utilized for Write off during the year	1.15	2.30
Reductions during the year	0.48	1.11
<b>Closing provision</b>	<b>76.47</b>	<b>42.22</b>

**d) Movement in floating provision:**

(Amount in ₹ Crore)

Particulars	Standard Asset Provision		NPA Provision	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Opening balance	12.75	12.75	69.18	69.18
Provision made during the year	-	-	-	-
Amount drawn down during the year	-	-	-	-
<b>Closing balance</b>	<b>12.75</b>	<b>12.75</b>	<b>69.18</b>	<b>69.18</b>

**1.14 DESCRIPTION OF CONTINGENT LIABILITIES**
**a) Claims against the Group not acknowledged as debts**

These represent claims filed against the group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the group.

**b) Liability on account of forward exchange and derivative contracts**

The Bank presently enters into foreign exchange contracts and interest rate swaps with interbank Counterparties and Customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows in the same currency based on fixed rates or benchmark reference. The notional amounts of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The fluctuation of market rates and prices cause fluctuations in the value of these contracts and the contracted exposure become favorable (assets) or unfavorable (liabilities). The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly as the aggregate contractual or notional amount of derivative financial instruments on hand can vary and the market rate fluctuations can decide the extent to which instruments are favorable or unfavorable.

**c) Guarantees given on behalf of constituents**

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

**d) Acceptances, endorsements and other obligations**

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

**e) Other items for which Group is contingently liable**

Includes Capital commitments and amount transferred to RBI under the Depositor Education and Awareness (DEA) Fund.

(Refer Schedule 12 for amounts relating to Contingent Liabilities)



## SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

### 1.15 PROVISION FOR LONG TERM CONTRACTS

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and recorded adequate provision as required under any Law/ Accounting Standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

### 1.16 SMALL AND MICRO INDUSTRIES

#### *The Bank*

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. The above is based on the information available with the Bank which has been relied upon by the auditors.

#### *Fedbank Financial Services 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. Out of the trade payable of ₹ 5.36 Crore (previous year ₹ 5.32 Crore), ₹ Nil (previous year ₹ Nil) is due to Micro, Small and Medium Enterprises. The Company has taken steps to identify the suppliers who qualify under definition of micro, and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. The aforesaid classification is based on responses received by the Company to its enquires with suppliers with regard to applicability under the said act.

#### *Federal Operations and Services Limited*

The Company has taken steps to identify suppliers who qualify under the definition of Micro and Small Enterprises, as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as on March 31, 2022, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished.

### 1.17 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The gross amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the year ended March 31, 2022 was ₹ 41.03 Crore (previous year ₹ 36.25 Crore) and the Group had spent an amount of ₹ 41.20 Crore (previous year ₹ 36.27 Crore), which is within the limit approved by the Board's of the respective companies in the group. The Group is not intending to carryforward the excess amount spent amounting to ₹ 0.17 Crore.

The following table sets forth, for the years indicated, the amount spent by the Group on CSR related activities.

		(Amount in ₹ Crore)	
SI No	Particulars	March 31, 2022	March 31, 2021
1	Construction / acquisition of any asset	-	-
2	On purpose other than (1) above	41.20*	36.27

\* Includes amounts of ₹ 3.75 Crore unspent and transferred to Unspent CSR Account within the specified time.

The following table sets forth, for the years indicated, the details of related party transaction pertaining to CSR related activities.

		(Amount in ₹ Crore)	
SI No	Related Party	March 31, 2022	March 31, 2021
1.	Federal Bank Hormis Memorial Foundation*	39.26	33.42
	<b>Total</b>	<b>39.26</b>	<b>33.42</b>

\* Federal Bank Hormis Memorial Foundation is a trust in which KMPs of the Bank can exercise significant influence and is the implementation agency for Bank's CSR activities / programs / projects.

**SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)**
**1.18 INVESTOR EDUCATION AND PROTECTION FUND**

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group.

**1.19 DISCLOSURE AS TO RULE 11(E) OF THE COMPANIES (AUDIT AND AUDITORS) RULES, 2014**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity (ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**1.20 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS OF THE BANK, ITS SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURES AS CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS**
**March 31, 2022**

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share of Profit or Loss	
	As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)
<b>Parent:</b>				
The Federal Bank Limited	97.60%	18,793.84	94.53%	1,862.15
<b>Subsidiary:</b>				
Fedbank Financial Services Limited	1.99%	382.60	3.71%	73.15
Federal Operations and Services Limited	0.03%	6.27	0.18%	3.46
<b>Associate:</b>				
Ageas Federal Life Insurance Company Limited	0.34%	65.85	1.25%	24.53
Equirus Capital Private Limited	0.04%	6.96	0.33%	6.50
<b>Total</b>	<b>100.00%</b>	<b>19,255.52</b>	<b>100.00%</b>	<b>1,969.79</b>

**March 31, 2021**

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share of Profit or Loss	
	As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)
<b>Parent:</b>				
The Federal Bank Limited	97.71%	16,123.61	95.55%	1,590.30



## SCHEDULE 18: NOTES TO ACCOUNTS FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (CONTD...)

<b>Subsidiary:</b>				
Fedbank Financial Services Limited	1.85%	306.36	2.60%	43.36
Federal Operations and Services Limited	0.02%	2.82	0.11%	1.84
<b>Associate:</b>				
Ageas Federal Life Insurance Company Limited	0.41%	68.36	1.87%	31.05
Equirus Capital Private Limited	0.01%	1.08	(0.13)%	(2.22)
<b>Total</b>	<b>100.00%</b>	<b>16,502.23</b>	<b>100.00%</b>	<b>1,664.33</b>

### 1.21 UNCERTAINTIES ON ACCOUNT OF COVID-19

On account of uncertainties prevailing due to COVID-19 pandemic across the world and in India, the extent to which the same will impact the Group's operations and financial position in future will depend on various aspects including actions taken to mitigate its impact and other regulatory measures.

### 1.22 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 the items which are not material have not been disclosed in the Consolidated Financial Statements.

**1.23** Previous year figures have been regrouped / reclassified, where necessary to conform to current year classification and also the previous year figures have been regrouped/ reclassified pursuant to the requirement of Master Direction on Financial Statements-Presentation and Disclosure issued by Reserve Bank of India dated August 30, 2021 (updated as on November 15, 2021), as amended and wherever considered necessary.

#### For and on behalf of the Board of Directors

Manikandan Muthiah  
Head - Financial Reporting

Samir P Rajdev  
Company Secretary

Ashutosh Khajuria  
Executive Director  
(DIN: 05154975)

Shalini Warriar  
Executive Director  
(DIN: 08257526)

Venkatraman Venkateswaran  
Chief Financial Officer

C Balagopal  
Chairman  
(DIN: 00430938)

Shyam Srinivasan  
Managing Director & CEO  
(DIN: 02274773)

#### As per our report of even date

For Varma & Varma  
Chartered Accountants  
Firm's Registration No:  
004532S

For Borkar & Muzumdar  
Chartered Accountants  
Firm's Registration No:  
101569W

Vijay Narayan Govind  
Partner  
Membership No: 203094  
Place: Kochi

Kaushal Muzumdar  
Partner  
Membership No: 100938  
Place: Kochi

Place: Kochi  
Date : May 06, 2022

#### Directors:

A P Hota  
Siddhartha Sengupta  
Manoj Fadnis  
Sudarshan Sen  
Varsha Vasant Purandare  
Sankarshan Basu  
Ramanand Mundkur

(DIN: 02593219)  
(DIN: 08467648)  
(DIN: 01087055)  
(DIN: 03570051)  
(DIN: 05288076)  
(DIN: 06466594)  
(DIN: 03498212)

# FORM AOC-I

(PURSUANT TO FIRST PROVISION TO SUB-SECTION (3) OF SECTION 129

READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

## STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

### PART "A": SUBSIDIARIES

(₹ in Thousand)

1. Sl. No.		1	2
2.	Name of the subsidiary:	Fedbank Financial Services Limited	Federal Operations and Services Limited
3.	The date since when subsidiary was acquired	17/04/1995	26/10/2018
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	NA	NA
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
6.	Share Capital	3,215,176	100,000
7.	Reserves & surplus	8,222,151	62,713
8.	Total assets	65,056,991	198,254
9.	Total Liabilities	53,619,664	35,541
10.	Investments	5,134,259	-
11.	Turnover	8,923,015	440,956
12.	Profit before taxation	1,337,149	41,502
13.	Provision for taxation	339,297	6,952
14.	Profit after taxation	997,852	34,550
15.	Proposed Dividend	NIL	NIL
16.	Extent of shareholding (in %)	73.30	100.00

#### Notes:

- Names of subsidiaries which are yet to commence operations - NIL
- Names of subsidiaries which have been liquidated or sold during the year. – NIL
- The reported figures of the subsidiaries are as per the audited financial statements prepared for the consolidation as per AS 21, Consolidated Financial Statements.


**PART "B": ASSOCIATES AND JOINT VENTURES**
**STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES**

Name of Associates/Joint Ventures	Ageas Federal Life Insurance Company Limited	Equirus Capital Private Limited
1. Latest audited Balance Sheet	31/03/2022	31/03/2022
2. Date on which the Associate or Joint Venture was associated or acquired	23/11/2006	12/07/2018
3. Shares of Associate/Joint Ventures held by the company on the year end		
Number of shares held	208,000,000	13,395,910
Amount of Investment in Associates/Joint Venture (₹ in Thousand)	2,080,000	240,138
Extent of Holding (in %)	26.00%	19.89%
4. Description of how there is significant influence	Investment more than 20%	Right of proportionate representation in the Board as well as power to participate in the financial/operational matters like approval of business plan, policies, budgets, managerial remuneration, change in KMP etc
5. Reason why the associate/joint venture is not consolidated	NA	NA
6. Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Thousand)	2,682,345	190,270
7. Profit / (Loss) for the year 2021-22 (₹ in Thousand)		
i. Considered in Consolidation	245,281	69,924
ii. Not Considered in Consolidation	698,107	281,628

**Notes:**

- Names of associates or joint ventures which are yet to commence operations - NIL
- Names of associates or joint ventures which have been liquidated or sold during the year - NIL.

**For and on behalf of the Board of Directors**

 Manikandan Muthiah  
 Head - Financial Reporting

 Samir P Rajdev  
 Company Secretary

 Ashutosh Khajuria  
 Executive Director  
 (DIN: 05154975)

 Shalini Warriar  
 Executive Director  
 (DIN: 08257526)

 Venkatraman Venkateswaran  
 Chief Financial Officer

 C Balagopal  
 Chairman  
 (DIN: 00430938)

 Shyam Srinivasan  
 Managing Director & CEO  
 (DIN: 02274773)

**Directors:**

 A P Hota  
 Siddhartha Sengupta  
 Manoj Fadnis  
 Sudarshan Sen  
 Varsha Vasant Purandare  
 Sankarshan Basu  
 Ramanand Mundkur

 (DIN: 02593219)  
 (DIN: 08467648)  
 (DIN: 01087055)  
 (DIN: 03570051)  
 (DIN: 05288076)  
 (DIN: 06466594)  
 (DIN: 03498212)

 Place: Kochi  
 Date : May 06, 2022





**FEDERAL BANK**

YOUR PERFECT BANKING PARTNER

**Corporate Office:**

Post Box No. 103, Federal Towers, Aluva-683 101, Kerala, India, Ph: 91-484 2623620-29

Email: [secretarial@federalbank.co.in](mailto:secretarial@federalbank.co.in), [www.federalbank.co.in](http://www.federalbank.co.in)

The Federal Bank Limited, Regd. Office: Aluva.

CIN: L65191KL1931PLC000368