Schedules to the Financial Statements

As at March 31, 2020

₹ in '000

	Year ended 31-Mar-20	Year ended 31-Mar-19
SCHEDULE 13 - INTEREST EARNED		
I Interest / discount on advances / bills	917,878,779	775,441,902
II Income from investments	206,333,232	199,974,579
III Interest on balance with RBI and other inter-bank funds	18,289,329	6,357,012
IV Others	5,625,169	7,947,012
Total	**1,148,126,509**	**989,720,505**
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	163,336,852	137,787,988
II Profit / (loss) on sale of investments (net)	26,364,839	4,020,717
III Profit / (loss) on revaluation of investments (net)	(7,021,095)	(152,437)
IV Profit / (loss) on sale of building and other assets (net)	257,807	331,785
V Profit / (loss) on exchange / derivative transactions (net)	21,547,462	17,203,935
VI Income earned by way of dividends from subsidiaries / associates and / or joint ventures abroad / in India	4,237,182	2,044,422
VII Miscellaneous income	23,885,140	15,022,439
Total	**232,608,187**	**176,258,849**
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	508,037,575	410,518,998
II Interest on RBI / inter-bank borrowings	78,033,042	95,063,879
III Other interest	193,362	1,705,408
Total	**586,263,979**	**507,288,285**
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provisions for employees	95,256,682	77,617,595
II Rent, taxes and lighting	16,584,727	14,821,006
III Printing and stationery	4,466,320	5,244,100
IV Advertisement and publicity	979,091	1,573,670
V Depreciation on bank's property	11,958,533	11,401,037
VI Directors' fees / remuneration, allowances and expenses	37,041	32,788
VII Auditors' fees and expenses	37,823	36,230
VIII Law charges	1,587,423	1,419,023
IX Postage, telegram, telephone etc.	4,275,952	4,074,980
X Repairs and maintenance	12,675,704	12,618,088
XI Insurance	12,292,295	10,414,269
XII Other expenditure*	146,823,698	121,940,914
Total	**306,975,289**	**261,193,700**

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

SCHEDULE 17 - Significant accounting policies appended to and forming part of the financial statements for the year ended March 31, 2020

A BACKGROUND

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

B BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

Use of estimates

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

C PRINCIPAL ACCOUNTING POLICIES

1 Investments

Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories (hereinafter called "categories"). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines. Under each of these categories, investments are further classified under six groups (hereinafter called "groups") - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

Purchase and sale transactions in securities are recorded under settlement date of accounting, except in the case of equity shares where trade date accounting is followed.

Basis of classification:

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

Acquisition cost:

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

Disposal of investments:

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

Short sale:

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

Valuation:

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges or prices published by Financial Benchmarks India Pvt Ltd. (FBIL) with Fixed Income Money Market and Derivatives Association (FIMMDA) as the calculating agent.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the prices published by FBIL with FIMMDA as the calculating agent.

The valuation of other unquoted fixed income securities (viz. State Government securities, other approved securities, bonds and debentures), and preference shares, is done with appropriate mark-up over the Yield to Maturity (YTM) rates for Central Government Securities as published by Primary Dealers Association of India ("PDAI") / FIMMDA / FBIL.

Special bonds such as oil bonds, fertilizer bonds etc. which are directly issued by Government of India ('GOI') that do not qualify for SLR are also valued by applying the mark-up above the corresponding yield on GOI securities published by FBIL and FIMMDA as the calculating agent.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at ₹ 1 as per the RBI guidelines.

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

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

Security receipts are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

Investment in unquoted venture capital fund are categorised under HTM category for the initial period of three years and valued at cost. Such investment is required to be transferred to AFS thereafter.

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

Net depreciation in the value, if any, compared to the acquisition cost, in any of the six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

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

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

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 are reflected as borrowing and lending transactions respectively.

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

2 Advances

Classification:

Advances are classified as performing and non-performing based on the RBI guidelines and are stated net of bills rediscounted, inter-bank participation with risk, specific provisions, interest in suspense for non-performing advances, claims received from Export Credit Guarantee Corporation, provisions for funded interest term loan classified as non-performing advances and provisions in lieu of diminution in the fair value of restructured assets. Interest on non-performing advances is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

Provisioning:

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

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

Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss Account and included under other income.

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

The Bank maintains general provision for standard assets including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, and gold in accordance with the guidelines and at levels stipulated by RBI from time to time. In the case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI. Provision for standard assets is included under other liabilities.

Provisions made in addition to the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per these guidelines or any regulatory guidance / instructions. Floating provisions are included under other liabilities.

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

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

The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines. Restructuring of an account is done at a borrower level.

3 Securitisation and transfer of assets

The Bank securitises out its receivables to Special Purpose Vehicles (SPVs) in securitisation transactions. Such securitised-out receivables are de-recognised in the Balance Sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Bank. Sales / transfers that do not meet these criteria for surrender of control are accounted for as secured borrowings. In respect of receivable pools securitised-out, the Bank provides liquidity and credit enhancements, as specified by the rating agencies, in the form of cash collaterals / guarantees and / or by subordination of cash flows in line with RBI guidelines. The Bank also acts as a servicing agent for receivable pools securitised-out.

The Bank enters into transactions for transfer of standard assets through the direct assignment of cash flows, which are similar to asset-backed securitisation transactions through the SPV route, except that such portfolios of receivables are assigned directly to the purchaser and are not represented by Pass Through Certificates (PTCs).

The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The Bank amortises any profit received for every individual securitisation or direct assignment transaction based on the method prescribed in these guidelines.

In relation to securitisation transactions undertaken prior to the aforementioned RBI guidelines, including those undertaken through the direct assignment route,

Schedules to the Financial Statements

For the year ended March 31, 2020

the Bank continues to amortise the profit / premium that arose on account of sale of receivables over the life of the securities sold, in accordance with the RBI guidelines on securitisation of standard assets issued vide its circular dated February 1, 2006.

Any loss arising on account of sale of receivables is recognised in the Profit and Loss Account for the period in which the sale occurs in accordance with the said 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 the 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.

The Bank invests in PTCs issued by other SPVs. These are accounted for at the deal value and are classified as investments. The Bank also buys loans through the direct assignment route which are classified as advances. These are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the tenor of the loans.

4 Priority Sector Lending Certificates (PSLCs)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as miscellaneous income and the fee paid for purchase of the PSLCs is recorded as other expenditure in Profit and Loss Account. These are amortised over the period of the Certificate.

5 Fixed assets and depreciation

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

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

Asset	Estimated useful life as assessed by the Bank	Estimated useful life specified under Schedule II of the Companies Act, 2013
Owned Premises	61 years	60 years
Automated Teller Machines (ATMs)	10 years	15 years
Electrical equipments and installations	6 to 10 years	10 years
Office equipments	3 to 6 years	5 years
Computers	3 years	3 years
Modems, routers, switches, servers, network and related IT equipments	3 to 6 years	6 years
Motor cars	4 years	8 years
Furniture and fittings	16 years	10 years

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

6 Impairment of assets

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

7 Translation of foreign currency items

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

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

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

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

8 Foreign exchange and derivative contracts

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

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

The Bank recognises all derivative contracts (other than those designated as hedges) 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 value) or as liabilities when the fair value is negative (negative marked to market value). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss Account.

Derivative contracts designated as hedges are not marked to market unless their underlying transaction is marked to market. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the relevant period. The Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge effectiveness is ascertained at the time of the inception of the hedge and periodically thereafter. Gains or losses arising from hedge ineffectiveness, if any, are recognised in the Profit and Loss Account.

9 Revenue recognition

Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of non-performing assets. Also in case of domestic advances, where interest is collected on rear end basis, such interest is accounted on receipt basis in accordance with the RBI communication.

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

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

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

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

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

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

10 Employee benefits

Employee Stock Option Scheme (ESOS):

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

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

Gratuity:

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

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

Superannuation:

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

Provident fund:

The Bank is covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and accordingly all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary). Of this, the Bank contributes an amount equal to 8.33% of employee's basic salary up to a maximum salary level of ₹ 15,000/- per month, to the Pension Scheme administered by the Regional Provident Fund Office. The balance amount of the 12% employer's share is contributed to an exempted Trust set up by the Bank and administered by a Board of Trustees. In respect of eCBoP employees, employer's and employee's share of contribution to Provident Fund till March 2009, was administered by the Regional Provident Fund Office and from April 2009 onwards, the same is transferred to the exempted Trust set up by the Bank and administered by the Board of Trustees. In respect of eLKB employees, the Bank contributes to a Trust set up by eLKB and administered by a Board of Trustees. The Bank recognises such contributions as an expense in the year in which it is incurred. Interest payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Bank.

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

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

Leave encashment / Compensated absences:

The Bank does not have a policy of encashing unavailed leave for its employees, except for certain eLKB employees under Indian Banks' Association (IBA) structure. The Bank provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

Pension:

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

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

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

New Pension Scheme (NPS):

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

11 Debit and credit cards reward points

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

12 Bullion

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

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

13 Lease accounting

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

14 Income tax

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

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

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

15 Earnings per share

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

16 Share issue expenses

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

17 Segment information

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

18 Accounting for provisions, contingent liabilities and contingent assets

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

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

A disclosure of contingent liability is made when there is:

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

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

Contingent assets, if any, are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

19 Cash and cash equivalents

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

20 Corporate social responsibility

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

SCHEDULE 18 - Notes forming part of the financial statements for the year ended March 31, 2020

Amounts in notes forming part of the financial statements for the year ended March 31, 2020 are denominated in rupee crore to conform to extant RBI guidelines, except where stated otherwise.

1 Special Dividend

The Bank has paid Special Interim Dividend of ₹ 5 per equity share of face value of ₹ 2 each (pre-split) for the financial year 2019-20, to commemorate 25 years of the Bank's operation, aggregating to ₹ 1,646.95 crore inclusive of tax on dividend.

2 Sub-division of Equity Shares

The shareholders of the Bank at the 25th Annual General Meeting held on July 12, 2019 approved sub-division (split) of one equity share of the Bank from face value of ₹ 2/- each into two equity shares of face value of ₹ 1/- each. All shares and per share information in the financial statements reflect the effect of sub-division (split) retrospectively.

3 Proposed dividend

The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on April 18, 2020, has not proposed any final dividend for the year ended March 31, 2020.

During the previous year ended March 31, 2019, the Board of Directors had proposed a dividend of ₹15 per equity share aggregating to ₹ 4,924.64 crore inclusive of tax on dividend, which was subsequently approved by the shareholders at the Annual General Meeting and paid out. In terms of the revised Accounting Standard (AS) 4 'Contingencies and Events Occurring After the Balance Sheet Date' the Bank had then not appropriated the proposed dividend from the Profit and Loss Account. However the effect of the proposed dividend was then reckoned in determining the capital funds in the computation of the capital adequacy ratio.

4 Capital adequacy

The Bank's capital to risk-weighted assets ratio ('Capital Adequacy Ratio') as at March 31, 2020 is calculated in accordance with the RBI guidelines on Basel III capital regulations ('Basel III'). The phasing-in of the minimum capital ratio requirement under Basel III is as follows:

(% of RWAs)

Minimum ratio of capital to risk-weighted assets	As at March 31,		
	2018	2019	**2020**
Common equity tier 1 (CET 1)	7.375	7.525	**7.575**
Tier I capital	8.875	9.025	**9.075**
Total capital	**10.875**	**11.025**	**11.075**

The above minimum CET 1, tier I and total capital ratio requirements include capital conservation buffer (CCB) and additional capital applicable to our Bank being Domestic-Systemically Important Bank (D-SIB).

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

(₹ crore)

Particulars	**March 31, 2020**	March 31, 2019
Tier I capital	**171,414.44**	147,022.76
Of which CET 1 capital	**163,414.44**	139,172.76
Tier II capital	**12,843.41**	12,434.88
Total capital	**184,257.85**	**159,457.64**
Total risk weighted assets	**994,715.74**	**931,929.87**
Capital adequacy ratios under Basel III		
Tier I	**17.23%**	15.78%
Of which CET 1	**16.43%**	14.93%
Tier II	**1.29%**	1.33%
Total	**18.52%**	**17.11%**

During the year ended March 31, 2020 and March 31, 2019, the Bank has not raised Additional Tier I and Tier II capital.

The Bank's subordinated and perpetual debt capital instruments amounted to ₹ 10,232.00 crore and ₹ 8,000.00 crore respectively during the year ended March 31, 2020 and March 31, 2019.

In accordance with RBI guidelines, banks are required to make Pillar 3 disclosures under the Basel III capital regulations. The Bank's Pillar 3 disclosures are available on its website at the following link: https://www.hdfcbank.com/aboutus/basel_disclosures/default.htm. These Pillar 3 disclosures have not been subjected to audit or review by the statutory auditors.

Capital infusion

During the year ended March 31, 2020, the Bank allotted 3,66,73,240 equity shares (previous year: 4,75,44,608 equity shares) aggregating to face value ₹ 3.67 crore (previous year: ₹ 4.75 crore) in respect of stock options exercised. Accordingly, the share capital increased by ₹ 3.67 crore (previous year: ₹ 4.75 crore) and the share premium increased by ₹ 1,845.01 crore (previous year: ₹ 2,196.06 crore).

During the year ended March 31, 2019, pursuant to the shareholder and regulatory approvals, the Bank on July 17, 2018, made a preferential allotment of 3,90,96,817 equity shares of face value of ₹ 2 each to Housing Development Finance Corporation Limited at a price of ₹ 2,174.09 per equity share (including share premium of ₹ 2,172.09 per equity share), aggregating to ₹ 8,500.00 crore and on August 2, 2018, concluded a Qualified Institutional Placement (QIP) of 1,28,47,222 equity shares of face value of ₹ 2 each at a price of ₹ 2,160.00 per equity share aggregating to ₹ 2,775.00 crore and an American Depository Receipt (ADR) offering of 1,75,00,000 ADR (representing 5,25,00,000 equity shares of face value of ₹ 2 each) at a price of USD 104 per ADR, aggregating to USD 1,820.00 million (equivalent ₹ 12,440.90 crore). Consequent to the above issuances, share capital increased by ₹ 20.89 crore and share premium increased by ₹ 23,568.72 crore, net of share issue expenses of ₹ 126.29 crore.

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	544.66	519.02
Addition pursuant to Preferential allotment / QIP / ADR offering	-	20.89
Addition pursuant to stock options exercised	3.67	4.75
Closing balance	548.33	544.66

5 Earnings per equity share

Basic and diluted earnings per equity share of the Bank have been calculated based on the net profit after tax of ₹ 26,257.32 crore (previous year: ₹ 21,078.17 crore) and the weighted average number of equity shares outstanding during the year of 5,46,88,02,148 (previous year: 5,36,00,68,058).

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

Particulars	For the years ended	
	March 31, 2020	March 31, 2019
Nominal value per share (₹)	1.00	1.00
Basic earnings per share (₹)	48.01	39.33
Effect of potential equity shares (per share) (₹)	(0.35)	(0.39)
Diluted earnings per share (₹)	47.66	38.94

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

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

Particulars	For the years ended	
	March 31, 2020	March 31, 2019
Weighted average number of equity shares used in computing basic earnings per equity share	5,46,88,02,148	5,36,00,68,058
Effect of potential equity shares outstanding	4,10,17,673	5,32,75,290
Weighted average number of equity shares used in computing diluted earnings per equity share	5,50,98,19,821	5,41,33,43,348

6 Reserves and Surplus

Statutory Reserve

The Bank has made an appropriation of ₹ 6,564.33 crore (previous year: ₹ 5,269.54 crore) out of profits for the year ended March 31, 2020 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Capital Reserve

During the year ended March 31, 2020, the Bank appropriated ₹ 1,123.85 crore (previous year: ₹ 105.34 crore), being the profit from sale of investments under HTM category and profit on sale of immovable properties, net of taxes and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve.

General Reserve

The Bank has made an appropriation of ₹ 2,625.73 crore (previous year: ₹ 2,107.82 crore) out of profits for the year ended March 31, 2020 to the General Reserve.

Investment Fluctuation Reserve

In accordance with RBI guidelines, banks are required to create an Investment Fluctuation Reserve (IFR) equivalent to 2% of their HFT and AFS investment portfolios, within a period of three years starting fiscal 2019. Accordingly, during the year ended March 31, 2020, the Bank has made an appropriation of ₹ 1,134.00 crore (previous year: ₹ 773.00 crore), to the Investment Fluctuation Reserve from the Profit and Loss Account.

Investment Reserve Account

During the year ended March 31, 2020, the net transfer between Investment Reserve Account and Profit and Loss Account was Nil (previous year: Nil) as per RBI guidelines.

Draw down from reserves

Share Premium

The Bank has not undertaken any drawdown from share premium during the year ended March 31, 2020 and March 31, 2019 except that during year ended March 31, 2019, share issue expenses of ₹ 126.29 crore, incurred for the equity raised through the QIP and ADR offering, had been adjusted against the share premium account in terms of section 52 of the Companies Act, 2013.

7 Dividend on shares allotted pursuant to exercise of stock options

Shares allotted after the Balance Sheet date pursuant to any exercise of employee stock options but before book closure date are eligible for dividend when declared by the Bank and approved at a General Body Meeting of the shareholders of the Bank.

8 Accounting for employee share based payments

The shareholders of the Bank approved the grant of equity share options under Plan "C" in June 2005, Plan "D" in June 2007, Plan "E" in June 2010, Plan "F" in June 2013 and Plan "G" in July 2016. Under the terms of each of these Plans, the Bank may issue to its employees and Whole Time Directors, Equity Stock Options ('ESOPs') each of which is convertible into one equity share. All the plans were framed in accordance with the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 to the extent applicable.

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

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The vesting conditions applicable to the options are at the discretion of the NRC. These options are exercisable on vesting, for a period as set forth by the NRC at the time of the grant. The period in which the options may be exercised cannot exceed five years from date of expiry of vesting period. During the years ended March 31, 2020 and March 31, 2019, no modifications were made to the terms and conditions of ESOPs.

Activity in the options outstanding under the Employee Stock Option Plans

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2020:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	13,66,12,822	682.99
Granted during the year	4,77,73,600	1,220.13
Exercised during the year	3,66,73,240	504.10
Forfeited / Lapsed during the year	48,47,580	962.85
Options outstanding, end of year	14,28,65,602	899.03
Options exercisable	6,44,64,392	638.18

- Activity in the options outstanding under the various employee stock option plans as at March 31, 2019:

Particulars	Number of options	Weighted average exercise price (₹)
Options outstanding, beginning of year	15,08,87,600	525.11
Granted during the year	3,97,90,000	1,030.24
Exercised during the year	4,75,44,608	462.90
Forfeited / Lapsed during the year	65,20,170	753.50
Options outstanding, end of year	13,66,12,822	682.99
Options exercisable	8,06,09,722	508.89

- The following table summarises the information about stock options outstanding as at March 31, 2020:

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	340.00 to 417.75	4,85,100	0.34	344.05
Plan D	340.00	3,45,900	0.30	340.00
Plan E	340.00	17,05,500	0.30	340.00
Plan F	417.75 to 731.08	5,85,68,822	2.02	587.08
Plan G	882.85 to 1,229.00	8,17,60,280	3.45	1,139.82

- The following table summarises the information about stock options outstanding as at March 31, 2019

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average life of options (in years)	Weighted average exercise price (₹)
Plan C	340.00 to 417.75	30,74,800	0.87	342.85
Plan D	340.00	13,19,800	0.97	340.00
Plan E	340.00	49,97,400	0.96	340.00
Plan F	417.75 to 731.08	8,84,76,822	2.71	567.24
Plan G	1,003.03 to 1,045.23	3,87,44,000	3.57	1,030.23

Fair value methodology

The fair value of options used to compute the *proforma* net profit and earnings per equity share have been estimated on the dates of each grant using the binomial option-pricing model. The Bank estimates the volatility based on the historical prices of its equity shares. The Bank granted 4,77,73,600 options during the year ended March 31, 2020 (previous year: 3,97,90,000). The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2020 are:

Particulars	March 31, 2020	March 31, 2019
Dividend yield	0.61% to 0.85%	0.62% to 0.65%
Expected volatility	15.30% to 20.13%	14.53% to 18.68%
Risk-free interest rate	5.81% to 6.70%	7.23% to 8.31%
Expected life of the options	1 to 6 years	1 to 6 years

Impact of the fair value method on the net profit and earnings per share (EPS)

Had the compensation cost for the Bank's stock option plans been determined based on the fair value approach, the Bank's net profit for the year and earnings per share would have been as per the *proforma* amounts indicated below:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Net profit (as reported)	26,257.32	21,078.17
Add: Stock-based employee compensation expense included in net income	-	-
Less: Stock-based compensation expense determined under fair value based method *(proforma)*	719.80	535.90
Net profit *(proforma)*	25,537.52	20,542.27
	(₹)	(₹)
Basic earnings per share (as reported)	48.01	39.33
Basic earnings per share *(proforma)*	46.70	38.32
Diluted earnings per share (as reported)	47.66	38.94
Diluted earnings per share *(proforma)*	46.35	37.95

9 Other liabilities

- The Bank held provisions towards standard assets amounting to ₹ 4,437.86 crore as at March 31, 2020 (previous year: ₹ 3,639.66 crore). These are included under other liabilities.
  - ✓ Provision for standard assets is made @ 0.25% for direct advances to agriculture and Small and Micro Enterprises (SMEs) sectors, @ 1% for advances to commercial real estate sector, @ 0.75% for advances to commercial real estate - residential housing sector, @ 5% on restructured standard advances, @ 2% until after one year from the date on which the rates are reset at higher rates for housing loans offered at a comparatively lower rate of interest in the first few years and @ 2% on all exposures to the wholly owned step down subsidiaries of the overseas subsidiaries of Indian companies, sanctioned / renewed after December 31, 2015.
  - ✓ Provision is maintained at rates higher than the regulatory minimum, on standard advances based on evaluation of the risk and stress in various sectors as per the policy approved by the Board of the Bank.
  - ✓ In accordance with regulatory guidelines and based on the information made available by its customers to the Bank, for exposures to customers who have not hedged their foreign currency exposures, provision for standard assets is made at levels ranging up to 0.80% depending on the likely loss the entities could incur on account of exchange rate movements.
  - ✓ Provision for standard assets of overseas branches is made at higher of rates prescribed by the overseas regulator or RBI.
  - ✓ For all other loans and advances including credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts, provision for standard assets is made @ 0.40%.
  - ✓ In accordance with RBI guidelines, an additional provision is made @ 3% on the incremental exposure to the "Specified Borrowers" (except NBFCs / HFCs) beyond normally permitted lending limit (NPLL) as defined by RBI.
- Other liabilities include contingent provisions of ₹ 2,995.80 crore as at March 31, 2020 (previous year: ₹ 800.10 crore) in respect of advances.
- The Bank has presented gross unrealised gain on foreign exchange and derivative contracts under other assets and gross unrealised loss on foreign exchange and derivative contracts under other liabilities. Accordingly, other liabilities as at March 31, 2020 include unrealised loss on foreign exchange and derivative contracts of ₹ 18,470.93 crore (previous year: ₹ 12,772.60 crore).

10 Unhedged foreign currency exposure

The Bank has in place a policy and process for managing currency induced credit risk. The credit appraisal memorandum prepared at the time of origination and review of a credit facility is required to discuss the exchange risk that the customer is exposed to from all sources, including trade related, foreign currency borrowings and external commercial borrowings. It could cover the natural hedge available to the customer as well as other hedging methods adopted by the customer to mitigate exchange risk. For foreign currency loans granted by the Bank beyond a defined threshold the customer is encouraged to enter into appropriate risk hedging mechanisms with the Bank. Alternatively, the Bank satisfies itself that the customer has the financial capacity to bear the exchange risk in the normal course of its business and / or has other mitigants to reduce the risk.

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On a monthly basis, the Bank reviews information on the unhedged portion of foreign currency exposures of customers, whose total foreign currency exposure with the Bank exceeds a defined threshold. Based on the monthly review, the Bank proposes suitable hedging techniques to the customer to contain the risk. A Board approved credit risk rating linked limit on unhedged foreign currency position of customers is applicable when extending credit facilities to a customer. The compliance with the limit is assessed by estimating the extent of drop in a customer's annual Earnings Before Interest and Depreciation ('EBID') due to a potentially large adverse movement in exchange rate impacting the unhedged foreign currency exposure of the customer. Where a breach is observed in such a simulation, the customer is advised to reduce its unhedged exposure.

In accordance with RBI guidelines, as at March 31, 2020 the Bank holds standard asset provisions of ₹ 129.95 crore (previous year: ₹ 203.48 crore) and maintains capital (including CCB & D-SIB) of ₹ 574.13 crore (previous year: ₹ 959.77 crore) in respect of the unhedged foreign currency exposure of its customers.

11 Investments

- **Value of investments**

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Gross value of investments		
- In India	390,573.74	291,878.72
- Outside India	2,231.39	1,512.03
Provisions for depreciation on investments		
- In India	929.86	267.85
- Outside India	48.61	6.83
Net value of investments		
- In India	389,643.88	291,610.87
- Outside India	2,182.78	1,505.20

- **Movement in provisions held towards depreciation on investments:**

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	274.68	260.17
Add: Provision made during the year (including provision on non-performing investments)	709.60	51.58
Less: Write-off, write back of excess provision during the year	5.81	37.07
Closing balance	978.47	274.68

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

- **Repo transactions**
  - ✓ Details of repo / reverse repo deals excluding tri-party repo / reverse repo (in face value terms) done during the year ended March 31, 2020:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2020
Securities sold under repo				
1 Government securities	-	26,368.04	1,357.92	1,747.44
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-
Securities purchased under reverse repo				
1 Government securities	-	89,162.10	27,524.91	22,389.54
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-

✓ Details of repo / reverse repo deals excluding tri-party repo / reverse repo (in face value terms) done during the year ended March 31, 2019:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2019
Securities sold under repo				
1 Government securities	-	40,230.19	6,533.93	17,551.52
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-
Securities purchased under reverse repo				
1 Government securities	-	62,745.05	8,320.06	-
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-

✓ Details of Tri-party repo / reverse repo deals (in amount of funds borrowed or lent terms) done during the year ended March 31, 2020:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2020
Securities sold under tri-party repo				
1 Government securities	-	56,036.05	11,478.42	50,798.20
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-
Securities purchased under tri-party repo				
1 Government securities	-	7,700.00	319.25	-
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-

✓ Details of Tri-party repo / reverse repo deals (in amount of funds borrowed or lent terms) done during the year ended March 31, 2019:

(₹ crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at March 31, 2019
Securities sold under tri-party repo				
1 Government securities	-	36,798.00	5,650.95	-
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-
Securities purchased under tri-party repo				
1 Government securities	-	7,621.35	93.02	7,621.35
2 Corporate debt securities	-	-	-	-
3 Any other securities	-	-	-	-

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- **Non-SLR investment portfolio**

✓ Issuer-wise composition of non-SLR investments as at March 31, 2020:

(₹ crore)

Sr. No.	Issuer	Amount[1]	Extent of private placement#	Extent of "below investment grade" securities#	Extent of "unrated" securities#[2]	Extent of "unlisted" securities#[3]
1	Public sector undertakings	3,122.15	1,554.09	-	-	-
2	Financial institutions	6,263.47	3,282.00	-	-	-
3	Banks	4,482.97	944.33	-	-	-
4	Private corporate	27,708.92	23,189.75	1,960.83	15.42	1,695.91
5	Subsidiaries / Joint ventures[4]	3,826.49	3,826.49	-	-	-
6	Others	23,520.28	14,993.21	-	434.32	-
7	Provision held towards depreciation	(978.47)				
	Total	**67,945.81**	**47,789.87**	**1,960.83**	**449.74**	**1,695.91**

 # Amounts reported under these columns are not mutually exclusive.

(1) Excludes investments in securities issued by foreign sovereign aggregating to ₹ 840.94 crore.

(2) Excludes investments in equity shares and units of equity oriented mutual funds and venture capital funds in line with extant RBI guidelines.

(3) Excludes investments in equity shares, units of equity oriented mutual funds and venture capital funds, pass through certificates, security receipts, commercial paper, certificate of deposits and convertible debentures in line with extant RBI guidelines.

(4) Investments in debt securities issued by subsidiaries / joint ventures have been classified under private corporate.

✓ Issuer-wise composition of non-SLR investments as at March 31, 2019:

(₹ crore)

Sr. No.	Issuer	Amount[1]	Extent of private placement#	Extent of "below investment grade" securities#	Extent of "unrated" securities#[2]	Extent of "unlisted" securities#[3]
1	Public sector undertakings	669.08	669.08	-	-	-
2	Financial institutions	2,345.29	1,260.38	-	-	-
3	Banks	546.01	230.00	-	-	-
4	Private corporate	29,159.10	25,936.92	25.00	21.23	4,134.39
5	Subsidiaries / Joint ventures[4]	3,826.49	3,826.49	-	-	-
6	Others	13,991.77	4,976.38	-	1.33	-
7	Provision held towards depreciation	(274.68)				
	Total	**50,263.06**	**36,899.25**	**25.00**	**22.56**	**4,134.39**

 # Amounts reported under these columns are not mutually exclusive.

(1) Excludes investments in securities issued by foreign sovereign aggregating to ₹ 723.66 crore.

(2) Excludes investments in equity shares and units of equity oriented mutual funds and venture capital funds in line with extant RBI guidelines.

(3) Excludes investments in equity shares, units of equity oriented mutual funds and venture capital funds, pass through certificates, security receipts, commercial paper, certificate of deposits and convertible debentures in line with extant RBI guidelines.

(4) Investments in debt securities issued by subsidiaries / joint ventures have been classified under private corporate.

✓ Non-performing non-SLR investments:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	88.25	92.07
Additions during the year	-	-
Reductions during the year	5.81	3.82
Closing balance	82.44	88.25
Total provisions held	**77.61**	**75.93**

- **Details of investments category-wise**

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

(₹ crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government securities	38,335.31	91,847.40	193,698.14	323,880.85	12,900.81	68,584.58	161,367.62	242,853.01
Other approved securities	-	-	-	-	-	-	-	-
Shares	-	407.91	-	407.91	-	401.60	-	401.60
Debentures and bonds	447.04	25,920.99	1,420.66	27,788.69	3,524.01	24,530.37	1,420.66	29,475.04
Subsidiary / Joint ventures	-	-	3,826.49	3,826.49	-	-	3,826.49	3,826.49
Others	8,517.08	27,395.44	10.20	35,922.72	9,005.39	7,547.94	6.60	16,559.93
Total	**47,299.43**	**145,571.74**	**198,955.49**	**391,826.66**	**25,430.21**	**101,064.49**	**166,621.37**	**293,116.07**

- **Securities kept as margin**

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

(₹ crore)

Sr. No.	Particulars	Face value as at March 31, 2020	2019
I	Securities kept as margin with Clearing Corporation of India towards:		
	a) Collateral and funds management - Securities segment	1,820.00	1,420.00
	b) Collateral and funds management - Tri-party Repo	57,899.98	47,713.88
	c) Default fund - Forex Forward segment	150.00	110.00
	d) Default fund - Forex Settlement segment	51.05	51.05
	e) Default fund - Rupee Derivatives (Guaranteed Settlement) segment	48.00	43.00
	f) Default fund - Securities segment	65.00	65.00
	g) Default fund - Tri-party repo segment	50.00	45.00
II	Securities kept as margin with the RBI towards:		
	a) Real Time Gross Settlement (RTGS)	54,944.95	72,411.67
	b) Repo transactions	54,622.56	37,216.66
	c) Reverse repo transactions	22,389.54	-
III	Securities kept as margin with National Securities Clearing Corporation of India (NSCCIL) towards NSE Currency Derivatives segment.	107.72	309.72
IV	Securities kept as margin with Indian Clearing Corporation Limited towards BSE Currency Derivatives segment.	161.00	241.00
V	Securities kept as margin with Metropolitan Clearing Corporation of India towards MCX Currency Derivatives segment.	13.00	13.00

- Other investments as at the Balance Sheet date include investments in commercial paper amounting to ₹ 10,929.00 crore (previous year: ₹ 2,568.16 crore) and certificate of deposit amounting to ₹ 1,473.44 crore (previous year: Nil).

- During the year ended March 31 2020, the aggregate book value of investments sold from, and transferred to / from HTM category was in excess of 5% of the book value of investments held in HTM category at the beginning of the year. The market value of investments (excluding book value of investments in subsidiaries aggregating to ₹ 3,826.49 crore and unquoted units of venture capital funds aggregating to ₹ 10.20 crore) under HTM category as on March 31, 2020 was ₹ 201,105.11 crore and was higher than the book value thereof as of that date. In accordance with the RBI guidelines, sale from, and transfer to / from, HTM category excludes:
  a. one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with approval of the Board of Directors;
  b. sale to the RBI under pre-announced open market operation auctions;
  c. repurchase of Government securities by Government of India from banks;
  d. additional shifting of securities explicitly permitted by the RBI from time to time;
  e. direct sales from HTM for bringing down SLR holdings in the HTM category; and
  f. repurchase of State Development Loans (SDLs) by the concerned state government.

12 Derivatives

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

(₹ crore)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
i)	The total notional principal of swap agreements	364,130.26	315,803.02
ii)	Total losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	4,993.40	2,796.54
iii)	Collateral required by the Bank upon entering into swaps***	35.41	-
iv)	Concentration of credit risk arising from swaps (%)**	60.90%	64.62%
v)	Concentration of credit risk arising from swaps (Amount)**	3,041.17	1,807.15
vi)	The fair value of the swap book	(203.05)	88.18

** Interest Rate Swaps are comprised of INR Interest Rate Swaps and FCY Interest Rate Swaps.*
*** Concentration of credit risk arising from swaps is with banks as at March 31, 2020 and March 31, 2019.*
**** Represents outstanding amount of net margin received from customers as at March 31, 2020.*

The nature and terms of Rupee IRS outstanding as at March 31, 2020 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	25.00	INBMK	Floating receivable v/s fixed payable
Trading	3	1,100.00	INCMT	Floating receivable v/s fixed payable
Trading	2985	134,283.88	OIS	Fixed receivable v/s floating payable
Trading	2933	140,906.49	OIS	Floating receivable v/s fixed payable
Trading	518	28,568.50	MIFOR	Fixed receivable v/s floating payable
Trading	329	16,410.00	MIFOR	Floating receivable v/s fixed payable
Total		321,293.87		

The nature and terms of foreign currency IRS as on March 31, 2020 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	84	12,786.71	USD LIBOR	Fixed receivable v/s floating payable
Trading	226	30,049.68	USD LIBOR	Floating receivable v/s fixed payable
Total		42,836.39		

There were no forward rate agreements outstanding as on March 31, 2020.

The nature and terms of Rupee IRS outstanding as at March 31, 2019 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	1	25.00	INBMK	Floating receivable v/s fixed payable
Trading	4	1,250.00	INCMT	Floating receivable v/s fixed payable
Trading	2,249	117,220.21	OIS	Fixed receivable v/s floating payable
Trading	2,358	120,778.99	OIS	Floating receivable v/s fixed payable
Trading	397	23,018.50	MIFOR	Fixed receivable v/s floating payable
Trading	307	15,985.00	MIFOR	Floating receivable v/s fixed payable
Total		278,277.70		

The nature and terms of foreign currency IRS as on March 31, 2019 are set out below:

(₹ crore, except numbers)

Nature	Nos.	Notional principal	Benchmark	Terms
Trading	90	13,859.57	USD LIBOR	Fixed receivable v/s floating payable
Trading	202	23,665.75	USD LIBOR	Floating receivable v/s fixed payable
Total		37,525.32		

There were no forward rate agreements outstanding as on March 31, 2019.

- **Exchange traded interest rate derivatives**

(₹ crore)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
i)	The total notional principal amount of exchange traded interest rate derivatives undertaken during the years reported	Nil	Nil
ii)	The total notional principal amount of exchange traded interest rate derivatives outstanding	Nil	Nil
iii)	The notional principal amount of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not 'highly effective'	N.A.	N.A.

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

Overview of business and processes

Derivatives are financial instruments whose characteristics are derived from underlying assets, or from interest rates, exchange rates or indices. These include forwards, swaps, futures and options. The notional amounts of financial instruments such as foreign exchange contracts and derivatives provide a basis for comparison with the instruments recognised on the Balance Sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The following sections outline the nature and terms of the derivative transactions generally undertaken by the Bank.

Interest rate contracts

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

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

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

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

Exchange rate contracts

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

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

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

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

Constituents involved in derivative business

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

Derivative policy

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

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

Classification of derivatives book

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

Hedging policy

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

The hedging book consists of transactions to hedge Balance Sheet assets or liabilities. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability. Derivative contracts designated as hedges in an effective hedge relationship, are not marked to market unless their underlying asset or liability is marked to market. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss Account in the relevant period. Gain or losses arising from hedge ineffectiveness, if any, is recognised in the Profit and Loss Account. Foreign exchange forward contracts not intended for trading, that are entered into to establish the amount of reporting currency required or available at the settlement date of a transaction, and are outstanding at the Balance Sheet date, are effectively valued at the closing spot rate. The *premia* or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

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

The Bank enters into derivative transactions with counter parties based on their business ranking and financial position. The Bank sets up appropriate limits upon evaluating the ability of the counterparty to honour its obligations in the event of crystallisation of the exposure. Appropriate credit covenants are stipulated where required, as trigger events to call for collaterals or terminate a transaction and contain the risk.

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

- **Quantitative disclosure on risk exposure in derivatives** (₹ crore)

Sr. No.	Particulars	Currency derivatives		Interest rate derivatives	
		March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019
1	Derivatives (notional principal amount)				
	a) Hedging	**-**	-	**-**	-
	b) Trading	**48,556.58**	47,914.10	**364,449.58**	315,986.71
2	Marked to market positions				
	a) Asset (+)	**1,469.15**	823.55	**4,994.01**	2,797.45
	b) Liability (-)	**(1,090.17)**	(663.14)	**(5,197.06)**	(2,709.26)
3	Credit exposure	**3,562.03**	3,234.07	**6,734.23**	4,888.09
4	Likely impact of one percentage change in interest rate (100*PV01)				
	a) On hedging derivatives	**-**	-	**-**	-
	b) On trading derivatives	**45.10**	29.84	**70.94**	94.61
5	Maximum of 100*PV01 observed during the year				
	a) On hedging	**-**	-	**-**	-
	b) On trading	**45.10**	29.84	**181.04**	94.61
6	Minimum of 100*PV01 observed during the year				
	a) On hedging	**-**	-	**-**	-
	b) On trading	**32.39**	5.97	**44.41**	31.51

✓ As at March 31, 2020, the notional principal amount of outstanding foreign exchange contracts classified as trading amounted to ₹ 607,919.49 crore (previous year: ₹ 549,616.22 crore). There were no foreign exchange contracts classified as hedging outstanding as at March 31, 2020 (previous year: ₹ 6,569.73 crore).

✓ The notional principal amounts of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk.

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

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

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

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✓ 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; and

(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 factors prescribed in RBI guidelines, which is applied on the basis of the residual maturity and the type of contract.

13 Asset quality

- **Movements in NPAs (funded)**

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
(i) Net NPAs to net advances	0.36%	0.39%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	11,224.16	8,606.97
(b) Additions (fresh NPAs) during the year	17,563.13	14,382.03
(c) Reductions during the year:	16,137.32	11,764.84
- Upgradation*	3,604.60	3,251.98
- Recoveries (excluding recoveries made from upgraded accounts)	4,278.23	3,932.50
- Write-offs	8,254.49	4,580.36
(d) Closing balance	12,649.97	11,224.16
(iii) Movement of net NPAs		
(a) Opening balance	3,214.52	2,601.02
(b) Additions during the year	4,885.53	4,946.36
(c) Reductions during the year	4,557.69	4,332.86
(d) Closing balance	3,542.36	3,214.52
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	8,009.64	6,005.95
(b) Additions during the year	12,677.60	9,435.67
(c) Write-offs	8,254.49	4,580.36
(d) Write-back of excess provisions	3,325.14	2,851.62
(e) Closing balance	9,107.61	8,009.64

NPAs include all loans, investments and foreign exchange and derivatives that are classified as non-performing by the Bank.
**includes those accounts where all overdue have been paid.*

- **Technical or prudential write-offs**

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of technical / prudential write-offs	-	-
Technical / Prudential write-offs during the year	-	-
Recoveries made from previously technically / prudentially written-off accounts during the year	-	-
Closing balance of technical / prudential write-offs	-	-

- **Floating provisions**

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	1,451.28	1,451.28
Provisions made / reinstated during the year	-	-
Draw down made during the year	-	-
Closing balance	1,451.28	1,451.28

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

- **Divergence in the asset classification and provisioning**

In terms of the RBI guidelines, banks are required to disclose the divergence in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever the additional provisioning assessed / additional gross NPAs identified by RBI exceeds the threshold specified by RBI. The current threshold for provisioning is 10 per cent of the reported profit before provisions and contingencies for the reference period and that for additional gross NPAs is 15 per cent of the published incremental Gross NPAs for the reference period. The threshold for the year ended March 31, 2019 was 15 percent of profit after tax and 15 per cent of the published incremental Gross NPAs respectively.

Based on the above, there was no reportable divergence in asset classification and provisioning for NPAs for the years ended March 31, 2020 and March 31, 2019.

- **Disclosure on accounts subjected to restructuring for the year ended March 31, 2020:**

(₹ crore, except numbers)

Sr. No.	Type of restructuring / Asset Classification → / Details ↓		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
			Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as at April 1, 2019*	No. of borrowers	-	-	4	-	4	-	-	-	-	-	1	1	3	4	9	1	1	7	4	13
		Amount outstanding	-	-	56.67	-	56.67	-	-	-	-	-	52.37	1.79	182.69	15.96	252.81	52.37	1.79	239.36	15.96	309.48
		Provision thereon	-	-	2.90	-	2.90	-	-	-	-	-	-	-	0.50	0.91	1.41	-	-	3.40	0.91	4.31
2	Fresh restructuring during the year #	No. of borrowers	-	-	-	-	-	27	-	-	-	27	1	6	-	-	7	28	6	-	-	34
		Amount outstanding	-	-	-	-	-	48.11	-	-	-	48.11	2.35	51.07	-	-	53.42	50.46	51.07	-	-	101.53
		Provision thereon	-	-	-	-	-	2.08	-	-	-	2.08	-	2.22	-	-	2.22	2.08	2.22	-	-	4.30
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	-	-	-1	-	1	-	-	-1	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	0.94	-	-	-0.94	-	0.94	-	-	-0.94	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	-				-	-				-	-				-	-				-
		Amount outstanding	-				-	-				-	-				-	-				-
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	1	1	2	4	-	1	1	2	4
		Amount outstanding	-	-	11.63	-	11.63	-	-	-	-	-	0.32	1.79	177.95	13.63	193.69	0.32	1.79	189.58	13.63	205.32
7	Restructured accounts as at March 31, 2020*	No. of borrowers	-	-	4	-	4	27	-	-	-	27	3	6	2	1	12	30	6	6	1	43
		Amount outstanding	-	-	45.04	-	45.04	48.11	-	-	-	48.11	55.34	51.07	4.74	1.39	112.54	103.45	51.07	49.78	1.39	205.69
		Provision thereon	-	-	-	-	-	2.08	-	-	-	2.08	-	2.22	-	0.02	2.24	2.08	2.22	-	0.02	4.32

* Excludes the figures of standard restructured advances which do not attract higher provisioning or risk weight.
^ These are restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year.
\# includes ₹ 1.89 crore of additional sanction (1 account and nil provision) to existing restructured account.
\## includes ₹ 27.77 crore (9 accounts and provision ₹ 2.52 crore) of reduction in existing restructured accounts by way of recovery / sale.

Disclosure on accounts subjected to restructuring for the year ended March 31, 2019:

(₹ crore, except numbers)

Sr. No.	Type of restructuring / Asset Classification → / Details ↓		Under Corporate Debt Restructuring (CDR) Mechanism					Under Small & Medium Enterprises (SME) Debt Restructuring Mechanism					Others					Total				
			Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured accounts as at April 1, 2018*	No. of borrowers	-	2	3	-	5	-	-	-	-	-	1	1	2	5	9	1	3	5	5	14
		Amount outstanding	-	44.50	40.65	-	85.15	-	-	-	-	-	1,300.41	2.16	199.40	24.95	1,526.92	1,300.41	46.66	240.05	24.95	1,612.07
		Provision thereon	-	2.50	0.79	-	3.29	-	-	-	-	-	-	-	0.50	1.06	1.56	-	2.50	1.29	1.06	4.85
2	Fresh restructuring during the year #	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	1	1	-	3	1	1	1	-	3
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	52.37	1.79	0.77	-	54.93	52.37	1.79	0.77	-	54.93
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradation to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Advances not shown as restructured standard advances at the beginning of the next year^	No. of borrowers	-				-	-				-	1				1	1				1
		Amount outstanding	-				-	-				-	1,300.41				1,300.41	1,300.41				1,300.41
		Provision thereon	-				-	-				-	-				-	-				-
5	Down gradation of restructured accounts during the year	No. of borrowers	-	-2	+2	-	-	-	-	-	-	-	-	-1	-	+1	-	-	-3	+2	+1	-
		Amount outstanding	-	-44.50	+44.50	-	-	-	-	-	-	-	-	-2.16	-	+2.16	-	-	-46.66	+44.50	+2.16	-
		Provision thereon	-	-2.50	+2.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-2.50	+2.50	-	-
6	Write-offs of restructured accounts during the year ##	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	-	-	2	2	-	-	1	2	3
		Amount outstanding	-	-	28.48	-	28.48	-	-	-	-	-	-	-	17.48	11.15	28.63	-	-	45.96	11.15	57.11
7	Restructured accounts as at March 31, 2019*	No. of borrowers	-	-	4	-	4	-	-	-	-	-	1	1	3	4	9	1	1	7	4	13
		Amount outstanding	-	-	56.67	-	56.67	-	-	-	-	-	52.37	1.79	182.69	15.96	252.81	52.37	1.79	239.36	15.96	309.48
		Provision thereon	-	-	2.90	-	2.90	-	-	-	-	-	-	-	0.50	0.91	1.41	-	-	3.40	0.91	4.31

* Excludes the figures of standard restructured advances which do not attract higher provisioning or risk weight.
^ These are restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next year.
\# includes ₹ 0.02 crore of additional sanction (1 account and provision ₹ 0.50 crore) to existing restructured account.
\## includes ₹ 29.25 crore (8 accounts and provision ₹ 3.43 crore) of reduction in existing restructured accounts by way of recovery / sale.

Schedules to the Financial Statements

For the year ended March 31, 2020

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

(₹ crore)

March 31, 2020		March 31, 2019	
No. of accounts restructured	Amount outstanding	No. of accounts restructured	Amount outstanding
27	48.11	-	-

- Details of financial assets sold during the year to securitisation / reconstruction companies (SC / RC) for asset reconstruction are as under:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Number of accounts	24,906	-
Aggregate value (net of provisions) of accounts sold to SC / RC	472.99	-
Aggregate considerations	610.76	-
Additional consideration realised in respect of accounts transferred in earlier years	218.25	-
Aggregate gain / (loss) over net book value	137.77	-
Provision made to meet shortfall in sale of NPA	-	-
Amount of unamortised provision debited to 'other reserve'	-	-

- Details of book value of investment in security receipts (SRs) backed by NPAs:

(₹ crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total March 31, 2020
(i) Backed by NPAs sold by the Bank as underlying*	432.36	0.19	-	432.55
Provision held against (i)	-	-	-	-
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.43	3.15	1.99	5.57
Provision held against (ii)	-	-	-	-
Total	**432.79**	**3.34**	**1.99**	**438.12**

** During the year ended March 31, 2020, contingent provision of ₹ 185.64 crore was made and held towards investment in security receipts backed by NPAs sold by the Bank.*

(₹ crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago	Total March 31, 2019
(i) Backed by NPAs sold by the Bank as underlying*	190.90	-	-	190.90
Provision held against (i)	-	-	-	-
(ii) Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.81	3.44	1.32	5.57
Provision held against (ii)	-	-	-	-
Total	**191.71**	**3.44**	**1.32**	**196.47**

**The Bank held contingent provision of ₹ 76.36 crore towards investment in security receipts backed by NPAs sold by the Bank as at March 31, 2019.*

- Details of financial assets sold during the year to companies other than securitisation / reconstruction companies (SC / RC) for asset reconstruction are as under:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
(i) No of accounts sold	35,018	1
(ii) Aggregate outstanding	127.20	121.75
(iii) Aggregate consideration received	28.45	66.27

- During the years ended March 31, 2020 and March 31, 2019, no non-performing financial assets were purchased by the Bank.

- Securitised assets as per books of SPVs sponsored by the Bank:
  There are no SPVs sponsored by the Bank as at March 31, 2020 and as at March 31, 2019.

- Detail of Resolution Plan (RP) implemented:

(₹ crore)

	No. of borrowers	Amount Outstanding
March 31, 2020	1	53.31

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

- Details of exposure to real estate sector

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

(₹ crore)

Category	March 31, 2020	March 31, 2019
a) Direct exposure	**1,09,166.57**	92,051.52
(i) Residential mortgages*	**66,415.79**	56,967.32
(of which housing loans eligible for inclusion in priority sector advances)	**(26,822.41)**	(25,006.05)
(ii) Commercial real estate	**42,293.93**	35,078.57
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(a) Residential	**298.59**	5.63
(b) Commercial real estate	**118.45**	-
(c) Others	**39.81**	-
b) Indirect exposure	**24,158.97**	23,740.43
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**24,158.97**	23,740.43
Total exposure to real estate sector	**1,33,325.54**	**1,15,791.95**

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

Of the above, exposure to real estate developers as at March 31, 2020 is 0.5% (previous year: 0.5%) of total advances.

Schedules to the Financial Statements

For the year ended March 31, 2020

- **Details of capital market exposure**

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

(₹ crore)

Sr. No.	Particulars	March 31, 2020	March 31, 2019
(i)	Direct investments made in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	1,625.14	97.52
(ii)	Advances against shares, bonds, debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	172.30	235.82
(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	5,145.02	5,098.48
(iv)	Advances for any other purposes to the extent secured by collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	787.94	427.15
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers	10,045.51	12,510.28
(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	1,220.47	2,202.40
(vii)	Bridge loans to companies against expected equity flows / issues	-	-
(viii)	Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stock brokers for margin trading	-	-
(x)	All exposures to venture capital funds (both registered and unregistered)	10.55	6.95
	Total exposure to capital market	**19,006.93**	20,578.60

- **Details of risk category wise country exposure**

(₹ crore)

Risk Category	March 31, 2020		March 31, 2019	
	Exposure (net)	Provision held	Exposure (net)	Provision held
Insignificant	19,459.44	-	31,262.20	-
Low	10,448.08	-	11,200.11	-
Moderately low	190.19	-	202.27	-
Moderate	359.70	-	305.98	-
Moderately high	32.59	-	43.27	-
High	0.32	-	-	-
Very high	-	-	-	-
Total	**30,490.32**	-	**43,013.83**	-

- **Details of factoring exposure**

The factoring exposure of the Bank as at March 31, 2020 is ₹ 3,687.86 crore (previous year: ₹ 3,214.40 crore).

- **Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank**

The RBI has prescribed single and group borrower exposure limits linked to a bank's eligible capital base. These limits can be enhanced by a further 5 percent thereof with the approval of the Board of Directors of the Bank. During the year ended March 31, 2020 and March 31, 2019 the Bank was within the limits prescribed by the RBI.

- **Unsecured advances**

Advances for which intangible collaterals such as rights, licenses, authority, trademarks, patents, etc. are charged in favour of the Bank in respect of projects financed by the Bank, are reckoned as unsecured advances under Schedule 9 of the Balance Sheet in line with extant RBI guidelines. There are no such advances outstanding as at March 31, 2020 (previous year: Nil).

- **Inter-bank Participation with risk sharing**

The aggregate amount of participation issued by the Bank and reduced from advances as per regulatory guidelines as at March 31, 2020 was ₹ 4,543.53 crore (previous year: ₹ 30,734.43 crore).

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

a) Concentration of deposits

(₹ crore, except percentages)

Particulars	March 31, 2020	March 31, 2019
Total deposits of twenty largest depositors	45,454.28	56,760.18
Percentage of deposits of twenty largest depositors to total deposits of the Bank	4.0%	6.1%

b) Concentration of advances

(₹ crore, except percentages)

Particulars	March 31, 2020	March 31, 2019
Total advances to twenty largest borrowers	178,942.74	133,373.25
Percentage of advances of twenty largest borrowers to total advances of the Bank	11.6%	10.6%

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

c) Concentration of exposure

(₹ crore, except percentages)

Particulars	March 31, 2020	March 31, 2019
Total exposure to twenty largest borrowers / customers	194,311.35	144,610.12
Percentage of exposure of twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	12.0%	11.1%

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

d) Concentration of NPAs

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Total gross exposure to top four NPA accounts	1,271.99	730.54

Schedules to the Financial Statements

For the year ended March 31, 2020

e) Sector-wise advances

(₹ crore)

Sr. No.	Sector	March 31, 2020			March 31, 2019		
		Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector	Gross advances	Gross non-performing loans	% of gross non-performing loans to gross advances in that sector
A	**Priority sector**						
1	Agriculture and allied activities	82,326.72	3,527.34	4.28%	74,272.49	3,185.41	4.29%
2	Advances to industries eligible as priority sector lending	43,310.54	399.22	0.92%	33,559.14	289.74	0.86%
3	Services	100,504.02	1,720.75	1.71%	83,260.85	1,207.50	1.45%
4	Personal loans	32,181.93	84.97	0.26%	29,558.28	26.02	0.09%
Sub-total (A)		**258,323.21**	**5,732.28**	**2.22%**	**220,650.76**	**4,708.67**	**2.13%**
B	**Non Priority sector**						
1	Agriculture and allied activities	23,112.31	75.21	0.33%	8,631.99	181.68	2.10%
2	Industry	274,581.39	2,777.47	1.01%	201,476.02	2,262.89	1.12%
3	Services	190,097.21	2,307.48	1.21%	183,403.18	1,808.92	0.99%
4	Personal loans	256,612.68	1,666.94	0.65%	213,172.97	2,183.75	1.02%
Sub-total (B)		**744,403.59**	**6,827.10**	**0.92%**	**606,684.16**	**6,427.24**	**1.06%**
Total (A) + (B)		**1,002,726.80**	**12,559.38**	**1.25%**	**827,334.92**	**11,135.91**	**1.35%**

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

(₹ crore)

Type of PSLCs	For the year ended March 31, 2020		For the year ended March 31, 2019	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	10,341.50	-	5,572.00	500.00
Small and Marginal farmers	42,077.25	-	31,294.00	10.00
Micro Enterprises	5,666.50	3,000.00	7,338.75	-
General	6,433.00	13,750.00	1,750.00	11,171.25
Total	64,518.25	16,750.00	45,954.75	11,681.25

15 Other fixed assets

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Cost		
As at March 31 of the previous year	2,902.29	2,391.59
Additions during the year	334.29	510.70
Deductions during the year	(0.01)	-
Total (a)	**3,236.57**	**2,902.29**
Depreciation		
As at March 31 of the previous year	2,098.76	1,748.61
Charge for the year	375.01	350.15
On deductions during the year	(0.01)	-
Total (b)	**2,473.76**	**2,098.76**
Net value (a-b)	**762.81**	**803.53**

16 Other assets

- Other assets include deferred tax asset (net) of ₹ 3,835.45 crore (previous year: ₹ 4,352.14 crore). The break-up of the same is as follows:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Deferred tax asset arising out of:		
Loan loss provisions	2,600.56	3,498.19
Employee benefits	145.41	201.19
Depreciation	41.25	14.13
Others	1,048.23	638.63
Total (a)	**3,835.45**	**4,352.14**
Deferred tax liability (b)	**-**	**-**
Deferred tax asset (net) (a-b)	**3,835.45**	**4,352.14**

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Deposit with NABARD / SIDBI / NHB - PSL shortfall	9,196.86	10,832.25
Unrealised gain on foreign exchange and derivative contracts*	19,006.28	13,261.24
Deferred tax assets	3,835.45	4,352.14
Accounts receivable	5,087.55	4,301.76
Deposits & amounts paid in advance	2,578.18	1,773.70
Advances for capital assets	736.63	314.50
Residual items	3.51	2.35
Total	**40,444.46**	**34,837.94**

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

17. Maturity pattern of key assets and liabilities

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

(₹ crore)

As at March 31, 2020	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	12,722.61	18,099.10	9,557.66	39,190.53	43,819.13	43,795.02	92,951.14	105,649.35	413,729.18	101,036.33	113,152.83	993,702.88
Investments	77,686.21	72,070.41	7,769.36	17,119.26	27,089.49	16,297.62	18,004.39	23,003.06	76,309.73	9,106.89	47,370.24	391,826.66
Deposits	12,155.87	81,253.28	25,576.42	32,137.36	42,663.01	41,246.82	72,352.76	98,470.17	429,557.14	14,631.23	297,458.23	1,147,502.29
Borrowings	52.73	54,615.20	1,633.38	12,036.07	6,240.38	5,286.05	4,351.60	7,134.38	18,571.75	8,800.00	25,907.00	144,628.54
Foreign currency assets	9,357.92	8,717.05	3,364.26	9,485.24	5,983.83	4,854.08	6,637.88	7,413.61	3,795.55	1,007.66	76.72	60,693.80
Foreign currency liabilities	1,442.61	4,349.35	2,406.31	7,370.43	7,876.25	7,081.26	6,636.89	8,142.49	8,124.43	1,120.03	10,607.72	65,157.77

(₹ crore)

As at March 31, 2019	1 day	2 to 7 days	8 to 14 days	15 to 30 days	31 days to 2 months	2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans & advances	7,280.74	18,850.29	11,742.16	33,696.10	34,566.05	36,542.85	62,718.61	92,877.93	368,566.87	81,466.29	71,093.33	819,401.22
Investments	57,663.34	25,447.22	6,409.97	9,012.71	14,141.11	9,749.20	16,925.45	28,324.91	79,389.22	7,279.98	38,772.96	293,116.07
Deposits	13,111.87	40,587.89	18,962.81	19,518.87	38,382.32	26,397.68	68,412.16	114,915.37	361,745.09	14,083.51	207,023.36	923,140.93
Borrowings	493.81	19,550.83	1,693.69	10,606.75	3,243.77	3,214.22	16,209.29	11,414.78	15,442.98	12,240.00	22,975.00	117,085.12
Foreign currency assets	10,816.83	17,357.93	2,704.59	8,681.45	5,791.17	5,430.28	9,249.36	2,286.01	4,260.31	864.01	294.69	67,736.63
Foreign currency liabilities	1,758.14	3,229.25	2,841.92	7,230.39	5,674.92	4,887.61	8,901.82	12,320.30	8,024.93	1,206.80	11,650.63	67,726.71

Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of foreign currency assets and liabilities excludes off-balance sheet items. The above does not include the effect of moratorium, that the Bank may extend.

18 Provisions and contingent liabilities

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

a) Provision for credit card and debit card reward points

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening provision for reward points	603.09	471.12
Provision for reward points made during the year	517.94	387.56
Utilisation / write-back of provision for reward points	(386.88)	(255.59)
Closing provision for reward points	734.15	603.09

b) Provision for legal and other contingencies

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening provision	398.43	314.01
Movement during the year (net)	46.92	84.42
Closing provision	445.35	398.43

c) Provision pertaining to fraud accounts reported during the year

Particulars	March 31, 2020	March 31, 2019
No. of frauds reported	7,580	5,484
Amount involved in fraud (₹ crore)	222.60	498.44
Amount involved in fraud net of recoveries / write-offs as at the end of the year (₹ crore)	168.88	431.42
Provisions held as at the end of the year (₹ crore)	168.88	431.42
Amount of unamortised provision debited from "other reserves" as at the end of the year (₹ crore)	-	-

d) Description of contingent liabilities

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

**Also refer Schedule 12 - Contingent liabilities*

Schedules to the Financial Statements

For the year ended March 31, 2020

19 Business ratios / information

Particulars	March 31, 2020	March 31, 2019
Interest income as a percentage to working funds[1]	**8.78%**	8.93%
Net interest income as a percentage to working funds	**4.29%**	4.35%
Non-interest income as a percentage to working funds	**1.78%**	1.59%
Operating profit[2] as a percentage to working funds	**3.73%**	3.58%
Return on assets (average)	**2.01%**	1.90%
Business[3] per employee (₹ in crore)	**17.49**	16.87
Profit per employee[4] (₹ in crore)	**0.24**	0.23
Gross non-performing assets to gross advances[5]	**1.26%**	1.36%
Gross non-performing advances to gross advances	**1.25%**	1.35%
Percentage of net non-performing assets[6] to net advances[7]	**0.36%**	0.39%
Provision coverage ratio[8]	**72.00%**	71.36%

Definitions of certain items in Business ratios / information:

1 *Working funds is the daily average of total assets during the year.*

2 *Operating profit is net profit for the year before provisions and contingencies and profit / (loss) on sale of building and other fixed assets (net).*

3 *"Business" is the total of quarterly average of net advances and deposits (net of inter-bank deposits).*

4 *Productivity ratios are based on average employee numbers.*

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

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

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

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

20 Interest income

Interest income under the sub-head Income from Investments includes dividend on units of mutual funds and equity and preference shares received during the year ended March 31, 2020 amounting to ₹ 147.09 crore (previous year: ₹ 408.27 crore).

21 Earnings from standard assets securitised-out

There are no Special Purpose Vehicles ('SPV's) sponsored by the Bank for securitisation transactions. During the years ended March 31, 2020 and March 31, 2019, there were no standard assets securitised-out by the Bank.

Form and quantum of services and liquidity provided by way of credit enhancement

The Bank has provided credit and liquidity enhancements in the form of cash collaterals / guarantees / subordination of cash flows etc., to the senior Pass Through Certificates ('PTC's) as well as in loan assignment transactions. The RBI issued addendum guidelines on securitisation of standard assets vide its circular dated May 7, 2012. Accordingly, the Bank does not provide liquidity or credit enhancements on the direct assignment transactions undertaken subsequent to these guidelines. The total value of credit enhancement outstanding in the books as at March 31, 2020 was ₹ 221.26 crore (previous year: ₹ 223.25 crore) and outstanding servicing liability was ₹ 0.03 crore (previous year: ₹ 0.03 crore).

22 Other income

- **Commission, exchange and brokerage income**
  - ✓ Commission, exchange and brokerage income is net of correspondent bank charges.
  - ✓ Commission income for the year ended March 31, 2020 includes fees of ₹ 2,182.76 crore (previous year: ₹ 1,473.37 crore) in respect of life insurance business and ₹ 272.25 crore (previous year: ₹ 222.68 crore) is in respect of general insurance and health insurance business, of which ₹ 1,012.64 crore (previous year: ₹ 554.82 crore) is for displaying publicity materials at the Bank's branches / ATMs.
- **Miscellaneous income**

  Miscellaneous income includes recoveries from written-off accounts amounting to ₹ 2,253.45 crore (previous year: ₹ 1,430.81 crore).

23 Other expenditure

Other expenditure includes commission paid to sales agents amounting to ₹ 3,154.21 crore (previous year: ₹ 2,805.61 crore), exceeding 1% of the total income of the Bank.

24 Provisions and contingencies

The break-up of provisions and contingencies included in the Profit and Loss Account is given below: (₹ crore)

Particulars	March 31, 2020	March 31, 2019
Provision for income tax		
- Current	**9,833.15**	12,129.61
- Deferred	**516.69**	(1,008.12)
Provision for NPAs	**9,083.32**	6,394.11
Provision for diminution in value of non-performing investments	**7.50**	4.71
Provision for standard assets	**795.97**	648.38
Other provisions and contingencies*	**2,255.60**	502.88
Total	**22,492.23**	18,671.57

*Includes provisions for tax, legal and other contingencies ₹ 2,252.38 crore (previous year: ₹ 500.29 crore), provisions / (write-back) for securitised-out assets ₹ 1.14 crore (previous year: ₹ 2.59 crore) and standard restructured assets ₹ 2.08 crore (previous year: Nil).

25 Employee benefits

Gratuity (₹ crore)

Particulars	March 31, 2020	March 31, 2019
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	**617.95**	542.97
Interest cost	**39.22**	39.69
Current service cost	**88.12**	73.06
Benefits paid	**(47.46)**	(46.81)
Actuarial (gain) / loss on obligation:		
Experience adjustment	**(8.46)**	7.12
Assumption change	**36.50**	1.92
Present value of obligation as at March 31	**725.87**	**617.95**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	**501.71**	416.40
Expected return on plan assets	**35.58**	32.13
Contributions	**89.51**	88.29
Benefits paid	**(47.46)**	(46.81)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	**(64.41)**	11.70
Assumption change	**-**	-
Fair value of plan assets as at March 31	**514.93**	**501.71**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	**514.93**	501.71
Present value of obligation as at March 31	**(725.87)**	(617.96)
Asset / (liability) as at March 31	**(210.94)**	(116.25)
Expenses recognised in Profit and Loss Account		
Interest cost	**39.22**	39.69
Current service cost	**88.12**	73.06

Schedules to the Financial Statements

For the year ended March 31, 2020

Particulars	March 31, 2020	March 31, 2019
Expected return on plan assets	(35.58)	(32.13)
Net actuarial (gain) / loss recognised in the year	92.44	(2.67)
Net cost	**184.20**	**77.95**
Actual return on plan assets	(28.83)	43.84
Estimated contribution for the next year	104.45	89.51
Assumptions		
Discount rate	6.60% per annum	7.64% per annum
Expected return on plan assets	7.00% per annum	7.00% per annum
Salary escalation rate	7.00% per annum	8.00% per annum

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

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

Category of plan assets	% of fair value to total plan assets	
	as at March 31, 2020	as at March 31, 2019
Government securities	25.55%	23.79%
Debenture and bonds	30.31%	28.96%
Equity shares	41.03%	45.03%
Others	3.11%	2.22%
Total	100.00%	100.00%

Experience adjustment (₹ crore)

Particulars	Years ended March 31,				
	2020	2019	2018	2017	2016
Plan assets	514.93	501.71	416.40	355.57	287.93
Defined benefit obligation	725.87	617.96	542.97	488.00	390.47
Surplus / (deficit)	(210.94)	(116.25)	(126.57)	(132.43)	(102.54)
Experience adjustment gain / (loss) on plan assets	(64.41)	11.70	0.13	32.44	(13.69)
Experience adjustment (gain) / loss on plan liabilities	(8.46)	7.12	10.44	35.48	16.24

Pension (₹ crore)

Particulars	March 31, 2020	March 31, 2019
Reconciliation of opening and closing balance of the present value of the defined benefit obligation		
Present value of obligation as at April 1	69.54	73.06
Interest cost	4.11	5.10
Current service cost	0.67	0.75
Benefits paid	(14.65)	(12.57)
Actuarial (gain) / loss on obligation:		
Experience adjustment	9.06	3.32
Assumption change	(4.58)	(0.12)
Present value of obligation as at March 31	**64.15**	**69.54**
Reconciliation of opening and closing balance of the fair value of the plan assets		
Fair value of plan assets as at April 1	21.95	31.30
Expected return on plan assets	1.10	1.86

Particulars	March 31, 2020	March 31, 2019
Contributions	0.83	0.88
Benefits paid	(14.65)	(12.57)
Actuarial gain / (loss) on plan assets:		
Experience adjustment	0.28	0.48
Assumption change	-	-
Fair value of plan assets as at March 31	**9.51**	**21.95**
Amount recognised in Balance Sheet		
Fair value of plan assets as at March 31	9.51	21.95
Present value of obligation as at March 31	(64.15)	(69.54)
Asset / (liability) as at March 31	**(54.64)**	**(47.59)**
Expenses recognised in Profit and Loss Account		
Interest cost	4.11	5.10
Current service cost	0.67	0.75
Expected return on plan assets	(1.10)	(1.86)
Net actuarial (gain) / loss recognised in the year	4.19	2.72
Net cost	**7.87**	**6.71**
Actual return on plan assets	1.39	2.34
Estimated contribution for the next year	7.72	14.03
Assumptions		
Discount rate	6.60% per annum	7.64% per annum
Expected return on plan assets	7.00% per annum	7.00% per annum
Salary escalation rate	7.00% per annum	8.00% per annum

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

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

Category of plan assets	% of fair value to total plan assets	
	as at March 31, 2020	as at March 31, 2019
Government securities	20.81%	8.49%
Debenture and bonds	17.14%	73.88%
Others	62.05%	17.63%
Total	**100.00%**	**100.00%**

Experience adjustment (₹ crore)

Particulars	Years ended March 31,				
	2020	2019	2018	2017	2016
Plan assets	9.51	21.95	31.30	36.16	38.38
Defined benefit obligation	64.15	69.54	73.06	73.55	70.88
Surplus / (deficit)	(54.64)	(47.59)	(41.76)	(37.39)	(32.50)
Experience adjustment gain / (loss) on plan assets	0.28	0.48	0.59	0.39	1.43
Experience adjustment (gain) / loss on plan liabilities	9.06	3.32	3.95	4.65	17.35

Provident fund

The guidance note on AS-15, Employee Benefits, states that employer established provident funds, where interest is guaranteed are to be considered as defined benefit plans and the liability has to be valued. The Institute of Actuaries of India (IAI) has issued a guidance note on valuation of interest rate guarantees on exempt provident funds. The actuary has accordingly valued the same and the Bank held a provision of Nil as at March 31, 2020 (previous year: Nil), towards the present value of the guaranteed interest benefit obligation. The actuary has followed the deterministic approach as prescribed by the guidance note.

Assumptions

Particulars	March 31, 2020	March 31, 2019
Discount rate (GOI security yield)	6.60% per annum	7.64% per annum
Expected guaranteed interest rate	8.50% per annum	8.65% per annum

The Bank does not have any unfunded defined benefit plan. The Bank contributed ₹ 326.22 crore (previous year: ₹ 247.95 crore) to the provident fund, ₹ 3.79 crore (previous year: ₹ 3.27 crore) to the National Pension Scheme and ₹ 75.41 crore (previous year: ₹ 80.66 crore) to the superannuation plan.

The Bank has implemented the judgement of the Hon'ble Supreme Court in Swami Vivekananda Vidyamandir on clubbing of identified allowances with basic salary up to the maximum salary ceiling specified in the Employees Provident Fund and Miscellaneous Provisions Act 1952 with effect from April 2019.

Compensated absences

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Bank is given below:

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Privileged leave	353.37	321.30
Sick leave	73.94	66.99
Total actuarial liability	**427.31**	**388.29**
Assumptions		
Discount rate	6.60% per annum	7.64% per annum
Salary escalation rate	7.00% per annum	8.00% per annum

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

26 Disclosures on remuneration

Qualitative Disclosures

A. Information relating to the bodies that oversee remuneration

Name and composition

The Board of Directors of the Bank has constituted the Nomination and Remuneration Committee (hereinafter, the 'NRC') for overseeing and governing the compensation policies of the Bank. The NRC is comprised of four non-executive directors as of March 31, 2020. Further, two members of the NRC are also members of the Risk Policy and Monitoring Committee (hereinafter, the 'RPMC') of the Board.

The NRC is comprised of Mrs. Shyamala Gopinath, Mr. Sanjiv Sachar, Mr. Sandeep Parekh and Mr. M.D. Ranganath. Further, Mrs. Shyamala Gopinath and Mr. M.D. Ranganath are also members of the RPMC. Mr. Sanjiv Sachar is the chairperson of the NRC.

Mandate of the NRC

The primary mandate of the NRC is to oversee the implementation of compensation policies of the Bank. The NRC periodically reviews the overall compensation policy of the Bank with a view to attract, retain and motivate employees. In this capacity it is required to review and approve the design of the total compensation framework, including compensation strategy programs and plans, on behalf of the Board of Directors. The compensation structure and pay revision for Whole Time Directors is also approved by the NRC. The NRC co-ordinates with the RPMC to ensure that compensation is aligned with prudent risk taking.

External Consultants

The Bank engaged with AON in the area of compensation market benchmarking and executive compensation. The Bank also engaged with Towers Willis Watson in the area of Long Term Incentives.

Scope of the Bank's Remuneration Policy

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

All permanent employees of the Bank except those covered under the long term wage agreement are covered by the said Remuneration Policy. The number of employees covered under the compensation policy was 1,16,726 as at March 31, 2020 (previous year: 97,805).

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

I. Key Features and Objectives of Remuneration Policy

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

The Bank's performance management system provides a sound basis for assessing employee performance holistically. The Bank's compensation framework is aligned with the performance management system and differentiates pay appropriately amongst its employees based on degree of contribution, skill and availability of talent owing to competitive market forces by taking into account factors such as role, skills, competencies, experience and grade / seniority.

The NRC reviews the following critical principles enunciated in the policy and ensures that:

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

(b) compensation outcomes are symmetric with risk outcomes;

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

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

Review of Remuneration Policy of the Bank

The Remuneration Policy of the Bank was reviewed by the NRC during the year ended March 31, 2020 and the following material change was incorporated therein:

✓ The ESOPs granted subsequent to April 1, 2019 vest no faster than on a pro rata basis.

✓ Assessment of performance of employees at the time of vesting ESOPs shall not be considered for ESOPs vesting effective October 19, 2019.

✓ Remuneration of the Group Heads is placed before the Board of Directors for approval with effect from the financial year commencing on April 1, 2019.

II. Design and Structure of Remuneration

a) Fixed Pay

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

Elements of Fixed Pay

The fixed pay component of the Bank's compensation structure typically consists of elements such as base salary, allowances, perquisites and retirement benefits. Perquisites extended are in the nature of company car, hard furnishing, company leased accommodation, club membership and such other benefits or allowances in lieu of such perquisites / benefits. Retirement benefits include contributions to provident fund, superannuation fund (for certain job bands), national pension scheme and gratuity. The Whole Time Directors of the Bank are entitled to other post-retirement benefits such as car and medical facilities, in accordance with specified terms of employment as per the policy of the Bank, subject to RBI approval. The Bank also provides pension to certain employees of the erstwhile Lord Krishna Bank (eLKB) under the Indian Banks' Association ('IBA') structure.

Schedules to the Financial Statements

For the year ended March 31, 2020

Determinants of Fixed Pay

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

(a) fair compensation given the role complexity and size;

(b) fair compensation given the individual's skill, competence, experience and market pay position;

(c) sufficient contribution to post retirement benefits; and

(d) compliance with all statutory obligations.

For Whole Time Directors additional dimensions such as prominence of leadership among industry leaders, consistency of the Bank's performance over the years on key parameters such as profitability, growth and asset quality in relation to its own past performance and that of its peer banks are considered. The quantum of fixed pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI.

b) Variable Pay

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

Whole Time Directors

The bonus for Whole Time Directors does not exceed 70% of the fixed pay in a year, thereby ensuring that there is a balance between the fixed and variable pays. The variable pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI. The variable pay component is paid out subject to the following conditions:

- Where the variable pay constitutes 50% or more of the fixed pay, a portion of the same is deferred as per the schedule mentioned in the table below:

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- The Bank has devised appropriate malus and claw back clauses as risk mitigants for any negative contributions of the Bank and / or relevant line of business in any year. Under the malus clause the incumbent foregoes the payout of the deferred variable pay in full or in part. Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year. The deferred bonus is paid out post review and approval by the NRC.

Employees other than Whole Time Directors

The Bank has formulated the following variable pay plans:

- **Annual bonus plan**

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

  Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay. The Bank ensures that the time horizon for risk is assessed and the deferment period, if any, for bonus is set accordingly. The following is taken into account while administering the annual bonus:

  ✓ In the event the proportion of variable pay to fixed pay is substantially high (variable pay exceeding 50% of fixed pay) for employees in certain grades, the Bank has devised the following deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

  ✓ In cases of deferment of variable pay, the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

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

  PLPs are formulated for sales personnel who are given sales targets but have limited impact on risk since credit decisions are exercised independent of the sales function. All PLP payouts are based on a balanced scorecard framework which factors not just quantitative, but also qualitative measures, such as quality of business sourced, customer complaints etc., and are subject to achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. Employees who are on the PLPs are excluded from the Annual Bonus Plan.

c) Guaranteed Bonus

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

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

For hiring at levels of Whole Time Directors / Managing Director and certain employees in select strategic roles, a sign-on bonus, if any, is limited to the first year only and is only in the form of Employee Stock Options.

d) Employee Stock Option Plan ('ESOP's)

The Bank considers ESOPs as a vehicle to create a balance between short term rewards and long term sustainable value creation. ESOPs play a key role in the attraction and retention of key talent. The Bank grants equity share options to its Whole Time Directors and other employees above a certain grade. All plans for grant of options are framed in accordance with the SEBI guidelines, 1999 as amended from time to time and are approved by the shareholders of the Bank. These plans provide for the grant of options post approval by the NRC.

The grant of options is reviewed and approved by the NRC. The NRC grants options after considering parameters such as the incumbent's grade and performance rating, and such other factors as may be deemed appropriate by the NRC. Equity share options granted to the Whole Time Directors are subject to the approval of the NRC, the Board and the RBI. With effect from April 1, 2018, the Bank has amended its policy for grant of ESOPs. Under this policy, ESOPs granted to eligible employees vest over four tranches spread over a period of 48 months. The ESOPs granted subsequent to April 1, 2019 vest no faster than on a pro rata basis. Vesting for all ESOPs granted subsequent to April 1, 2017 was based on the assessment of performance of the employee at the time of vesting. During the year ended March 31, 2020, the Bank reviewed its policy of conditional vesting

Schedules to the Financial Statements

For the year ended March 31, 2020

for employee Stock Options. For this purpose the Bank commissioned the services of Towers Willis Watson, a consulting firm in the area of Reward and Benefits. Basis the recommendations of the firm, to the NRC, the Bank discontinued the practice of conditional vesting for employee stock options.

e) Severance Pay

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

f) Hedging

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

g) Statutory Bonus

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

III. Remuneration Processes

Fitment at the time of Hire

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

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

Pay Increment / Pay Revision

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

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

The Bank also makes salary corrections and adjustments during the financial year for those employees whose compensation is found to be below the market pay and who have a good performance track record. However, such pay revisions are done on an exception basis.

Risk, Control and Compliance Staff

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

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

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

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

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

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

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

(b) Annual bonus plan:

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

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

The Bank has devised appropriate malus and claw back clauses as a risk mitigant for any negative contributions of the Bank and / or relevant line of business in any year for Whole Time Directors. Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. Under the claw back clause the incumbent is obligated to return all the tranches of bonus payout pertaining to the reference performance year. The deferred bonus is paid out post review and approval by the NRC.

The bonus for Whole Time Directors is capped at 70% of the fixed pay in a year. The variable pay for Whole Time Directors is approved by the NRC as well as the Board of Directors of the Bank and is subject to the approval of the RBI.

The variable pay component for Whole Time Directors and employees in certain grades is paid out subject to the following conditions:

Where the variable pay constitutes 50% or more of the fixed pay, a portion of the same would be deferred as per the schedule mentioned in the table below:

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

(c) Long term incentives (employee stock options):

The Bank also grants employee stock options to employees in certain job bands. The grant is based on performance rating of the individual.

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

The Bank has a very comprehensive multi-dimensional performance measurement metrics that takes into consideration multiple factors that include qualitative as well as quantitative factors. The following are the key performance measurement metrics for the Bank. These also form part of the key metrics for the measurement of the performance of Whole Time Directors and impact the final remuneration:

a) Business Growth - This includes growth in advances and deposits;
b) Profitability - This includes growth in profit after tax;
c) Asset Quality - Gross NPA, Net NPA and % of Restructured assets to net advances;
d) Financial Soundness - Capital Adequacy Ratio and Tier I capital ratio;
e) Shareholder value creation - Return on equity; and
f) Financial Inclusion - Growth in number of households covered, growth in the value of loans disbursed under this category and achievement against priority sector lending targets.

Most of the above parameters are evaluated in two steps:

A. Achievement against the plans of the Bank; and
B. Achievement against the performance of peers.

Apart from the factors related to business growth there is also a key qualitative factor such as regulatory compliance. Compliance is the key qualitative factor that acts as the moderator in the entire organisation evaluation process. A low score on compliance can significantly moderate the other performance measures and depending on severity may even nullify their impact.

While the above parameters form the core evaluation parameters for the Bank each of the business units are measured on the following from a remuneration standpoint:

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

Apart from the above the business units are also measured against certain key business objectives that are qualitative in nature.

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

Fixed Pay

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

Variable Pay

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

- Annual Bonus Plan

  The Bank's annual bonus is computed as a percentage of the gross salary for every job band. The bonus multiple is based on performance of the business unit (based on the parameters above), performance rating, job band and the functional category of the individual employee. The business performance level determines the multiplier for the bonus. All other things remaining equal, for a given job band, the bonus is directly related to the performance rating.

  The proportion of variable pay to fixed pay increases with job band. Employees on the annual bonus plan are not part of the PLPs.

- Performance-linked Plans (PLPs)

  The Bank has formulated PLPs for its sales personnel who are given sales targets basis a balanced scorecard methodology. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees and moderated by qualitative parameters. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks. All PLP plans are based on balanced scorecard framework.

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

A discussion of the Bank's policy on deferral and vesting of variable remuneration and criteria for adjusting deferred remuneration before vesting and after vesting is given below:

Whole Time Directors

The bonus for Whole Time Directors does not exceed 70% of the fixed pay in a year, thereby ensuring that there is a balance between the fixed and variable pay. The variable pay for Whole Time Directors is approved by the NRC as well as the Board and is subject to the approval of the RBI. The variable pay component is paid out subject to the following conditions:

- Where the variable pay constitutes 50% or more of the fixed pay, an appropriate portion thereof is deferred and vests as per the schedule mentioned in the table below:

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

- The Bank has devised appropriate malus and claw back clauses as risk mitigants for any negative contributions of the Bank and / or relevant line of business in any year.

  ✓ Malus clause

  Under the malus clause the incumbent foregoes the vesting of the deferred variable pay in full or in part. In the event there is a deterioration in specific performance criteria (such as criteria relating to profit or asset quality) that are laid down by the NRC, then the NRC would review the deterioration in the performance taking into consideration the macroeconomic environment as well as internal performance indicators and accordingly decide whether any part of the deferred tranche pertaining to the reference financial year merits a withdrawal. The deferred bonus is paid out post review and approval by the NRC.

  ✓ Claw back clause

  Under the claw back clause the incumbent is obligated to return all the tranches of payout received of bonus amounts pertaining to the relevant performance year. In the event there is any act attributable to the concerned Whole Time Director / Managing Director resulting in an incident of wilful and deliberate misinterpretation / misreporting of financial performance (inflating the financials) of the Bank, for a financial year, which comes to light in the subsequent three years, the incumbent is obligated to return all the tranches of bonus payout received pertaining to the relevant performance year.

The specific criteria on the applicability of malus and claw back arrangements are reviewed by the NRC annually.

Employees other than Whole Time Directors

The Bank has formulated the following variable pay plans:

- Annual bonus plan

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

  Bonus pools are designed to meet specific business needs therefore resulting in differentiation in both the quantum and the method of payout across functions. Typically higher levels of responsibility receive a higher proportion of variable pay vis-à-vis fixed pay. The Bank ensures that the time horizon for risk is assessed and the deferment period, if any, for bonus is set accordingly. Employees on the annual bonus plan are not part of the PLPs.

  The following is taken into account while administering the annual bonus:

  ✓ In the event the proportion of variable pay to fixed pay is substantially high (typically variable pay exceeding 50% of fixed pay), for employees in certain grade the Bank has devised the following deferment schedule after taking into consideration the nature of risk, time horizon of risk, and the materiality of risk.

Tranche	Portion of Variable Pay	Timelines
Tranche 1	60%	Payable effective April 1 of the financial year immediately following the performance year.
Tranche 2	13.33%	Payable effective April 1 of the second financial year following the reference performance year.
Tranche 3	13.33%	Payable effective April 1 of the third financial year following the reference performance year.
Tranche 4	13.33%	Payable effective April 1 of the fourth financial year following the reference performance year.

  ✓ In cases of deferment of variable pay, the Bank makes an assessment prior to the due date for payment of the deferred portion for any negative contribution. The criteria for negative contribution are decided basis pre-defined financial benchmarks. The Bank has in place appropriate methods for prevention of vesting of deferred variable pay or any part thereof, on account of negative contribution. The Bank also has in place claw back arrangements in relation to amounts already paid in the eventuality of a negative contribution.

- Performance-linked Plans (PLPs)

  PLPs are formulated for sales personnel who are given sales targets but have limited impact on risk since credit decisions are exercised independent of the sales function. All PLP payouts are subject to the achievement of individual targets enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks.

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

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

- Annual bonus plan

  These are paid to reward performance for a given financial year. This covers all employees (excluding employees under PLPs). This is based on performance of the business unit, performance rating, job band and functional category of the individual. For higher job bands the proportion of variable pay to total compensation tends to be higher.

- Performance-linked Plans (PLPs)

  These are paid to frontline sales staff for the achievement of specific sales targets but have limited impact on risk as credit decisions are exercised independent of the sales function. Further, it has been the endeavor of the Bank to ensure that the objectives set are based on the principles of a balanced scorecard that takes into account quantitative and qualitative measures rather than just the achievement of financial numbers. Further all PLPs have inherent risk adjustment mechanisms manifested in the form of deterrents. All PLP payouts are subject to the achievement of parameters, both qualitative and quantitative enumerated in the respective scorecards of the employees. A portion of the PLP payouts is deferred till the end of the financial year to provide for any unforeseen performance risks.

- Employee stock option plan

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

Quantitative disclosures

The quantitative disclosures cover the Bank's Whole Time Directors and Key Risk Takers. Key Risk Takers are individuals who can materially set, commit or control significant amounts of the Bank's resources, and / or exert significant influence over its risk profile. The Bank's Key Risk Takers include Whole Time Directors, Group Heads, Business Heads directly reporting to the Managing Director and select roles in the Bank's Treasury and Investment Banking functions.

Sr. No.	Subject	**March 31, 2020**	March 31, 2019
(a)	Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings: 9 Remuneration paid: ₹ 0.17 crore	Number of meetings: 11 Remuneration paid: ₹ 0.17 crore
(b) (i)	Number of employees having received a variable remuneration award during the financial year	32 employees	33 employees
(b) (ii)	Number and total amount of sign-on awards made during the financial year	1,90,000 stock options granted as sign-on awards during the year ended March 31, 2020.	4,65,000 stock options granted as sign-on awards during the year ended March 31, 2019.
(b) (iii)	Number and total amount of guaranteed bonuses awarded during the financial year	None	None
(b) (iv)	Details of severance pay, in addition to accrued benefits, if any	None	None
(c) (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 5.92 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 1.91 crore.
(c) (ii)	Total amount of deferred remuneration paid out in the financial year	₹ 2.64 crore	₹ 2.28 crore

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Sr. No.	Subject	March 31, 2020	March 31, 2019
(d)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	₹ 67.48 crore (Fixed*) ₹ 18.89 crore (variable pay pertaining to financial year ended March 31, 2019, in relation to employees where there was no deferment of pay) The approval of the RBI on the variable pay of the Bank's Whole Time Directors for the years ended March 31, 2018 and 2019 has since been received. ₹ 9.00 crore (variable pay pertaining to financial year ended March 31, 2018, in relation to employees where there was a deferment of pay), of which ₹ 5.40 crore was non-deferred variable pay and ₹ 3.60 crore was deferred variable pay. ₹ 9.42 crore (variable pay pertaining to financial year ended March 31, 2019 in relation to employees where there was a deferment of pay), of which ₹ 6.36 crore was non-deferred variable pay and ₹ 3.06 crore was deferred variable pay. Number of stock options granted during the financial year: 59,58,200 The approval of the RBI in relation to grant of stock options to the Bank's Whole Time Directors for the year ended March 31, 2020 is awaited. The approval of the RBI in relation to grant of stock options to the Bank's Whole Time Directors for the year ended March 31, 2019 has since been received.	₹ 66.59 crore (Fixed*) ₹ 13.69 crore (variable pay pertaining to financial year ended March 31, 2018, in relation to employees where there was no deferment of pay). ₹ 5.90 crore (variable pay pertaining to financial year ended March 31, 2017, in relation to employees where there was a deferment of pay), of which ₹ 4.51 crore was non-deferred variable pay and ₹ 1.39 crore was deferred variable pay. The approval of the RBI on the variable pay of the Bank's Whole Time Directors for the year ended March 31, 2018 is awaited. There were no other employees where there was deferment of variable pay. Number of stock options granted during the financial year: 40,14,000 (unadjusted for share split) The approval of the RBI in relation to grant of stock options to the Bank's Whole Time Directors for the year ended March 31, 2019 is awaited.
(e) (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 5.92 crore.	Total amount of outstanding deferred remuneration (cash bonus) was ₹ 1.91 crore.
(e) (ii)	Total amount of reductions during the financial year due to ex-post explicit adjustments	Nil	Nil
(e) (iii)	Total amount of reductions during the financial year due to ex-post implicit adjustments	Nil	Nil

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

27. Segment reporting

Business segments

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

a) **Treasury**

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

b) **Retail banking**

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

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

c) **Wholesale banking**

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

d) **Other banking business**

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

e) **Unallocated**

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

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

Geographic segments

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

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For the year ended March 31, 2020

Segment reporting for the year ended March 31, 2020 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	26,558.44	107,999.94	61,134.45	19,033.41	214,726.24
2	Unallocated revenue					2.19
3	Less: Inter-segment revenue					76,654.96
4	Income from operations (1) + (2) - (3)					138,073.47
5	Segment results	3,462.77	12,942.46	14,121.09	7,784.63	38,310.95
6	Unallocated expenses					1,703.79
7	Income tax expense (including deferred tax)					10,349.84
8	Net profit (5) - (6) - (7)					26,257.32
9	Segment assets	457,240.91	484,270.74	520,567.01	60,500.57	1,522,579.23
10	Unallocated assets					7,932.03
11	Total assets (9) + (10)					1,530,511.26
12	Segment liabilities	102,012.09	907,258.10	317,628.87	5,032.43	1,331,931.49
13	Unallocated liabilities					27,593.74
14	Total liabilities (12) + (13)					1,359,525.23
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	355,228.82	(422,987.36)	202,938.14	55,468.14	190,647.74
16	Unallocated (10) - (13)					(19,661.71)
17	Total (15) + (16)					170,986.03
18	Capital expenditure	43.29	1,381.75	119.49	80.50	1,625.03
19	Depreciation	32.79	938.71	126.71	97.64	1,195.85
20	Provisions for non - performing assets / others*	7.50	6,632.33	3,756.44	1,725.92	12,122.19
21	Unallocated other provisions*					20.20

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

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	136,903.00	1,170.47
Assets	1,481,234.90	49,276.36
Capital expenditure	1,623.31	1.72

Segment reporting for the year ended March 31, 2019 is given below:

Business segments: (₹ crore)

Sr. No.	Particulars	Treasury	Retail banking	Wholesale banking	Other banking operations	Total
1	Segment revenue	23,576.48	89,222.34	54,563.54	15,299.43	182,661.79
2	Unallocated revenue					52.78
3	Less: Inter-segment revenue					66,116.65
4	Income from operations (1) + (2) - (3)					116,597.92
5	Segment results	1,305.76	11,796.27	14,224.12	6,791.53	34,117.68
6	Unallocated expenses					1,918.04
7	Income tax expense (including deferred tax)					11,121.50
8	Net profit (5) - (6) - (7)					21,078.14
9	Segment assets	348,766.21	428,790.92	408,749.72	50,854.71	1,237,161.56
10	Unallocated assets					7,379.15
11	Total assets (9) + (10)					1,244,540.71
12	Segment liabilities	61,438.85	732,294.96	271,887.13	5,357.06	1,070,978.00
13	Unallocated liabilities					24,356.39
14	Total liabilities (12) + (13)					1,095,334.39
15	Capital employed (9) - (12) (Segment assets - Segment liabilities)	287,327.36	(303,504.04)	136,862.59	45,497.65	166,183.56
16	Unallocated (10) - (13)					(16,977.24)
17	Total (15) + (16)					149,206.32
18	Capital expenditure	93.67	1,149.97	192.62	141.93	1,578.19
19	Depreciation	26.31	912.24	104.52	97.04	1,140.11
20	Provisions for non - performing assets / others*	(0.20)	4,608.34	1,689.09	1,247.44	7,544.67
21	Unallocated other provisions*					5.41

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

Geographic segments: (₹ crore)

Particulars	Domestic	International
Revenue	115,358.96	1,238.96
Assets	1,210,826.50	33,714.21
Capital expenditure	1,576.84	1.35

28. Liquidity coverage ratio

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2020 is given below:

(₹ crore)

Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*
1 Total High Quality Liquid Assets (HQLA)		281,400.84		276,928.43		253,440.66		225,515.60
2 Retail deposits and deposits from small business customers, of which:	679,608.08	60,624.61	663,427.11	61,722.61	613,920.13	56,976.14	580,808.20	53,857.85
(i) Stable deposits	146,723.83	7,336.19	92,402.01	4,620.11	88,317.44	4,415.87	84,459.31	4,222.96
(ii) Less stable deposits	532,884.25	53,288.42	571,025.10	57,102.50	525,602.69	52,560.27	496,348.89	49,634.89
3 Unsecured wholesale funding, of which:	304,344.42	172,804.61	281,082.43	161,380.77	266,629.81	154,200.50	251,528.82	144,006.73
(i) Operational deposits (all counterparties)	42,366.96	10,444.47	34,686.67	8,597.58	31,496.13	7,800.30	34,903.88	8,651.04
(ii) Non-operational deposits (all counterparties)	251,513.79	151,896.47	238,057.41	144,444.84	226,600.14	137,866.76	207,750.30	126,481.05
(iii) Unsecured debt	10,463.67	10,463.67	8,338.35	8,338.35	8,533.54	8,533.44	8,874.64	8,874.64
4 Secured wholesale funding		3,792.62		874.87		7,397.92		7,397.92
5 Additional requirements, of which	113,635.81	65,326.40	110,281.91	62,648.74	96,419.47	65,085.57	95,759.03	64,300.46
(i) Outflows related to derivative exposures and other collateral requirement	57,080.24	57,080.24	54,957.64	54,957.63	56,818.08	56,818.07	55,710.21	55,710.21
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	56,555.57	8,246.16	55,324.27	7,691.11	39,601.39	8,267.50	40,048.82	8,590.25
6 Other contractual funding obligation	19,175.58	19,175.58	13,698.21	13,698.21	17,492.56	17,492.57	17,106.30	17,106.30
7 Other contingent funding obligations	78,141.66	2,344.25	73,360.81	2,200.83	72,616.20	2,178.49	71,632.78	2,148.98
8 Total Cash Outflows		**324,068.07**		**302,526.03**		**303,331.19**		**288,818.24**
9 Secured lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	66,199.09	35,402.81	64,887.50	34,429.38	68,415.09	37,644.26	64,170.94	34,634.66
11 Other cash inflows	83,565.18	75,800.89	76,947.14	69,971.85	80,699.85	73,867.50	80,255.71	74,079.86
12 Total Cash Inflows	**149,764.27**	**111,203.70**	**141,834.64**	**104,401.23**	**149,114.94**	**111,511.76**	**144,426.65**	**108,714.52**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13 TOTAL HQLA		281,400.84		**276,928.43**		**253,440.66**		**225,515.60**
14 Total Net Cash Outflows		212,864.38		**198,124.80**		**191,819.43**		**180,103.72**
15 Liquidity Coverage Ratio(%)		132.20%		**139.77%**		**132.12%**		**125.21%**

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

Quantitative information on Liquidity Coverage Ratio (LCR) for year ended March 31, 2019 is given below:

(₹ crore)

Particulars	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*	Total unweighted value (average)*	Total weighted value (average)*
1 Total High Quality Liquid Assets (HQLA)		202,599.15		188,250.76		178,276.15		175,093.91
2 Retail deposits and deposits from small business customers, of which:	541,900.33	50,120.87	520,268.66	48,092.79	502,045.40	46,411.31	476,575.65	43,977.35
(i) Stable deposits	81,383.24	4,069.16	78,681.49	3,934.07	75,864.72	3,793.24	73,604.32	3,680.22
(ii) Less stable deposits	460,517.09	46,051.71	441,587.17	44,158.72	426,180.68	42,618.07	402,971.33	40,297.13
3 Unsecured wholesale funding, of which:	246,345.36	128,744.90	227,318.17	113,256.87	220,583.99	108,041.95	229,841.48	114,864.45
(i) Operational deposits (all counterparties)	48,828.51	12,129.38	37,321.49	9,253.61	29,619.33	7,328.47	29,621.23	7,329.11
(ii) Non-operational deposits (all counterparties)	185,626.41	104,725.08	174,949.82	88,956.40	179,240.43	88,989.25	187,489.34	94,804.43
(iii) Unsecured debt	11,890.44	11,890.44	15,046.86	15,046.86	11,724.23	11,724.23	12,730.91	12,730.91
4 Secured wholesale funding		8,430.54		1,772.41		7,336.78		4,790.74
5 Additional requirements, of which	103,036.61	70,251.68	118,812.30	88,217.02	104,875.38	74,165.59	98,242.91	67,486.12
(i) Outflows related to derivative exposures and other collateral requirement	60,637.90	60,637.90	79,939.76	79,939.76	65,418.01	65,418.01	59,024.43	59,024.43
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	42,398.71	9,613.78	38,872.54	8,277.26	39,457.37	8,747.58	39,218.48	8,461.69
6 Other contractual funding obligation	17,948.21	17,948.21	17,361.18	17,361.18	16,669.89	16,669.89	16,435.76	16,435.76
7 Other contingent funding obligations	71,060.49	2,131.81	71,246.42	2,137.39	66,669.99	2,000.10	66,965.75	2,008.97
8 Total Cash Outflows		**277,628.01**		**270,837.66**		**254,625.62**		**249,563.39**
9 Secured lending (e.g. reverse repo)	-	-	-	-	213.46	-	-	-
10 Inflows from fully performing exposures	59,980.73	32,853.96	58,509.81	32,376.30	54,193.26	28,899.47	50,922.85	26,538.23
11 Other cash inflows	77,422.45	72,019.99	93,685.78	89,094.61	80,956.77	75,328.74	71,191.50	66,337.13
12 Total Cash Inflows	**137,403.18**	**104,873.95**	**152,195.59**	**121,470.91**	**135,363.49**	**104,228.21**	**122,114.35**	**92,875.36**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13 TOTAL HQLA		**202,599.15**		**188,250.76**		**178,276.15**		**175,093.91**
14 Total Net Cash Outflows		**172,754.06**		**149,366.75**		**150,397.41**		**156,688.03**
15 Liquidity Coverage Ratio (%)		**117.28%**		**126.03%**		**118.54%**		**111.75%**

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

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Qualitative disclosure on LCR

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

The Liquidity Risk Management of the Bank is governed by the Asset Liability Management (ALM) Policy approved by the Board. The Asset Liability Committee (ALCO) is a decision-making unit responsible for implementing the liquidity and interest rate risk management strategy of the Bank in line with its risk management objectives and ensures adherence to the risk tolerance / limits set by the Board. In order to determine cash outflows, the Bank segregates its deposits into various customer segments, viz Retail (which include deposits from individuals), Small Business Customers (those with deposits under ₹ 5 crore), and Wholesale (which would cover all residual deposits). Within Wholesale, deposits that are attributable to clearing, custody, and cash management services are classified as Operational Deposits. Other contractual funding, including a portion of other liabilities which are expected to run down in a 30 day time frame are included in the cash outflows. This does not include the effect of moratorium, that the Bank may extend. These classifications, based on extant regulatory guidelines, are part of the Bank's LCR framework, and are also submitted to the RBI.

The LCR is calculated by dividing a Bank's stock of HQLA by its total net cash outflows over a 30-day stress period. The guidelines for LCR were effective January 1, 2015, with the minimum requirement at 60% which would rise in equal annual steps to reach 100% on January 1, 2019. This graduated approach was designed to ensure that the LCR could be introduced without material disruption to the orderly strengthening of banking systems or the ongoing financing of economic activity. The present requirement, as on March 31, 2020 is 100%.

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

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

Quarter ended	LCR Maintained (Average)	LCR Required
March 31, 2020	132.20%	100.00%
December 31, 2019	139.77%	100.00%
September 30, 2019	132.12%	100.00%
June 30, 2019	125.07%	100.00%
March 31, 2019	117.28%	100.00%
December 31, 2018	126.03%	90.00%
September 30, 2018	118.54%	90.00%
June 30, 2018	111.75%	90.00%

The average LCR for the quarter ended March 31, 2020 was at 132.20% as against 117.28% for the quarter ended March 31, 2019, and well above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31, 2020 was ₹ 281,400.84 crore, as against was ₹ 202,599.15 crore for the quarter ended March 31, 2019. During the same period the composition of government securities and treasury bills in the HQLA remained at 91%.

For the quarter ended March 31, 2020, derivative exposures (net of cash inflows) / collateral requirements and undrawn commitments constituted just about 0.4% and 2.5% respectively of average cash outflow, in line earlier periods. The Bank has consistently maintained a robust funding profile with a significant portion of funding through deposits. As of March 31, 2020 the top 20 depositors comprised of 4% of total deposits indicating a healthy and stable deposit profile.

29. Related party disclosures

As per AS-18, Related Party Disclosure, the Bank's related parties are disclosed below:

Promoter

Housing Development Finance Corporation Limited

Subsidiaries

HDFC Securities Limited

HDB Financial Services Limited

Welfare trust of the Bank

HDB Employees Welfare Trust

Key management personnel

Aditya Puri, Managing Director

Kaizad Bharucha, Executive Director

Relatives of key management personnel

Anita Puri, Amit Puri, Amrita Puri, Adishwar Puri, Aarti Sood, Havovi Bharucha, Huzaan Bharucha, Danesh Bharucha, Daraius Bharucha.

Entities in which key management personnel / their relatives are interested

Salisbury Investments Private Limited, Akuri by Puri

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives and interested entities of key management personnel as they are in the nature of banker-customer relationship.

The significant transactions between the Bank and related parties for year ended March 31, 2020 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of all related party transactions in that category:

- Interest paid: HDB Financial Services Limited ₹ 11.06 crore (previous year: ₹ 4.56 crore); Housing Development Finance Corporation Limited ₹ 8.53 crore (previous year: ₹ 5.49 crore).
- Interest received: HDB Financial Services Limited ₹ 430.63 crore (previous year: ₹ 294.50 crore).
- Rendering of services: Housing Development Finance Corporation Limited ₹ 308.94 crore (previous year: ₹ 282.97 crore).
- Receiving of services: HDB Financial Services Limited ₹ 2,459.50 crore (previous year: ₹ 1,916.90 crore); Housing Development Finance Corporation Limited ₹ 586.66 crore (previous year: ₹ 486.95 crore).
- Dividend paid: Housing Development Finance Corporation Limited ₹ 864.62 crore (previous year: ₹ 511.17 crore).
- Dividend received: HDB Financial Services Limited ₹ 135.11crore (previous year: ₹ 52.54 crore); HDFC Securities Limited ₹ 288.61 crore (previous year: ₹ 151.90 crore).

The Bank's related party balances and transactions for the year ended March 31, 2020 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Key management personnel	Total
Deposits taken	3,679.07	1,423.41	18.54	5,121.02
	(7,717.90)	(1,423.41)	(22.51)	(9,163.82)
Deposits placed	0.47	10.62	0.76	11.85
	(0.47)	(10.62)	(0.76)	(11.85)
Advances given	-	5,181.82	2.55	5,184.37
	-	(5,477.27)	(2.87)	(5,480.14)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	8.53	11.88	1.82	22.23
Interest received from	-	431.26	0.09	431.35
Income from services rendered to	308.94	62.91	#	371.85
Expenses for receiving services from	586.66	2,470.47	0.31	3,057.44

Schedules to the Financial Statements

For the year ended March 31, 2020

Items / Related party	Promoter	Subsidiaries	Key management personnel	Total
Equity investments	-	3,826.49	-	3,826.49
	-	(3,826.49)	-	(3,826.49)
Other Investments	-	650.00	-	650.00
		(1,101.22)	-	(1,101.22)
Dividend paid to	864.62	-	10.40	875.02
Dividend received from	-	423.72	-	423.72
Receivable from	44.48	14.34	-	58.82
	(55.33)	(14.34)	-	(69.67)
Payable to	100.28	147.26	-	247.54
	(100.28)	(206.74)	-	(307.02)
Guarantees given	0.39	-	-	0.39
	(0.40)	-	-	(0.40)
Remuneration paid	-	-	27.56	27.56
Loans purchased from	24,127.25	-	-	24,127.25

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

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2020, approved unpaid deferred bonus in respect of earlier years was ₹ 5.92 crore.*

The Bank being an authorised dealer, deals in foreign exchange and derivative transactions with parties which include its promoter. The foreign exchange and derivative transactions are undertaken in line with the RBI guidelines. The notional principal amount of foreign exchange and derivative contracts transacted with the promoter that were outstanding as on March 31, 2020 is ₹ 12,009.95 crore (previous year: ₹ 5,865.50 crore). The contingent credit exposure pertaining to these contracts computed in line with the extant RBI guidelines on exposure norms was ₹ 136.86 crore (previous year: ₹ 79.12 crore).

During the year ended March 31, 2020, the Bank purchased debt securities from HDB Financial Services Limited ₹ 2,004.60 crore (previous year: ₹ 2,180.58 crore) issued by it.

During the year ended March 31, 2020, the Bank made investment of ₹ 1,982.47 crore (previous year: ₹ 963.22 crore) in pass through certificates in respect of assets securitised out by HDB Financial Services Limited for which the outstanding as on March 31, 2020 was ₹ 1,553.06 crore.

During the year ended March 31, 2020, the Bank paid rent of ₹ 0.66 crore (previous year: ₹ 0.66 crore) to party related to the Bank's key management personnel in relation to residential accommodation. As at March 31, 2020, the security deposit outstanding was ₹ 3.50 crore (previous year: ₹ 3.50 crore).

The deposit outstanding from HDB Employees Welfare Trust as at March 31, 2020 was ₹ 39.37 crore (previous year: ₹ 37.19 crore). The Bank also paid interest on deposit from HDB Employees Welfare Trust aggregating to ₹ 3.14 crore (previous year: ₹ 3.00 crore).

The Bank's related party balances and transactions for the year ended March 31, 2019 are summarised as follows:

(₹ crore)

Items / Related party	Promoter	Subsidiaries	Key management personnel	Total
Deposits taken	3,290.99	614.20	27.02	3,932.21
	(3,290.99)	(614.20)	(27.02)	(3,932.21)
Deposits placed	0.47	10.62	0.76	11.85
	(0.47)	(10.62)	(2.51)	(13.60)
Advances given	-	3,104.74	2.96	3,107.70
	-	(3,104.74)	(3.11)	(3,107.85)
Fixed assets purchased from	-	-	-	-
Fixed assets sold to	-	-	-	-
Interest paid to	5.49	4.65	1.13	11.27
Interest received from	35.20	294.50	0.10	329.80
Income from services rendered to	282.97	49.65	#	332.62
Expenses for receiving services from	486.95	1,922.45	0.61	2,410.01
Equity investments	-	3,826.49	-	3,826.49
	-	(3,826.49)	-	(3,826.49)
Other Investments	-	964.95	-	964.95
	(1,740.49)	(1,154.65)	-	(2,895.14)
Dividend paid to	511.17	-	7.43	518.60
Dividend received from	-	204.44	-	204.44
Receivable from	30.55	16.41	-	46.96
	(48.40)	(16.41)	-	(64.81)
Payable to	83.64	85.16	-	168.80
	(83.64)	(85.16)	-	(168.80)
Guarantees given	0.37	-	-	0.37
	(0.40)	-	-	(0.40)
Remuneration paid	-	-	25.88	25.88
Loans purchased from	23,982.42	-	-	23,982.42

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

- *Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.*
- *Remuneration paid excludes value of employee stock options exercised during the year.*
- *Bonus and retiral benefits for key managerial personnel are accrued as a part of an overall pool and are not allocated against the key managerial personnel. These will be paid based on approval from RBI. As of March 31, 2019, approved unpaid deferred bonus in respect of earlier years was ₹ 1.91 crore.*

30. Intra-Group exposure

Intra-Group exposures in accordance with RBI guidelines are as follows: (₹ crore)

Particulars	March 31, 2020	March 31, 2019
Total amount of intra-group exposures	8,542.59	7,368.31
Total amount of top 20 intra-group exposures	8,542.59	7,368.31
Percentage of intra-group exposures to total exposure of the Bank on borrowers / customers	0.53%	0.56%
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	Nil	Nil

31. Leases

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

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Not later than one year	1,115.49	993.31
Later than one year and not later than five years	3,646.15	3,217.18
Later than five years	4,756.70	4,016.39
Total	**9,518.34**	**8,226.88**

Schedules to the Financial Statements

For the year ended March 31, 2020

Particulars	March 31, 2020	March 31, 2019
The total of minimum lease payments recognised in the Profit and Loss Account for the year	1,345.43	1,199.66
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	64.23	29.31
Sub-lease amounts recognised in the Profit and Loss Account for the year	9.60	9.35
Contingent (usage based) lease payments recognised in the Profit and Loss Account for the year	270.14	206.55

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

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

32 Transfers to Depositor Education and Awareness Fund (DEAF)

The details of amount transferred during the respective year to DEAF are as under: (₹ crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of amounts transferred to DEAF	496.60	367.68
Add: Amounts transferred to DEAF during the year	131.64	132.28
Less: Amounts reimbursed by DEAF towards claims	(10.55)	(3.36)
Closing balance of amounts transferred to DEAF	617.69	496.60

33 Penalties levied by the RBI

During the year ended March 31, 2020, RBI has imposed a penalty of ₹ 1 crore (previous year: ₹ 0.20 crore) for non-compliance with various directions issued by RBI on Know Your Customer (KYC) / Anti-Money Laundering (AML) standards. Additionally, RBI has imposed a monetary penalty of ₹ 1 crore on the Bank for failure to undertake on-going due diligence in case of 39 current accounts opened for bidding in Initial Public Offer (IPO).

34 Disclosure for customer complaints / unimplemented awards of Banking Ombudsman

- **Customer complaints**

(A) Customer complaints other than ATM transaction disputes

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	4,688	4,064
(b) No. of complaints received during the year	205,458	169,846
(c) No. of complaints redressed during the year	208,136	169,222
(d) No. of complaints pending at the end of the year	2,010	4,688

(B) ATM transaction disputes relating to the Bank's customers on the Bank's ATMs

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	182	225
(b) No. of complaints received during the year	19,885	19,438
(c) No. of complaints redressed during the year	20,041	19,481
(d) No. of complaints pending at the end of the year	26	182
(e) Complaints per ten thousand transactions	0.96	0.94

(C) ATM transaction disputes relating to the Bank's customers on other banks' ATMs

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	2,772	2,553
(b) No. of complaints received during the year	156,892	209,083
(c) No. of complaints redressed during the year	159,204	208,864
(d) No. of complaints pending at the end of the year	460	2,772
(e) Complaints per ten thousand transactions	5.14	7.31

(D) Total customer complaints and ATM transaction disputes [total of tables (A), (B) and (C) above]

Particulars	March 31, 2020	March 31, 2019
(a) No. of complaints pending at the beginning of the year	7,642	6,842
(b) No. of complaints received during the year	382,235	398,367
(c) No. of complaints redressed during the year	387,381	397,567
(d) No. of complaints pending at the end of the year	2,496	7,642

Note: ATM transaction disputes reported in the above tables are in accordance with RBI guidelines on disclosure of customer complaints.

- **Awards passed by the Banking Ombudsman (BO)**

Particulars	March 31, 2020	March 31, 2019
(a) No. of unimplemented awards at the beginning of the year	-	-
(b) No. of awards passed by the BO during the year	-	-
(c) No. of awards implemented during the year	-	-
(d) No. of unimplemented awards at the end of the year	-	-

- **Top areas of customer complaints**

The average number of customer complaints per branch, including ATM transaction disputes, was 6.2 per month during the year ended March 31, 2020 (previous year: 6.9 per month). For the year ended March 31, 2020, of the total complaints retail liability segment accounted for 67.77% (previous year: 80.37%), credit cards at 27.34% (previous year: 14.56%), retail assets at 4.43% (previous year: 4.50%), and other segments accounted at 0.46% (previous year: 0.57%). The top 10 areas of customer complaints for the year ended March 31, 2020, including ATM transaction disputes, aggregated to 307,753 complaints (previous year: 3,18,540 complaints) which accounted for 80.51% of total complaints (previous year: 79.96%). The top 5 areas of customer complaints on which the Bank is working towards root cause remediation are - Unauthorized usage through Credit Card, Unauthorized usage through Debit Card online, Cash not dispensed or less cash dispensed in the Bank's ATMs, BHIM - UPI Unauthorized transactions through accounts and Unauthorized usage through Debit Card done at other Bank ATMs.

35 Disclosure of Letters of Comfort (LoC) issued by the Bank

The Bank has not issued any Letter of Comfort during the years ended March 31, 2020 and March 31, 2019.

36 Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended March 31, 2020 and March 31, 2019. The above is based on the information available with the Bank which has been relied upon by the auditors.

37 Overseas assets, NPAs and revenue

(₹ crore)

Particulars	March 31, 2020	March 31, 2019
Total Assets	43,257.00	33,714.21
Total NPAs	194.93	23.31
Total Revenue	1,170.47	1,238.96

38 Off-Balance Sheet SPVs

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

39 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2020 (previous year: Nil).

Schedules to the Financial Statements

For the year ended March 31, 2020

40. Corporate social responsibility

Operating expenses include ₹ 535.31 crore (previous year: ₹ 443.77 crore) for the year ended March 31, 2020 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent 2.01% (previous year: 2.02%) of its average net profit for the last three financial years as part of its CSR for the year ended March 31, 2020. As a responsible bank, it has approached the mandatory requirements of CSR spends positively by laying a foundation on which it would build and scale future projects and partnerships. The Bank continues to evaluate strategic avenues for CSR expenditure in order to deliver maximum impact. In the years to come, the Bank will further strengthen its processes as per requirement.

The details of amount spent during the respective year towards CSR are as under: (₹ crore)

Sr. No.	Particulars	March 31, 2020			March 31, 2019		
		Amount spent	Amount unpaid / provision	Total	Amount spent	Amount unpaid / provision	Total
(i)	Construction / acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	532.18	3.13	535.31	443.77	-	443.77

41 Investor education and protection fund

There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank during the years ended March 31, 2020 and March 31, 2019.

42 Disclosure on remuneration to Non-Executive Directors

Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees during the year ended March 31, 2020 amounted to ₹ 1.98 crore (previous year: ₹ 1.62 crore).

Further, in accordance with RBI guidelines, profit related commission to all Non-Executive Directors other than the Chairperson for the year ended March 31, 2020 amounted to ₹ 0.90 crore (previous year: ₹ 0.90 crore).

43 COVID-19

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank would be granting a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The quantitative disclosures as required by the above referred RBI circular dated April 17, 2020 are given below:

(₹ crore)

Particulars	Amount
Respective amounts in SMA / overdue categories, where the moratorium / deferment was extended, in terms of paragraph 2 and 3 of the circular Term Loan Instalments: ₹ 617.75 crore Cash Credit / Overdraft: ₹ 458.19 crore	1,075.94 (1)
Respective amount where asset classification benefits is extended Term Loan Instalments: ₹ 617.75 crore Cash Credit / Overdraft: ₹ 458.19 crore	1,075.94
Provisions made during the quarter ended March 31, 2020 in terms of para 5 of the circular	463.00 (2)
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular	Nil
Residual provisions as of March 31, 2020 in terms of paragraph 6 of the circular	463.00

(1) Represents amounts in SMA / overdue categories where the asset classification benefit is extended, consequent to the said circular dated April 17, 2020. The Bank may extend moratorium / deferment in terms of the said circular for additional accounts in the SMA / overdue categories.

(2) Excludes other provisions held by the Bank as at March 31, 2020, against the potential impact of COVID-19 based on the information available at this point in time. The provisions held by the Bank are in excess of the RBI prescribed norms.

44 Comparative figures

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

As per our report of even date.

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

Swapnil Kale
Partner
Membership Number: 117812

Mumbai, April 18, 2020

For and on behalf of the Board

Shyamala Gopinath
Part Time Non-Executive Chairperson & Independent Director

Umesh Chandra Sarangi
Independent Director

Aditya Puri
Managing Director

Srinivasan Vaidyanathan
Chief Financial Officer

Santosh Haldankar
Company Secretary