



RBL Bank Limited (the “Bank” or the “Issuer”) was incorporated as ‘The Ratnakar Bank Limited’ on June 14, 1943 under the Indian Companies Act, 1913 and was granted a certificate of commencement of business dated July 5, 1943 by the Registrar of Joint Stock Companies, Kolhapur State, India. The name of our Bank was changed to its present name ‘RBL Bank Limited’ pursuant to a fresh certificate of incorporation issued by Registrar of Companies, Maharashtra at Pune (“RoC”) on November 24, 2014. For further details, see “General Information” on page 278.

Registered Office: 1st Lane, Shahupuri, Kolhapur 416 001, Maharashtra, India. **Telephone:** +91 231 6650 214. **Corporate Office:** One Indiabulls Centre, Tower 2B, 6th Floor, 841, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, Maharashtra, India. **Telephone:** +91 22 4302 0600. **E-mail:** pearl.2019@rblbank.com. **Website:** www.rblbank.com. **CIN:** L65191PN1943PLC007308.

Issue of 57,700,000 equity shares of face value of ₹10 each (the “Equity Shares”) at a price of ₹351.00 per Equity Share (the “Issue Price”), including a premium of ₹341.00 per Equity Share, aggregating to approximately ₹20,252.70 million (the “Issue”). For further details, see “Summary of the Issue” on page 34.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”) AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE “PAS RULES”) AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER, EACH AS AMENDED (THE “COMPANIES ACT 2013”).

THIS ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE ONLY TO ELIGIBLE QUALIFIED INSTITUTIONAL BUYERS (“ELIGIBLE QIBs”) AS DEFINED IN THE SEBI ICDR REGULATIONS IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS AND SECTION 42 OF THE COMPANIES ACT READ WITH RULE 14 OF THE PAS RULES.

THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO ELIGIBLE QIBs. THIS PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR BANK PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

Invitations for subscription, offer and sale of the Equity Shares issued pursuant to this Issue have been made pursuant to the Preliminary Placement Document together with the respective Application Form and Confirmation of Allocation Note. For further details, see “Issue Procedure” on page 225. The distribution of this Placement Document or the disclosure of its contents without our Bank’s prior consent to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their subscription of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

A copy of the Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4 under the PAS Rules) has been delivered to BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) and, together, the “Stock Exchanges”). Our Bank shall also make the requisite filings with RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. This Placement Document has not been reviewed by the Securities and Exchange Board of India (“SEBI”), Reserve Bank of India (“RBI”), the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. The Issue is meant only for Eligible QIBs by way of a private placement and is not an offer to the public or to any other class of investors.

INVESTMENTS IN THE EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR ANY PART OF THEIR INVESTMENTS. PROSPECTIVE INVESTORS ARE ADVISED TO READ “RISK FACTORS” ON PAGE 62 CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT. BIDDERS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE.

The information on our Bank’s website, i.e. www.rblbank.com or any website directly or indirectly linked to our Bank’s website or the respective websites of the GCBRLMs or their respective affiliates do not constitute or form part of this Placement Document and prospective investors in the Issue should not rely on such information contained in, or available through, such websites.

The Equity Shares are listed on the Stock Exchanges. The closing price of the outstanding Equity Shares on BSE and NSE on December 2, 2019 was ₹373.25 and ₹373.40 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the SEBI Listing Regulations (as defined hereinafter) for listing of the Equity Shares have been received from BSE and NSE on December 2, 2019, respectively. Applications to BSE and NSE will be made for obtaining listing and trading approvals for the Equity Shares offered through the Preliminary Placement Document. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Bank or the Equity Shares.

YOU ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY OUR BANK SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THIS PLACEMENT DOCUMENT.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in “offshore transactions”, as defined in and in reliance on Regulation S under the U.S. Securities Act. (“Regulation S”). See “Selling Restrictions” on page 239 for information about eligible offerees for the Issue and “Transfer Restrictions” on page 248 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

This Placement Document is dated December 5, 2019

GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS		
		
IIFL Securities Limited	ICICI Securities Limited	IDFC Securities Limited

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NOTICE TO INVESTORS

Our Bank has furnished and accepts full responsibility for all the information contained in this Placement Document and confirms that, to the best of our knowledge and belief, having made all reasonable enquiries, this Placement Document contains all the information with respect to us, which is material in the context of the Issue. The statements contained in this Placement Document relating to us and the Equity Shares are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to us and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to us and are based on reasonable assumptions. There are no other facts in relation to us and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements. The information contained in this Placement Document has been provided by our Bank and other sources identified herein. Distribution of this Placement Document to any person other than the investor specified by the GCBRLMs or their representatives, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Bank, is prohibited. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

Neither IIFL Securities Limited, ICICI Securities Limited and IDFC Securities Limited (together, the “GCBRLMs”) nor any of their affiliates including any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by any of the GCBRLMs or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on the GCBRLMs or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates in connection with such person’s investigation of the accuracy of such information or such person’s investment decision, and each such person must rely on its own examination of us and the merits and risks involved in investing in the Equity Shares. Prospective investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us or any of the GCBRLMs. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including SEBI. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The subscribers of the Equity Shares offered in the Issue will be deemed to have made the representations, warranties, acknowledgments and agreements set forth in “*Notice to Investors*”, “*Representations by Investors*”, “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 3, 5, 239 and 248, respectively.

The distribution of this Placement Document and the issuance of Equity Shares pursuant to this Issue may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been taken by our Bank and the GCBRLMs which would permit an issue of the Equity Shares offered in the Issue or the distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document nor this Placement Document nor any other Issue-related materials in connection with the Issue may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in ‘offshore transactions’ (as defined in Regulation S) in reliance on Regulation S.

See “*Selling Restrictions*” on page 239 for information about eligible offerees for the Issue and “*Transfer Restrictions*” on page 248 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Bank to any person, other than Eligible QIBs specified by the GCBRLMs or their representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

In making an investment decision, prospective investors must rely on their own examination of us and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, neither we nor any of the GCBRLMs are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations. Prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Bank.

Each subscriber of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Equity Shares under Indian law, including Section 42 of the Companies Act 2013, read with Rule 14 of the PAS Rules and chapter VI of the SEBI ICDR Regulations and is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares, or otherwise accessing the capital markets in India. Each investor or subscriber of Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from us and review information relating to us and the Equity Shares.

The information on our website, www.rblbank.com, or any website directly or indirectly linked to our Bank’s website or on the respective websites of the GCBRLMs or their respective affiliates does not constitute or form a part of this Placement Document. Prospective investors should not rely on the information contained in, or available through, any such websites.

This Placement Document contains a summary of some terms of certain documents which are qualified in their entirety by the terms and conditions of those documents.

REPRESENTATIONS BY INVESTORS

All references to “you” or “your” in this section are to the prospective investors in this Issue. By bidding for and/or subscribing to any of the Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreed to us and the GCBRLMs as follows:

- (a) your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Bank which is not set forth in the Preliminary Placement Document and you have relied on no other disclosure or representation by us or the GCBRLMs or any other party;
- (b) you (i) are an Eligible QIB, as defined in the Preliminary Placement Document and this Placement Document; (ii) have a valid and existing registration under applicable laws of India (as applicable); (iii) undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VI of the SEBI ICDR Regulations; and (iv) undertake to comply with the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws, including in respect of reporting requirements, if any, in connection with the Issue or otherwise accessing the capital markets ;
- (c) if you are not a resident of India, but a QIB, you are an Eligible FPI as defined in the Preliminary Placement Document and this Placement Document and have a valid and existing certificate of registration with SEBI under the applicable laws in India; or a multilateral or bilateral development financial institution; or an FVCI and are eligible to invest in India under applicable law, including the FEM Non-Debt Rules, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;
- (d) you are eligible to invest in India under applicable laws, including FEM Non-Debt Rules, as amended and any notification, circulars or clarification issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;
- (e) you will make all necessary filings with the appropriate regulatory authorities including with RBI, as required, pursuant to applicable laws;
- (f) if you are Allotted Equity Shares pursuant to this Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges; see “*Transfer Restrictions*” on page 248;
- (g) You are aware that the Preliminary Placement Document and this Placement Document have not been reviewed or affirmed by SEBI, RBI or the Stock Exchanges or any other regulatory or listing authority and is intended for use only by Eligible QIBs. The Preliminary Placement Document and this Placement Document have been filed with the Stock Exchanges and the Preliminary Placement Document and this Placement Document have been displayed on the websites of our Bank and the Stock Exchanges;
- (h) you are entitled and have necessary capacity to acquire/subscribe for the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required there under and complied with all necessary formalities and have obtained all necessary consents and authorities to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document), and will honour such obligations;
- (i) neither we nor the GCBRLMs nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates is making any recommendation to you or, advising you regarding the suitability of any transactions it may enter into in connection with this Issue; your participation in this Issue is on the basis that you are not, and will not, up to Allotment, be a client of any of the GCBRLMs and that neither the GCBRLMs nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duty or responsibilities to you for providing the protection afforded to their clients or customers for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by us or our agents (“**Bank Presentations**”) with regard to us or this Issue; or (ii) if you have participated in or attended any Bank Presentations: (a) you understand and acknowledge that the GCBRLMs may not have knowledge of the statements that we or its agents may have made at such Bank Presentations and are therefore unable to determine whether the information provided to you at such Bank Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the GCBRLMs has advised you not to rely in any way on any information that was provided to you at such Bank Presentations, and (b) confirm, that to the best of your knowledge, you have not been provided any material information that was not made publicly available by our Bank;

- (j) you are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law including but not limited to the Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003, as amended and the Companies Act, 2013;
- (k) you are aware and understand that the Equity Shares are being offered only to Eligible QIBs and are not being offered to the general public or any other category of investors other than Eligible QIBs, and the allotment of the Equity Shares shall be at the discretion of our Bank in consultation with the GCBRLMs;
- (l) you understand that the Equity Shares issued pursuant to the Issue will, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;
- (m) all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place reliance on forward looking statements, which speak only as at the date of this Placement Document. Neither our Bank nor the GCBRLMs or any of their shareholders, directors, officers, employees, counsel’s representatives, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Placement Document;
- (n) you have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document and have read the Preliminary Placement Document and this Placement Document in its entirety including, in particular “*Risk Factors*” on page 62;
- (o) in making your investment decision (i) you have relied on your own examination of our Bank and the terms of this Issue, including the merits and risks involved; (ii) you have made your own assessment of our Bank, the Equity Shares and the terms of this Issue based solely on the information contained in the Preliminary Placement Document and no other representation by us or any other party; (iii) you have consulted your own independent advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters; (iv) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares; and (v) relied upon your investigation and resources in deciding to invest in this Issue. You are seeking to subscribe to/acquire the Equity Shares in this Issue for your own investment and not with a view to resale or distribution;
- (p) you are a sophisticated investor and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing to the Equity Shares: (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not rely on us, the GCBRLMs or their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered including losses arising out of non-performance by our Bank of any of its respective obligations or any breach of any representations and warranties by our Bank, whether to you or otherwise; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) have no need for liquidity with respect to the investment in the Equity Shares; and

- (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;
- (q) neither the GCBRLMs nor any of their shareholders, investors, officers, employees, counsel, agents, representatives or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of subscription, ownership or disposal of the Equity Shares (including, but not limited to, this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the GCBRLMs or any of their shareholders, investors, officers, employees, counsel, agents, representatives or affiliates when evaluating the tax consequences of the Equity Shares (including, but not limited to, this Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against us, the GCBRLMs or any of their shareholders, investors, officers, employees, counsel, agents, representatives or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;
- (r) where you are acquiring the Equity Shares to be Issued for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “you” to include such accounts;
- (s) you are not a ‘promoter’ of our Bank, as defined under section 2(69) of the Companies Act, 2013 and the SEBI ICDR Regulations;
- (t) you have no rights under any shareholders’ agreement or voting agreement or similar agreement, no veto rights or right to appoint any nominee director on the Board of Directors of our Bank other than such rights acquired, if any, in the capacity of a lender not holding any Equity Shares of our Bank, the acquisition of which shall not deem you to be a promoter;
- (u) you have no right to withdraw or revise your Bid downwards after the Issue Closing Date;
- (v) you are eligible to Bid and hold the Equity Shares so Allotted together with any Equity Shares held by you prior to this Issue. You further confirm that your aggregate holding upon this Issue of the Equity Shares shall not exceed the level permissible as per any applicable law;
- (w) the Bid submitted by you would not eventually result in triggering an open offer under the Takeover Regulations and you shall be solely responsible for compliance with all other applicable provisions of the Takeover Regulations;
- (x) your aggregate holding, together with other Eligible QIBs participating in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue, shall not exceed 50% of this Issue. For the purposes of this representation:
- (i) Eligible QIBs belonging to the “same group” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and
 - (ii) “**Control**” shall have the same meaning as is assigned to it under Regulation 2(i)(e) of the Takeover Regulations;
- (y) you shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;
- (z) you are aware that the pre-Issue and post-Issue shareholding pattern of our Bank, as required by the SEBI Listing Regulations, will be filed by our Bank with the Stock Exchanges, and if you are Allotted more than 5% of the Equity Shares in this Issue, we shall be required to disclose your name and the number of

Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosure being made by us;

- (aa) if your aggregate holding in the paid-up share capital of our Bank, whether direct or indirect, beneficial or otherwise held by you, your relatives, associate enterprises and persons acting in concert exceeds 5% of the total paid-up share capital of our Bank or entitles you to exercise 5% or more of the total voting rights of our Bank, you shall seek prior approval of RBI, in accordance with the terms of the Reserve Bank of India (Prior Approval for acquisition of shares or voting rights in Private Sector Banks) Directions, 2015;
- (bb) you are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and an approval has been received from each of the Stock Exchanges, and (ii) the application for the listing and trading approval will be made only after Allotment. There can be no assurance that the approvals for listing and trading in the Equity Shares will be obtained in time or at all. Neither we, the GCBRLMs nor any of their shareholders, investors, officers, employees, counsel, agents, representatives or affiliates shall not be responsible for any delay or non-receipt of such approvals for listing and trading or any loss arising from such delay or non-receipt;
- (cc) you are aware and understand that the GCBRLMs have entered into a placement agreement with our Bank (the “**Placement Agreement**”) whereby the GCBRLMs have, subject to the satisfaction of certain conditions set out therein, undertaken, severally and not jointly, on reasonable effort basis to procure subscription for the Issue on the terms and conditions set forth herein;
- (dd) the contents of this Placement Document are our exclusive responsibility and neither the GCBRLMs nor any person acting on their behalf, nor any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates has, or shall have, any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of us and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of either of the GCBRLMs or us or any other person. Neither we or our respective directors, officers, employees, counsel, advisors, representatives, agents or affiliates nor the GCBRLMs or their respective directors, officers, employees, counsel, advisors, representatives, agents or any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;
- (ee) the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares, is contained in the Preliminary Placement Document and this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares issued in pursuance of this Issue and that you have neither received nor relied on any other information given or representations, warranties or statements made by GCBRLMs (including any view, statement, opinion or representation expressed in any research published or distributed by any of the GCBRLMs or its affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of any of the GCBRLMs or its affiliates) or our Bank or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates and neither the GCBRLMs nor our Bank or any of their respective shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;
- (ff) you understand that neither the GCBRLMs nor their affiliates have any obligation to subscribe or acquire all or any part of the Equity Shares subscribed by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by us of any of our obligations or any breach of any representations or warranties by us, whether to you or otherwise;
- (gg) you agree to indemnify and hold us and the GCBRLMs and their employees, officers, directors, associates, representatives, controlling persons and affiliates harmless from any and all costs, claims,

liabilities and expenses (including legal fees and expenses) arising out of or in connection with any actual or alleged breach of the representations, warranties, undertakings, acknowledgements and agreements made by you in the Preliminary Placement Document and this Placement Document. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- (hh) each of the representations, warranties, acknowledgements and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment and listing and trading of the Equity Shares on the Stock Exchanges;
- (ii) you are a sophisticated investor who is seeking to subscribe the Equity Shares for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the subscription of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investment matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;
- (jj) any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of the Republic of India and the courts at Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;
- (kk) you have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and agreements set forth in this section and in “*Selling Restrictions*” and “*Transfer Restrictions*” on page 239 and page 248, respectively; and
- (ll) the GCBRLMs and their affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to them on their own behalf and on behalf of us and are irrevocable.

OFF-SHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as “**P-Notes**”), for which they may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with ‘know your client’ requirements, as specified by SEBI. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being issued or transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been and are not being offered or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including any information regarding any risk factors relating thereto.

Persons in the United States and U.S. persons purchasing Equity Shares in the Issue may not issue P-Notes. Non-U.S. persons outside the United States purchasing Equity Shares in the Issue may only issue P-Notes in accordance with the conditions set forth in “*Transfer Restrictions*” on page 248.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of our post-Issue Equity Share capital. Two or more subscribers of offshore derivative instruments having a common beneficial owner shall be considered together as a single subscriber of the offshore derivative instruments. In the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Affiliates of the GCBRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Bank and do not constitute any obligation of, claims on or interests in our Bank. Our Bank has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Bank. Our Bank, the GCBRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the GCBRLMs and does not constitute any obligations of or claims on the GCBRLMs.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document;
2. warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or
3. take any responsibility for the financial or other soundness of our Bank, its management or any scheme or business activity of our Bank.

It should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to, or in connection with, such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER DATA

In this Placement Document, unless the context otherwise indicates or implies references to:

- “you”, “your”, “offeree”, “purchaser”, “subscriber”, “recipient”, “investors” and “potential investor” are to the prospective investors in the Equity Shares issued pursuant to this Issue;
- unless otherwise specified and unless the context otherwise requires and as applicable, “we”, “us” and “our” refers to RBL Bank Limited and its Subsidiary on a consolidated basis; and
- unless otherwise specified, “our Bank”, “the Bank” and “the Issuer” refers to RBL Bank Limited on a standalone basis.

References in this Placement Document to “India” are to the Republic of India and its territories and possessions and the “Government” or the “Central Government” or the “State Government” are to the Government of India, Central or State, as applicable. All references herein to the “U.S.” or the “United States” are to the United States of America and its territories and possessions.

Page numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Currency and units of presentation

In this Placement Document, all references to:

- “Rs.” or “Rupee(s)” or “INR” or “₹” are to Indian Rupees, the official currency of the Republic of India; and
- “USD” or “US\$” or “\$” or “U.S. dollar” are to United States Dollars, the official currency of the United States of America.

Financial data

Our Bank maintains its books and records and publishes its Financial Statements in Indian Rupees.

The following Financial Statements of our Bank have been included in this Placement Document:

- unaudited condensed standalone interim financial statements of the Bank as of and for the six months ended September 30, 2019 along with the explanatory notes thereto, reviewed in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by ICAI (the “**Condensed Standalone Interim Financial Statements**”);
- unaudited condensed consolidated interim financial statements of our Bank as of and for the six months ended September 30, 2019 along with the explanatory notes thereto, reviewed in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by ICAI (the “**Condensed Consolidated Interim Financial Statements**”);
- audited standalone financial statements as of and for the Fiscals ended March 31, 2019, March 31, 2018 and March 31, 2017 along with the respective schedules and notes thereto (the “**Audited Standalone Financial Statements**”); and
- audited consolidated financial statements as of and for the Fiscals ended March 31, 2019, March 31, 2018 and March 31, 2017, along with the respective schedules and notes thereto (the “**Audited Consolidated Financial Statements**”).

The Financial Statements have been prepared in accordance with Indian GAAP, as applicable to banks, to comply with the statutory requirements prescribed under the third schedule of the Banking Regulation Act, the circulars,

the notifications and guidelines issued by RBI from time to time and the accounting standards notified under the Companies Act.

Basis of preparation

Unless otherwise specified, the financial information contained in this Placement Document (i) as of March 31, 2019 and for Fiscal 2019 has been derived from the Fiscal 2019 Audited Standalone Financial Statements, (ii) as of March 31, 2018 and for Fiscal 2018 has been derived from Fiscal 2018 Audited Standalone Financial Statements; (iii) as of March 31, 2017 and for Fiscal 2017 has been derived from the Fiscal 2017 Audited Standalone Financial Statements; (iv) as of and for the six months period ended September 30, 2019 has been derived from the Condensed Standalone Interim Financial Statements.

Interim financial results are not necessarily indicative of results that may be expected for the full Fiscal year or any future reporting period. Indian GAAP differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. (“**U.S. GAAP**”) or International Financial Reporting Standards (“**IFRS**”). Our Bank does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor does our Bank provide a reconciliation of its financial information to IFRS or U.S. GAAP. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader’s familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. Please see “*Risk Factor – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, with which investors may be more familiar and may consider material to their assessment of our financial condition*” on page 96.

MCA in its press release dated January 18, 2016, issued a roadmap for implementation of Ind-AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by RBI through its circular dated February 11, 2016, which required our Bank to prepare Ind-AS based financial statements for the accounting period commencing April 1, 2018 with comparative financial statements for the accounting period on ending March 31, 2018. The implementation of Ind-AS by banks requires certain legislative changes in the format of financial statements to comply with disclosures required by Ind-AS. Pursuant to a press release dated April 5, 2018, RBI deferred the effective date for implementation of Ind-AS for banks by one year, by which point the necessary legislative amendments are expected to have been completed. Pursuant to a notification dated March 22, 2019, RBI further deferred the effective date for implementation of Ind-AS until further notice, pending necessary legislative amendments to the Banking Regulation Act. Our Bank shall be required to begin preparing financial statements in accordance with Ind-AS in the future once RBI notifies that the implementation of Ind-AS will be mandatory for banks.

Unless otherwise stated, the Bank’s financial information included in this Placement Document (including in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”) has been presented on a standalone basis, which does not reflect the financial performance or financial condition of the Subsidiary. Our Bank believes that the Subsidiary’s impact on the Bank’s consolidated financial statements is not significant. Accordingly, the Bank’s management primarily utilizes the Bank’s standalone financial information to monitor the operational strength and performance of the Bank’s business. For more information on the Bank’s financial information on a consolidated basis, see “*Financial Information*” on page 279. For more information about the Subsidiary, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Our acquisition of RBL Finserve and Consolidated Results*” on page 178.

In this Placement Document, certain monetary thresholds have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Our Bank’s Financial Year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular “Fiscal Year”, “Fiscal”, “Financial Year” or “FY” are to the 12 months period ended on March 31 of that year. References to “Half Year” are to six months ended on September 30 of that year.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Bank has presented certain numerical information in this Placement Document in “million” units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Non-GAAP financial measures

Our Bank uses a variety of financial and operational performance indicators to measure and analyse its operational performance from period to period, and to manage its business. The Bank's management also uses other information that may not be entirely financial in nature, including statistical and other comparative information commonly used within the Indian banking industry to evaluate our financial and operating performance. The key financial and operational performance indicators and ratios are defined along with a brief explanation in the sections, *"Definitions and Abbreviations"*, *"Management's Discussion and Analysis of Financial Condition and Results of Operations - Key Non-GAAP and Financial Performance Indicators"* and *"Select Statistical Information"* on pages 19, 185 and 46, respectively.

These financial and operational performance indicators have limitations as analytical tools. As a result, these financial and operational performance indicators should not be considered in isolation from, or as a substitute for, analysis of the historical financial performance of the Bank, as reported and presented in its Financial Statements. Further, these financial and operational performance indicators are not defined under Indian GAAP, and therefore, should not be viewed as substitutes for performance or profitability measures under Indian GAAP. While these financial and operational performance indicators may be used by other banks and financial institutions operating in the Indian banking industry, they may not be comparable to similar financial or performance indicators used by other banks or financial institutions. Other banks or financial institutions may use different financial or performance indicators or calculate these ratios differently, and similarly titled measures published by them may therefore not be comparable to those used by the Bank.

MARKET AND INDUSTRY DATA

Market and Industry data used in this Placement Document has been obtained or derived from publicly available information as well as various industry publications and sources.

Information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to the business of our Bank contained in this Placement Document consists of estimates based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which our Bank competes. Unless stated otherwise, the statistical information included in this Placement Document relating to the industry in which our Bank operates has been reproduced from various trade, industry and government publications and websites.

Our Bank has not commissioned any report for purposes of this Placement Document. Industry and market data included in this Placement Document has been obtained or derived from government bodies, professional organizations and analysts, data from other external sources including reports that have been prepared by RBI and the Central Statistical Office, Ministry of Statistics and Programme Implementation, Government of India. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made on the basis of such information.

Although our Bank believes that the industry and market data used in this Placement Document is reliable, it has not been independently verified by our Bank or the GCBRLMs or any of their affiliates or advisors. Our Bank and the GCBRLMs do not make any representation regarding the accuracy or completeness of such data. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" on page 62. Accordingly, investment decisions should not be based on such information. Accordingly, investment decisions should not be based on such information.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute “forward-looking statements.” Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “can”, “could”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “would”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that they may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- The Indian economy and credit environment;
- Changes in interest rates;
- Our ability to grow our non-interest income;
- Our ability to control costs;
- Availability of cost-effective funding sources;
- Ability to manage credit, market and operational risks; and
- Laws, rules, regulations, guidelines and norms applicable to the banking industry, including priority sector lending requirements, capital adequacy and liquidity requirements.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on revenue or income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Additional factors that could cause our actual results, performance or achievements to differ include but are not limited to, those discussed in “*Risk Factors*”, “*Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 62, 132 and 177, respectively.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by and information currently available to the management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to rely on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Bank is a company incorporated under the laws of India. The Board of Directors of our Bank comprises of nine Directors. All our Directors and Key Managerial Personnel are citizens of India. All assets of our Bank are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Bank or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Code of Civil Procedure, 1908, as amended (“**Civil Code**”).

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or parties litigating under the same title except:

- (a) where it has not been pronounced by a court of competent jurisdiction;
- (b) where it has not been given on the merits of the case;
- (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- (d) where the proceedings in which the judgment was obtained were opposed to natural justice;
- (e) where it has been obtained by fraud; or
- (f) where it sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by the relevant court in India. Under the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record, but such presumption may be displaced by proving want of jurisdiction. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Among other jurisdictions, each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US\$), for or as of the end of the periods indicated. The exchange rates are based on the reference rates released by RBI and Financial Benchmarks India Private Limited (“**FBIL**”), which are available on the website of RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

On November 29, 2019, the exchange rate (the FBIL Reference Rate) was ₹ 71.73 to USD 1 (source: <https://www.fbil.org.in>).

(₹ per US\$)

Fiscal Year:	Period end	Average ⁽¹⁾⁽⁴⁾⁽⁵⁾	High ⁽²⁾⁽⁴⁾⁽⁵⁾	Low ⁽³⁾⁽⁴⁾⁽⁵⁾
2019	69.17	69.89	74.39	64.93
2018	65.04	64.45	65.76	63.35
2017	64.84	67.09	68.72	64.84
Quarter ended:				
September 30, 2019	70.69	70.34	72.19	68.37
June 30, 2019	68.92	69.56	70.42	68.49
March 31, 2019	69.17	70.49	71.75	68.58
Month ended:				
November 30, 2019	71.73	71.45	72.05	70.68
October 31, 2019	70.81	71.04	71.51	70.73
September 30, 2019	70.69	71.33	72.19	70.69
August 31, 2019	71.76	71.15	72.18	69.06
July 31, 2019	68.86	68.81	69.06	68.37
June 30, 2019	68.92	69.44	69.84	68.92

Notes:

- (1) Average of the official rate for each working day of the relevant period.
- (2) Maximum of the official rate for each working day of the relevant period.
- (3) Minimum of the official rate for each working day of the relevant period.
- (4) Source: www.rbi.org.in (for a period prior up to July 10, 2018) and www.fbil.org.in (for a period post July 10, 2018).
- (5) In the event that RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day has been disclosed.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in “*Statement of Possible Tax Benefits*” and “*Financial Information*” on pages 259 and 279, respectively, shall have the meaning given to such terms in such sections.

Bank Related Terms

Term	Description
“Bank” or “Our Bank” or the “Issuer”	RBL Bank Limited
“us”, “we”, or “our”	The Bank
“Articles”/ “Articles of Association”	The articles of association of our Bank, as amended from time to time
“Audit Committee”	Audit committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013, Banking Regulation Act, 1949 and the SEBI Listing Regulations
“Audited Consolidated Financial Statements”	The audited consolidated financial statements of our Bank together with the Subsidiary for Fiscals 2017, 2018 and 2019, prepared in accordance with Indian GAAP
“Audited Standalone Financial Statements”	The audited standalone financial statements of our Bank for Fiscals 2017, 2018 and 2019, prepared in accordance with Indian GAAP
“Auditors” or “Statutory Auditors”	The statutory auditors of our Bank, namely, B S R & Co. LLP, Chartered Accountants
“Board of Directors”/ “Board”	The Board of Directors of our Bank
“Capital Raising Committee”	Capital Raising Committee of our Bank
“Condensed Consolidated Interim Financial Statements”	Unaudited condensed consolidated interim financial statements of our Bank together with the Subsidiary as of and for the six months ended September 30, 2019 along with the explanatory notes thereto, reviewed in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by ICAI
“Condensed Standalone Interim Financial Statements”	Unaudited condensed standalone interim financial statements of the Bank as of and for the six months ended September 30, 2019 along with the explanatory notes thereto, reviewed in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by ICAI
“Corporate Office”	The corporate office of our Bank, located at One Indiabulls Centre, Tower 2B, 6 th Floor, 841, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013, Maharashtra, India
“Corporate Social Responsibility Committee”	Corporate social responsibility committee of our Bank constituted in accordance with the applicable provisions of the Companies Act, 2013
“Director(s)”	Director(s) of our Bank, unless otherwise specified
“Deferred Shares”	Shares of face value of ₹100 each issued by our Bank in 1944. All Deferred Shares were converted into (ordinary) equity shares of face value ₹100 each in the year 1969
“ESOP 2010”	Employees Stock Option Plan 2010 of our Bank
“ESOP 2013”	Employees Stock Option Plan 2013 of our Bank
“ESOP 2018”	Employees Stock Option Plan 2018 of our Bank

Term	Description
“ESOP Schemes”	Together, ESOP 2010, ESOP 2013, RESOP 2014 and ESOP 2018
“ESPS”	The employee stock purchase scheme of our Bank as approved by our Shareholders on January 4, 1999 and our Board on January 29, 1999 and RBI, by way of its approval dated August 10, 1999
“Equity Shares”	The equity shares of face value ₹10 each of our Bank
“Executive Director”	Executive director(s) of our Bank, unless otherwise specified
“Executive Management Committee”	Executive Management Committee of our Bank
“Financial Statements”	Audited Standalone Financial Statements, Audited Consolidated Financial Statements, Condensed Standalone Interim Financial Statements and Condensed Consolidated Interim Financial Statements
“HRR Committee”	Human Resource and Remuneration Committee of our Bank constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations
“Independent Director”	Independent directors of our Bank, unless otherwise specified
“Insolvency and Bankruptcy Code” or “IBC”	Insolvency and Bankruptcy Code, 2016
“Key Managerial Personnel”	Key management/ managerial personnel of our Bank in terms of the Companies Act, 2013 and as disclosed in “ <i>Board of Directors and Senior Management</i> ” on page 210
“Managing Director and CEO”	Managing Director and Chief Executive Officer of our Bank
“Memorandum”/ “Memorandum of Association”	The Memorandum of Association of our Bank, as amended from time to time
“Nomination Committee”	Nomination committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations
“Non-Executive Director”	Non-executive directors of our Bank, unless otherwise specified
“Registered Office”	The registered office of our Bank, located at 1 st Lane, Shahupuri, Kolhapur 416 001, Maharashtra, India
“RESOP 2014”	Employees Retention Stock Option Plan 2014 of our Bank
“Risk Management Committee”	Risk management committee of our Bank, constituted in accordance with the SEBI Listing Regulations
“Shareholders”	Persons holding Equity Shares of our Bank, unless otherwise specified in the context thereof
“Stakeholders’ Relations Committee”	Stakeholders relations committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations
“Subsidiary”	RBL Finserve Limited (formerly “Swadhaar FinServe Private Limited”)

Issue Related Terms

Term	Description
“Allocated”/ “Allocation”	The allocation of Equity Shares, in consultation with the GCBRLMs, following the determination of the Issue Price to Successful Bidders on the basis of Application Forms submitted by them in compliance with Chapter VI of the SEBI ICDR Regulations
“Allottee(s)”	Bidders who are Allotted Equity Shares of our Bank pursuant to this Issue
“Allotment”/ “Allotted”	The issue and allotment of Equity Shares pursuant to this Issue
“Application Form”	The form, including any revisions thereof, as set forth in the Preliminary Placement Document which was submitted by the Eligible QIBs for registering a Bid in this Issue.
“Bid(s)”	An indication of interest by an Eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to this Issue
“Bid Amount”	The price per Equity Share indicated in the Bid multiplied by the number of Equity Shares Bid for by Bidders and paid by the Bidders in the Issue
“Bidder(s)”	An Eligible QIB who has made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
“Bidding Period”/ “Issue Period”	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates, during which Eligible QIBs can submit their Bids including any

Term	Description
	revision and/or modifications thereof
“CAN”/ “Confirmation of Allocation Note”	Note or advice or intimation to Successful Bidders confirming the Allocation of Equity Shares after determination of the Issue Price
“Closing Date”	The date on which the Allotment of the Equity Shares offered pursuant to this Issue shall be made, i.e. on or about December 6, 2019
“Designated Date”	The date of credit of Equity Shares pursuant to the Issue to the Allottee’s demat account, as applicable to the relevant Allottee
“Eligible FPIs”	FPIs that are eligible to participate in this Issue other than individuals, corporate bodies and family offices (who are not eligible to participate in the Issue)
“Eligible QIBs”	QIBs which are eligible to participate in the Issue and are not excluded pursuant to the SEBI ICDR Regulations
“Escrow Account”	The account opened with the Escrow Agent, pursuant to the Escrow Agreement, into which the application monies payable by Bidders towards subscription of the Equity Shares pursuant to the Issue shall be deposited
“Escrow Agreement”	The agreement dated December 2, 2019 entered into amongst our Bank, the Escrow Agent and the GCBRLMs
“Escrow Bank”/ “Escrow Agent”	RBL Bank Limited
“Floor Price”	The price of ₹352.57 per Equity Share, which has been calculated in accordance with Regulation 176 of Chapter VI of the SEBI ICDR Regulations. Our Bank has offered a discount of 0.45%, i.e. ₹1.57 on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations
“GCBRLMs” / “Global Co-ordinators and Book Running Lead Managers”	IIFL Securities Limited, ICICI Securities Limited and IDFC Securities Limited
“Issue”	The offer, issue and Allotment of 57,700,000 Equity Shares to Eligible QIBs pursuant to Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013
“Issue Closing Date”	December 5, 2019, which is the last date up to which the Application Forms were accepted by our Bank (or the GCBRLMs, on behalf of our Bank)
“Issue Opening Date”	December 2, 2019, which is the date on which the acceptance of the Application Forms and Bid Amount commenced by our Bank (or the GCBRLMs, on behalf of our Bank)
“Issue Price”	A price per Equity Share of ₹351.00
“Issue Size”	The Issue of 57,700,000 Equity Shares, aggregating to ₹20,252.70 million
“Mutual Fund”	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
“Mutual Fund Portion”	10% of the Equity Shares proposed to be Allotted in this Issue, which is available for Allocation to Mutual Funds
“Net Proceeds”	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
“Placement Agreement”	The agreement dated December 2, 2019 entered into between our Bank and the GCBRLMs
“Placement Document”	This placement document dated December 5, 2019 issued in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013
“Preliminary Placement Document”	The preliminary placement document-cum-Application Form dated December 2, 2019, issued in accordance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013, pursuant to which a QIB shall submit a Bid in the Issue
“QIBs”/ “Qualified Institutional Buyers”	A qualified institutional buyer as defined in Regulation 2(1) (ss) of the SEBI ICDR Regulations
“QIP”	Qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013
“Refund Amount”	The aggregate amount to be returned to the Bidders, who have not been Allocated Equity Shares for all, or a part of the Bid Amount submitted by such Bidder pursuant to the Issue

Term	Description
“Refund Intimation Letter”	Letters from our Bank intimating the Bidders on the amount to be refunded, if any, either in part or whole, to their respective bank accounts.
“Relevant Date”	December 2, 2019, which is the date of the meeting wherein the Board of Directors, or a duly authorised committee, decided to open the Issue
“Systemically Important NBFC/SI-NBFC”	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
“Successful Bidders”	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount and who will be Allocated Equity Shares in the Issue
“Working Day”	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/Abbreviations

Term	Description
“AGM”	Annual general meeting
“AIF(s)”	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
“AS”/ “Account Standard”	Accounting standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015
“Banking Regulation Act”	Banking Regulation Act, 1949
“BSE”	BSE Limited
“CAGR/ Compounded annual growth rate”	Compounded annual growth rate (as a %): $(\text{End Year/Base Year})^{\frac{1}{\text{No. of years in between}}} - 1$ [^ denotes ‘raised to’]
“Category I Foreign Portfolio Investors” / “Category I FPI”	An FPI registered as a category I foreign portfolio investor under the SEBI FPI Regulations
“CBI”	Central Bureau of Investigation
“CDSL”	Central Depository Services (India) Limited
“CEO”	Chief executive officer
“CIN”	Corporate identification number
“Companies Act”	The Companies Act, 1956 and/or the Companies Act, 2013, as applicable
“Companies Act, 1956”	The Companies Act, 1956 and the rules made thereunder
“Companies Act, 2013”	The Companies Act, 2013 and the rules made thereunder
“Civil Procedure Code”	The Code of Civil Procedure, 1908
“CRPC”	The Code of Criminal Procedure, 1973
“CSR”	Corporate social responsibility
“Depositories Act”	The Depositories Act, 1996
“Depository”	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations
“DP”/ “Depository Participant”	A depository participant as defined under the Depositories Act
“DIN”	Director Identification Number
“EGM”	Extraordinary general meeting
“EPS”	Earnings per share, i.e., profit after tax for a financial year divided by the weighted average number of equity shares during the financial year
“ESOP”	Employee stock option plan
“FDI”	Foreign Direct Investment
“FEMA”	Foreign Exchange Management Act, 1999, and the regulations framed thereunder
“FEM Non-Debt Rules”	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
“Financial Year” / “Fiscal Year”/ “Fiscal”/ “FY”	A period of 12 months ending March 31, unless otherwise stated
“FIPB”	Foreign Investment Promotion Board
“FPI”/ “Foreign Portfolio Investor(s)”	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
“FMR”	Fraud monitoring return
“FVCI”	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
“GAAR”	General Anti-Avoidance Rules

Term	Description
“GDP”	Gross domestic product
“GIR Number”	General Index Register Number
“GoI”/ “Government”	Government of India
“ICAI”	The Institute of Chartered Accountants of India
“Income Tax Act”/ “IT Act”	The Income Tax Act, 1961
“Ind-AS”/ “IAS Rules”	Indian accounting standards as notified by the MCA vide Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rule 2015 in its G.S.R dated February 16, 2015
“Indian GAAP”	Generally accepted accounting principles in India, as applicable to banks
“Indebtedness”	Indebtedness is sum of total deposits and total borrowings
“Insider Trading Regulations”	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
“Interest Coverage Ratio”	Profit after tax plus depreciation and amortisation expense and finance cost divided by finance cost(s)
“IRDAI”	Insurance Regulatory and Development Authority of India
“Mn”/ “million”	Million
“MCA”	Ministry of Corporate Affairs
“MUDRA”	Micro Units Development and Refinance Agency Limited
“NA”	Not applicable
“Non-Resident Indian(s)”/ “NRI”	Non-Resident Indian, as defined under Foreign Exchange Management (Deposit) Regulations, 2016
“NCLT”	National Company Law Tribunal
“NCR”	National Capital Region
“NHB”	National Housing Bank, established under Section 3 of the National Housing Bank Act, 1987
“NSDL”	National Securities Depository Limited
“NSE”	National Stock Exchange of India Limited
“p.a.”	Per annum
“PAS Rules”	Companies (Prospectus and Allotment of Securities) Rules, 2014
“PAN”	Permanent account number
“PML Act”	Prevention of Money Laundering Act, 2002
“Return on Equity”	Net profit divided by average shareholders’ equity
“Regulation S”	Regulation S under the U.S. Securities Act
“”/ “Rs”/ “Rupees”/ “Indian Rupees”	The legal currency of India
“RoC”	Registrar of Companies, Maharashtra at Pune
“SARFAESI Act”	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
“SCB”	Scheduled Commercial Banks
“SCRA”	Securities Contracts (Regulation) Act, 1956
“SCR(SECC) Rules”	Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2012
“SCRR”	Securities Contracts (Regulation) Rules, 1957
“SEBI”	Securities and Exchange Board of India
“SEBI Act”	The Securities and Exchange Board of India Act, 1992
“SEBI AIF Regulations”	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
“SEBI FPI Regulations”	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
“SEBI ICDR Regulations”	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
“SEBI Listing Regulations”	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
“Stock Exchanges”	BSE and NSE
“STT”	Securities Transaction Tax
“Supreme Court”	Supreme Court of India
“Takeover Regulations”	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
“Total Capitalisation”	Total Capitalisation is the sum of total Indebtedness and total Shareholder's fund
“U.S. GAAP”	Generally accepted accounting principles in the United States of America

Term	Description
“U.S.\$” / “USD” / “U.S. dollar”	United States Dollar, the legal currency of the United States of America
“U.S. Securities Act”	United States Securities Act of 1933
“USA”/ “U.S.”/ “United States”	The United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“VCF”	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

Industry Related Terms, Definitions and Abbreviations

Term	Description
“AFI”	Affordable finance institutions
“AFS”	Available for Sale
“ALCO”	Asset Liability Management Committee
“ALM”	Asset liability management
“ANBC”	Adjusted net bank credit
“APES”	Aadhar Payment Enabled System
“APLVC”	Annual Performance Linked Variable Compensation
“ATM”	Automated teller machine
“BBB”	Branch and business banking
“BC”	Business correspondent
“BICC”	Board Investment & Credit Committee
“BI”	Business Intelligence
“BOT”	Business Operations & Technology Committee
“C&IB”	Corporate and institutional banking
“CAR”	Capital Adequacy Ratio
“CASA”	Current account and savings account
“CASA Ratio”	CASA ratio is determined as the sum of demand deposits and saving deposits divided by total deposits
“CB”	Commercial banking
“CBS”	Core Banking Solution
“CET I”	Common Equity Tier I
“CGTMSE”	Credit Guarantee Fund Trust for Medium and Small Enterprises
“CIBIL”	Credit Information Bureau (India) Limited
“CIC”	Compliance Implementation Committee
“Cost to Income Ratio”	Cost to Income Ratio is computed as the percentage of operating expenses to net total income which is defined as the sum of interest income and other income less interest expense
“CRAR”	Capital to risk-weighted asset ratio
“CRILC”	Central Repository of Information on Large Credits
“CRR”	Cash Reserve Ratio
“CSR”	Corporate social responsibility
“CTC”	Cost-to-company
“CTS”	Cheque Truncation System
“D”	Doubtful
“D&O”	Directors’ & Officers’ Liability Insurance
“DB & FI”	Development banking and financial inclusion
“DCM”	Debt capital markets
“Dividend Payout Ratio”	Dividend Payout Ratio is Net profit to Dividend payout excluding dividend distribution tax
“ECC”	Executive Credit Committee
“ERC”	Executive Risk Committee
“ESGC”	Environmental & Social Risk Governance Committee
“FATCA”	U.S. Foreign Account Tax Compliance Act
“FD”	Fixed deposit
“FMCG”	Fast Moving Consumer Goods
“FOREX” or “Forex”	Foreign exchange
“GROSS NPA” or “GNPA”	Gross non-performing assets

Term	Description
“HFT”	Held for trading
“HRMS”	Human Resource Management System
“HQLA”	High quality liquid assets
“ICAAP”	Internal Capital Adequacy Assessment Process
“IMPS”	Interbank Mobile Payment Service
“IRS”	U.S. Internal Revenue Service
“ISSC”	Information Security Steering Committee
“IVR”	Interactive Voice Response
“KVP”	Kisan Vikas Patra
“KYC”	Know Your Customer
“KYC-AML”	Know Your Customer – Anti Money Laundering
“L”	Loss
“LC”	Letter of credit
“LCR”	Liquidity Coverage Ratio
“LMS”	Learning Management System
“MCC”	Management Credit Committee
“MFI”	Micro-finance institutions
“MIS”	Management Information System
“MSME”	Micro, small and medium enterprises
“NACH”	National Automated Clearing House
“NBFC”	Non-banking financial company
“NGO”	Non-government organisation
“NII”	Net interest income
“NIM”	Net interest margin
“NOC”	National Operating Center
“NET NPAs”	Net non-performing assets
“NPA”	Non-performing asset
“NSC”	National Savings Certificate
“NSFR”	Net Stable Funding Ratio
“ORMC”	Operational Risk Management Committee
“OS”	Operating System
“P2P”	Procurement to payment
“PAC”	Product Approval Committee
“PCR”	Provision coverage ratio
“PESOP”	Performance employee stock option program
“PML Act”	Prevention of Money Laundering Act, 2002
“POS”	Point of sale
“PSLC”	Priority Sector Lending Certificates
“PSU”	Public Sector Units
“RBI Basel III Capital Regulations” or “Basel III Capital Regulations”	Guidelines issued by RBI on the implementation of Basel III capital regulations in India on 2 May 2012, as revised
“RBS”	The Royal Bank of Scotland, N.V.
“RD”	Recurring deposits
“RIDF”	Rural Infrastructure Development Fund
“RMCB” or “RMC”	Risk Management Committee of the Board
“RPC”	Regional Processing Centres
“S”	Standard
“SDR”	Strategic Debt Restructuring
“SS”	Sub-standard
“SHG”	Self-help group
“SLR”	Statutory Liquidity Ratio
“SME”	Small and medium enterprises
“Tier I capital instrument”	Tier I capital instruments as defined under the guidelines on capital adequacy issued by RBI
“Tier II capital instrument”	Tier II capital instruments as defined under the guidelines on capital adequacy issued by RBI
“Total Shareholders Fund”	Total shareholders fund is the sum of share capital and reserves and surplus

SUMMARY OF BUSINESS

We are one of India's fastest growing private sector banks with an expanding presence across the country. Our Bank has cultivated a customer-centric culture where we use our industry domain knowledge, experience and technology with the goal of satisfying the client's complete banking needs. We offer a comprehensive range of banking products and services customized to cater to the needs of large corporations, small and medium enterprises ("SMEs"), retail customers and development banking & financial inclusion (low income) customers. We have been expanding our presence across India through a growing network of branches and ATMs and developing our technology-enabled channels like phone banking, internet banking and mobile banking. As of September 30, 2019, we had 346 branches and 394 ATMs spread across 23 Indian states and union territories serving approximately 7.32 million customers.

We have a long history in India, with operations since 1943 when our Bank was incorporated as a small, regional bank in Maharashtra with two branches in Kolhapur and Sangli. Beginning in 2010, we transformed ourselves from a traditional bank into a 'New Age' bank. We are now branded as "RBL Bank", and we believe that we benefit from

- a quality management team and a pool of talented and dedicated employees;
- a strong operating platform supported by a robust modern technology infrastructure;
- a growing customer base as well as expanded and stronger relationships with existing customers;
- a comprehensive product suite across corporate, commercial and retail banking;
- a multi-channel distribution network including new bank branches, BC branches, ATMs and mobile and internet platforms; and
- a strong brand that is backed by extensive marketing and communication plans.

During the past three fiscal years, our business has been fast growing, highlighted as follows:

Our number of customers has increased from 2.80 million in Fiscal 2017 to 6.51 million in Fiscal 2019, our number of branches has increased from 239 in Fiscal 2017 to 324 in Fiscal 2019.

Our total income has grown from ₹44,686.21 million in Fiscal 2017 to ₹77,430.76 million in Fiscal 2019, which represents a compound annual growth rate (CAGR) of 31.63% for the period.

Our other income has increased from ₹7,554.63 million in Fiscal 2017 to ₹14,423.67 million in Fiscal 2019, which represents a CAGR of 38.18% for the period.

Our net profit after tax has increased from ₹4,460.46 million in Fiscal 2017 to ₹8,669.51 million in Fiscal 2019, which represents a CAGR of 39.41% for the period.

Our deposits grew from ₹345,880.91 million at the end of Fiscal 2017 to ₹583,944.16 million at the end of Fiscal 2019, which represents a CAGR of 29.93% for the period.

Our advances (net) grew from ₹294,490.39 million at the end of Fiscal 2017 to ₹543,082.43 million at the end of Fiscal 2019, which represents a CAGR of 35.80% for the period.

We are expanding our branch network across India through a growing network of branches and ATMs. During Fiscal 2019 and the six months ended September 30, 2019, we opened 59 and 22 new branches, respectively, across various states including in the key metro cities. Our distribution network also included 394 ATMs as of September 30, 2019. In addition, we have digital banking channels including mobile banking, internet banking and phone banking/IVR. We have developed micro-payment and branchless banking solutions as well as a business correspondent network to expand our customer reach beyond the traditional branch service area. In 2018, we acquired the remaining outstanding equity interest in RBL Finserve Pvt. Ltd. ("**RBL Finserve**", formerly known as Swadhaar Finserve Pvt. Ltd.), which is now our wholly-owned subsidiary. As of September 30, 2019, we had 1,156 business correspondent branches ("**BC branches**"), including banking outlets and RBL Finserve

BC branches, to provide financial services primarily to underserved parts of the economy including rural customers.

Our business segments consist of corporate and institutional banking (“C&IB”), commercial banking (“CB”), branch and business banking (“BBB”), retail assets, development banking and financial inclusion (“DB&FI”) and treasury and financial markets operations. By combining integrated solutions with our capabilities across our businesses we aim to be “the Bank of Choice” for our customers. One of the core tenets assimilated within each of our business segments is to cross-sell the products and solutions of our entire Bank. We believe that this enhances customer loyalty with our Bank and helps improve our overall share of the customer wallet.

We have received a number of awards and recognitions in the recent past, including:

“Best Bank for Microfinance in India” by Asia Money in 2019;

“Best Small Bank” (Business Today Financial Awards) in 2019;

“Most Promising Company of the Year” at the CNBC-AWAAZ CEO Awards in 2018 and the CNBC TV18 India Business Leader Awards in 2017;

“Fastest Growing Small Bank” (Business World Magna Awards) in 2018;

“Private Sector Bank of the Year Category – Silver Award” (Outlook Money Awards) in 2018;

“Best Bank of the Year” (Outlook Money Awards) in 2017;

“Best Growing Small Bank” (Business World Magna Awards) in 2017; and

“Best IT Risk & Cyber Security Initiative” and “Best Payment Initiative” (IBA Banking Technology Awards) in 2017.

Our Strengths

We believe that our strong board, well-capitalized balance sheet and management depth are the pillars that form the foundation for our growth strategy.

We believe that we have the following strengths:

Client focused approach to business resulting in growing brand recognition

We have created a customer-centric culture where we look to satisfy each client’s complete banking needs by tailoring our products and services as required for the client rather than become a product-focused organization. We use our branches, BC branches and our technological and digital banking capabilities to develop and enhance our knowledge of the customer requirements, industry sectors, businesses and local environments. We believe that one of our competitive strengths has been our success in leveraging this understanding to provide valuable and timely banking and transactional solutions for our customers and effectively cross-selling these products and services to them.

Strong Partnerships forged across our asset and liability business to businesses

We have leveraged strong partnerships across our asset and liability businesses. We have credit card partnerships, business correspondent partnerships, fintech partnerships, technology partnerships and product partnerships (like insurance and wealth management).

In credit cards, we have expanded our product line through key partnerships, and we continue to be a partner of choice for fintech companies, both medium and large. Our key credit card partnerships include Bajaj Finance and BookMyShow. As of September 30, 2019, we had over one million Bajaj Finance - RBL Bank co-branded credit cards in force.

To develop our DB&FI business, we have entered into partnerships and invest in/acquire companies to extend our reach in rural and semi-urban India and unbanked parts of urban and metro India. In 2018, we acquired the

remaining outstanding equity interest in RBL Finserve, which is now our wholly-owned subsidiary. RBL Finserve helped us create a 'Bank within the Bank' by maximizing the outreach, creating new financial products for existing clients and enabling cross-sell opportunities. RBL Finserve focuses on our efforts in micro-banking and serving our DB&FI customers. RBL Finserve is fully engaged in offering of products and services to inadequately served sections of rural India including businesses, households and enterprises. RBL Finserve added 533 BC branches to our rural distribution network as of September 30, 2019.

In addition, we have entered into exclusive partnership agreements with select business correspondents to originate client business in underserved rural markets – spanning loans and third party products such as insurance. These partners are helping us establish our BC branches and banking outlets across many states which enable us in providing loans, payments and other banking services across underbanked and unbanked India. Each partnership is tethered to one or more of our branches and helps to extend our coverage area beyond the traditional branch service area. Our partners use our branding to offer our banking services through their branches and we work together to deliver products across a widespread customer base and also cross-sell new products, further deepening these relationships.

Further, we have also entered into partnerships with certain entities to offer additional products like insurance and brokerage accounts to our customers.

We also have successfully developed strategic partnerships with major service providers in operations, technology, administration and infrastructure to leverage the economies of scale that these partners bring to our growing platform.

Fast growing credit card business

Our credit cards portfolio continues to grow and has helped increase both our interest and non-interest income. Our Bank had over 1.7 million customers in Fiscal 2019 and 2.29 million customers as of September 30, 2019. The number of our credit cards provided to customers increased by 119% in Fiscal 2019 and 68% in six months ended September 30, 2019, with more than 1.1 million and 0.77 million new customers acquired by us in Fiscal 2019 and six months ended September 30, 2019, respectively.

We have also expanded our product line through key partnerships, including Bajaj Finance and BookMyShow. As of September 30, 2019, we had over one million Bajaj Finance - RBL Bank co-branded credit cards in force. Our credit cards in force and credit card advances as of March 31, 2017, 2018 and 2019 and September 30, 2019 are set out in the table below:

Particulars	As of March 31,			As of September 30,
	2017	2018	2019	2019
Credit cards in force (in millions)	0.28	0.80	1.71	2.29
Credit card advances (in ₹ millions)	8,035.24	22,440.80	52,834.41	80,025.51

Risk management and asset quality focus

We believe that a robust risk management system is one of the key components to our long-term success. Our risk management function is overseen by our Risk Management Committee (RMC), an independent board-level sub-committee that oversees specific policies, frameworks, processes and systems for effective management of various risks and provides appropriate directions from time to time, as required. The risk management function covers credit, information security, market and operational risks. Our policies are continuously reviewed and updated for changes in the regulatory and market environment. Our risk management structure – both people and systems – is subjected to regular update. We have a dedicated risk management department, headed by a Chief Risk Officer (who reports to the RMC) and supported by specialized risk management teams for each function to ensure that we understand specific segmental and business risks and undertake periodic risk management tasks including risk assessment, measurement, control and reporting. The credit approval process functions independently under the supervision of the Chief Credit Officer. The Board has delegated sanctioning authorities to various committees

with the apex forum being the Board Investment & Credit Committee (BICC) which is a subcommittee of the Board.

Our Audit Committee, an independent board-level sub-committee of our Board, provides direction to, and monitors the quality of the internal audit function, risk management and control environment, including the adequacy of internal controls through audits. The internal audit function conducts risk-based internal audit of branches as well as credit audits that include reviewing the pre-sanction, post-sanction and monitoring processes of our Bank.

Our risk management process begins with client-selection and screening of customers, thorough documentation and use of systems and technologies such as early warning systems to continuously monitor the health of our portfolio. As a result of our focus on effective risk management, we have been able to maintain our asset quality amidst a challenging macro environment.

We continue to invest in technology with a view to continuously automate processes for early observation of risk signals by monitoring disparate sets of data, both external & internal. We also continue to invest in strengthening of our collection and recovery functions

Modern and scalable IT systems and focus on operational quality and scalability.

We believe that we have built an IT infrastructure that is designed to support our network expansion plans and business growth. The use of information technology is an integral part of our customer-focused approach as it enables our clients to control when, where and how they want to do business with us. We also believe that technology is becoming the last mile connector to our customers as they increasingly opt for alternate delivery channels such as phone banking, mobile banking and internet banking. We strongly emphasize technology in our business as a means of improving the efficiency, reliability and competitiveness of our business operations.

The use of technology also enables us to analyze, address and deliver a seamless customer fulfillment experience. Increasing adoption of technology by customers means that we need to constantly ensure that our systems and processes are geared up to deliver optimal services in a secure environment. We are focused on leveraging technology for client management and creating customer-centric/multi-channel solutions. Our IT deployment strategy is to do quick prototyping, establishing short learning curves and rapidly scaling up. The use of technology enables us to analyze, address and deliver a seamless customer fulfillment experience.

Increasing use of technology means that more and more customers interface with our operational platforms making it increasingly important for us to provide quality service across all customer touchpoints – branches, ATMs, phone banking, internet banking and email channels. We believe that consistent quality, competitive turnaround times and system reliability are core service differentiators. It is essential that all of these operations run with precision, skill and, in some cases simplicity, to ensure customer satisfaction. We have, therefore, equipped our Bank with the technology, operational and support teams to underpin our business segments, branches and other distribution channels.

We have implemented various customer satisfaction measures that enable us to monitor compliance with service-level agreements across our relevant operational units and provide an efficient information platform to support effective decision-making. We arrange regular training and skill development programs for our employees to increase operational efficiencies and customer service conducted by our internal teams or external agencies. As we are a fast growing bank with a rapid expansion of our product offerings, branches and customer base, the scalability of our operations in a secure framework, while ensuring a high level of quality service, is essential. We believe that our cloud-based IT systems, our operational processes and our experience in opening new branches and developing new products give us an advantage in replicating the same as we grow, with increasingly shorter turnaround times. We believe that the scalability of all operations in a cost-effective manner while maintaining a high standard of services is essential to growing our banking business profitably.

Strong Board of Directors and experienced and professional management team

We have built a strong and independent board of directors. The breadth of experience of our board coupled with their in-depth knowledge of banking operations and management provides the anchor to continue building a robust and sustainable organization. The Board is also focused on building the talent pool of the Bank. This, we believe, allows us to build a solid, scalable and institutionalized banking franchise.

We have a professional management team that has a well-diversified track record of experience in the banking industry. Our senior management has a strong pedigree in the banking and financial services space with many of them having held senior positions with leading banks and insurance companies. This team is responsible for formulating our strategy, managing new business segments, diversifying the business mix, putting in place a strong operating and technology platform, expanding our branch and distribution network and deepening customer relationships. We believe that our management's capabilities, strong reputation, extensive network of industry relationships and considerable experience in financial services and banking will help us to scale up further and build a high quality and pre-eminent franchise in the years to come. For further information, see "*Board of Directors and Senior Management*" on page 210.

Our Vision 2020

Vision 2020

In Fiscal 2017, we launched Vision 2020, our strategy aimed at achieving all-round growth for our Bank.

Vision 2020 included the following goals:

- 30-35% CAGR growth for advances;
- An increase of 0.75-1% every year of the CASA ratio;
- Other income (as a percentage of net total income) should be approximately one-third of net total income;
- For operational efficiency, the cost/income ratio should be 51-52% by 2020; and
- The Return on Assets (RoA) should be approximately 1.50% by 2020.

Since the launch of Vision 2020, we have been progressing steadily on the path to achieve our targets.

- Our advances grew from ₹294,490.39 million at the end of Fiscal 2017 to ₹543,082.43 million at the end of Fiscal 2019, which represents a CAGR of 35.80% for the period.
- Our total income has grown from ₹44,686.21 million in Fiscal 2017 to ₹77,430.76 million in Fiscal 2019, which represents a CAGR of 31.63% for the period.
- In Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, our CASA ratio was 21.98%, 24.32%, 24.98% and 26.45%, respectively.
- Our other income has increased from ₹7,554.63 million in Fiscal 2017 to ₹14,423.67 million in Fiscal 2019, which represents a CAGR of 38.18% for the period. In Fiscal 2017, Fiscal 2018, Fiscal 2019 and the six months ended September 30, 2019, our other income was 38.22%, 37.69%, 36.22% and 35.37%, respectively, of net total income.
- In Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, our cost/income ratio was 53.46%, 53.04%, 51.28% and 51.91%, respectively.
- In Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, our ROA was 1.08%, 1.21%, 1.27% and 0.77%, respectively.

Our Strategy

In addition to the specific goals of Vision 2020, our strategy is to leverage our strengths and guiding principles to continuously adapt and lead within a dynamic and competitive landscape. In particular, we intend to focus on the following differentiating strategies adapting them to the specific needs and requirements of our customers:

Become a “Bank of Choice” by building relationships through trust and respect of our customers

We believe that banking is a complete, tailor-made comprehensive solution designed to address the customer’s needs based on a holistic understanding of their requirements. We believe we have created a customer-centric culture where we look to satisfy the needs of our customers with quality products and services delivered in a timely and responsive manner to enhance the customer experience. We aim to use our deep knowledge of industry sectors and of our clients to tailor valuable banking and transactional solutions for them.

This approach manifests in the way we hire, train and evaluate our people. Moreover, we believe our sales practices, client segmentation, wallet-sizing, and inter-division co-ordination is structured to deliver a holistic solution to the clients based on their needs and requirements. Over the last few years and in the near future we continue to add to our product and service portfolio through internal development and strategic partnerships. Our technology investments to date and increasingly in the future will be benchmarked to deliver client solutions.

We use a customer-centric approach across all our business segments and locations. In order to provide these services across India we will continue to expand our network of branches, BC branches, banking outlets and ATMs suitably. We have also entered into partnerships with certain entities to offer additional products like insurance and brokerage accounts to our customers. We will continue to develop expertise and expand our BBB, Retail Assets and DB&FI segments with the focus on underserved semi-urban and rural areas using our customer knowledge, strategic partnerships and digital banking solutions to build long-term customer relationships.

Continue to increase our CASA base

Achieving a strong and lasting CASA base is one of our core objectives. CASA is an integral part of every business segment’s strategy with a focus on banking the entire wallet or balance sheet of the client. In Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, our CASA ratio was 21.98%, 24.32%, 24.98% and 26.45%, respectively. We believe that customers can keep healthy CASA balances once they start transacting with us across multiple products and services. In this respect, we have developed distinct strategies:

C&IB and CB – We aim to ensure that the clients increasingly undertake their supply chain, non-fund and payments and collections business through our Bank. This requires product and technical capabilities and also a strong understanding of our clients’ businesses and a coordinated approach of multiple internal departments to deliver the complete service experience to the client. Our current technology and product architecture allow us to gain an increasing share of this business. Our C&IB and CB footprint covers key commercial centres across Tier 1 and Tier 2 cities in India, and we expect to continue to add coverage in other key metros, commercial and economic centres.

BBB –The core focus of our BBB strategy is to deal with clients who have a high need of intensive banking operations that is likely to lead to greater current account balances. We develop specific industry solutions that are driven by knowledge of the sector, integrated packaging and seamless delivery. We expect that such specialized and complex measures would lead to greater differentiation for our services and help us in getting a higher share of the clients’ current account flows. The current anchor for our CASA base is being strengthened by expanding distribution network as discussed below.

Retail Assets and DB&FI – Though Retail Assets and DB&FI segments have historically been seen as credit-led, our strategy is to integrate our lending products with savings, insurances and remittances to enable us to capture the entire transactional flows of the client. This has the secondary benefit of helping us keep track of the end-use of loans. This segment needs technology-enabled products and services that are not necessarily dependent on a bank branch or ATM presence. Our distribution network makes us more accessible to this client base.

Scale up our BBB businesses and expand our distribution channels

We see our BBB businesses as the significant provider of CASA and deposits, trade and branch services and a key source of fee income. Though we have made inroads into the segment, we believe that we still have large untapped opportunities in the metro, urban and commercial centres of India. Our focus is to cover them in the short- to medium-term with increasing share in the customer wallet. These businesses require a sharper segmentation of clients, active client tracking strategy to provide customized products and services and a high quality of consistent service delivery architecture through multiple channels. Much of this is predicated on modern technology and a trained human resource base.

Our strategy is to expand our branch, ATM and alternate delivery channels to grow our customer coverage and market share. During Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, we opened 42, 26, 59 and 22 new branches, respectively, with the objective of expanding our presence. As of March 31, 2017, 2018 and 2019 and September 30, 2019, our branch network included 239, 265, 324 and 346 branches, respectively. We also plan to continue to grow and deepen our customer coverage and branch network extensively in key metro and urban cities. We expect to continue expanding our branch network over the next three years. We will continue to expand our branch network in key commercial centres in the country and follow a model of densification in these chosen markets.

Integrated with our plans on distribution expansion is our business correspondence model that enables us to expand our coverage beyond the traditional branch catchment, through our BC branches. These BC branches are the outlets of our partner business correspondents and their employees. In addition, we have micro-ATMs (handheld tablets) used primarily in our DB&FI business in rural and semi-urban areas. We believe our extensive presence and variety of distribution channels increases our ability to acquire and retain customers and enables us to provide better service to our existing customers. In rural areas, we will look to expand our network through BC branches and banking outlets that complement and leverage our partners and to build our brand in rural communities.

With increasing adoption of technology across India, we believe that alternate delivery channels will become increasingly important as customer touchpoints. We consider our digital banking channels (like our internet and mobile banking solutions) as essential platforms to drive our long-term growth. We are working towards acquiring customers directly through digital channels to reduce our cost of customer acquisition. In addition, we will continue to drive innovation and use our digital banking channels to service existing customers so as to improve their banking experience and increase their product and service usage while at the same time reducing our cost of servicing.

Grow our fee based income pools

An important and strategic focus for us is to grow our fee and commission-based incomes across all client segments. This is essential as it not only diversifies our revenue streams but also ensures greater stickiness of customers with our Bank. We believe we can achieve this through the following:

- scalable technology product platform capable of delivering these services in a consistent manner;
- a highly coordinated business team comprising relationship managers, product partners and service delivery partners that have aligned objectives to generate fee income; and
- deep understanding of the client's business and industry to develop appropriate banking solutions.

An important part of our non-interest income has come from the growth of fees generated through our credit card business. We intend to continue to expand our credit card portfolio to help increase both our interest and non-interest income. Our Bank has over 1.7 million customers in Fiscal 2019 and 2.29 million customers as of September 30, 2019. We will look to expand our credit card business by expanding the scope of our existing partnerships and by entering into new strategic partnerships.

Nurture a strong and trusted brand

Although we are a new bank in many ways, we also benefit from a 76-year operating history. Thus, our brand recognizes both our recent innovation and growth but also our long-standing trusted position in the Indian market. We believe that we are known for the quality service we have provided over the years, for our consistent approach to developing relationships with our customers based on our local experience and for a fresh and modern approach to banking. We have built our brand around the core values of excellence, entrepreneurship, respect, teamwork and professionalism. Our brand and service architecture are designed around the concept of 'promise what you can deliver' and 'deliver what you have promised'. We plan to continue to use advertising and other marketing tools to build brand awareness among our target customers in various locations. We also will continue to promote our brand across print and the internet.

Attract, motivate and develop talented and experienced professionals

We believe one of the keys to our success is the ability to recruit, retain, motivate and develop talented and experienced professionals, particularly as we seek to expand our distribution network and offer new products and services. Our employees are important to us, and we will continue to provide an encouraging work environment and promote career aspirations that can be realized by consistent performance and loyalty to our core values. We intend to continue to focus on the recruitment and cultivation of a high-quality, professional and empowered workforce through (i) the provision of training and development programs for employees to enhance professional knowledge and capabilities, (ii) the enhancement of management and employee incentive programs to align compensation with employee performance, (iii) the creation of an encouraging work atmosphere and (iv) greater employment engagement. We have introduced several leadership programs bank-wide to ensure availability of an integrated pipeline of talent at all levels of our Bank for all employees across our Bank. We expect to continue to conduct in-house training programs, collaborate with external training institutes and education services providers and offer contemporary business and industry practices training to our employees through external programs hosted by reputable training institutes. We have also adopted various employee stock option programs to incentivize and reward superior performance, align employee interests with our Bank, create long-term ownership and commitment. For details in relation to RBL ESOPs, please see the “*Capital Structure*” on page 107.

Continue to pursue partnerships and strategic initiatives

Our strategy is to cultivate mutually beneficial partnerships to extend our footprint beyond the reach offered by our branch network. For instance, to develop our Retail Assets businesses, we intend to continue entering into strategic partnerships (traditional or digital), including by way of strategic equity investments in our partners. In our DB&FI business, we intend to deepen our reach in rural India through our partners and develop strong local relationships.

We also will continue to explore strategic opportunities across our banking businesses that expand our product portfolio, build on our existing distribution capabilities, or give us a presence in complementary markets. We will pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which are expected to strengthen our competitive position as well as drive profitable income and balance sheet growth. For example, in 2018, we acquired the remaining outstanding equity interest in RBL Finserve, which is now our wholly-owned subsidiary. RBL Finserve helps our Bank by increasing its outreach, creating new financial products for existing clients and enabling cross-sell opportunities.

Our strategies and initiatives may be subject to RBI approval and involve various risks. For details, see the section “*Risk Factors–We may pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which could involve a number of risks*” on page 75.

SUMMARY OF THE ISSUE

The following is the general summary of the terms of the Issue. The summary should be read in conjunction with, and is qualified in its entirety by, more detailed terms appearing elsewhere in this Placement Document, including under the sections titled “Risk Factors”, “Use of Proceeds”, “Placement and Lock-up”, “Issue Procedure” and “Description of the Equity Shares” on pages 62, 105, 238, 225 and 255, respectively.

Issuer	RBL Bank Limited
Issue Size	57,700,000 Equity Shares aggregating to ₹20,252.70 million A minimum of 10% of the Issue Size, i.e. at least 5,770,000 Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance 51,930,000 Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs
Face Value	₹10 per Equity Share
Issue Price	₹351.00 per Equity Share
Floor Price	₹352.57 per Equity Share. Our Bank may offer a discount of up to 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations.
Eligible Investors	Eligible QIBs, to whom the Preliminary Placement Document and the Application Form is circulated and who are eligible to make a Bid and participate in the Issue. See “Issue Procedure”, “Selling Restriction” and “Transfer Restrictions” on pages 225, 239 and 248, respectively. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form has been delivered was determined by the GCBRLMs in consultation with our Bank.
Dividend	See “Description of the Equity Shares” and “Dividend Policy” on pages 255 and 117, respectively
Indian Taxation	See “Statement of Possible Tax Benefits” on page 259
Date of Board Resolution authorizing the Issue	April 18, 2019
Date of passing of resolution by Shareholders authorizing the Issue	July 9, 2019
Equity Shares issued and outstanding immediately prior to the Issue	430,740,110 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	488,440,110 Equity Shares Pursuant to its resolution dated November 30, 2019 read with resolution dated December 1, 2019, the Board has approved a preferential issue by way of private placement of up to (i) 4,402,700 Equity Shares to East Bridge Capital Master Fund I Ltd; (ii) 2,527,140 Equity Shares to FEG Mauritius FPI Limited; (iii) 6,310,530 Equity Shares to Ishana Capital Master Fund; (iv) 6,595,240 Equity Shares to WF Asian Reconnaissance Fund Limited; and (v) subject to seeking clarification cum guidance and/or approval from the Stock Exchanges and/or regulatory authorities including SEBI, 4,402,700 Equity Shares to Bajaj Finance Limited, in accordance with Section 42 of the Companies Act, 2013 and Chapter V of the SEBI ICDR Regulations and subject to approval of the Shareholders at the extra-ordinary general meeting scheduled to be held on December 27, 2019. Subsequently, Bajaj Finance Limited by its letter dated December 5, 2019, has informed about their decision not to participate in the preferential issue as obtaining regulatory approvals by the Bank with respect to certain provision of SEBI ICDR Regulations did not appear feasible within the stipulated timeline. The issue price of the Equity Shares in the aforesaid preferential issue is ₹340.70 per Equity Share, in accordance with Chapter V of the SEBI ICDR Regulations.
Issue Procedure	The Issue is being made to Eligible QIBs in reliance on Section 42 of the Companies

	Act, 2013 and all other applicable provisions of the Companies Act, 2013, PAS Rules and Chapter VI of the SEBI ICDR Regulations. For details in relation to Issue procedure, see “ <i>Issue Procedure</i> ” on page 225
Listing	Our Bank has obtained in principle approval each dated December 2, 2019, from NSE and BSE, in terms of Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares pursuant to the Issue. Our Bank shall make application to each of the Stock Exchanges after Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant to obtain, as indicated in their respective Application Form, for final listing approvals of the Equity Shares Allotted pursuant to the Issue
Trading	The trading of the Equity Shares would be in dematerialised form and only in the cash segment of each of the Stock Exchanges Our Bank shall apply for the final trading approvals from the Stock Exchanges after crediting of the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees
Lock-up	See “ <i>Placement and Lock-up</i> ” on page 238 for a description of restrictions on our Bank in relation to Equity Shares
Transferability Restriction	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details in relation to other transfer restrictions, see “ <i>Selling Restriction</i> ” and “ <i>Transfer Restrictions</i> ” on pages 239 and 248, respectively
Use of Proceeds	The gross proceeds from the Issue will be ₹20,252.70 million. The Net Proceeds of the Issue, after deduction of fees, commissions and expenses in relation to the Issue, are expected to total approximately ₹20,002.70 million. For further details see “ <i>Use of Proceeds</i> ” on page 105.
Risk Factors	See “ <i>Risk Factors</i> ” on page 62 for a discussion of risks that you should consider before participating in the Issue
Closing Date	The Allotment is expected to be made on or about December 6, 2019
Ranking	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum and Articles of Association and shall rank <i>pari passu</i> in all respects with the existing Equity Shares including the rights in respect of dividends after the Closing Date. The holders of such Equity Shares as on the record date will be entitled to participate in dividends and other corporate benefits, if any, declared by our Bank after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws. The holders of such Equity Shares may attend and vote in Shareholders’ meetings in accordance with the provisions of the Companies Act, 2013. See “ <i>Description of the Equity Shares</i> ” on page 255
Voting Rights of Share Holders	See “ <i>Description of the Equity Shares- Voting Rights</i> ” on page 257
Security Codes for the Equity Shares	ISIN: INE976G01028 BSE Code: 540065 NSE Code: RBLBANK

SUMMARY FINANCIAL INFORMATION

The following summary financial information and other data should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements, including the notes thereto and the reports thereon, which appear in “Financial Statements”. The summary financial information set forth below is derived from the Audited Consolidated Financial Statements and Audited Standalone Financial Statements for Fiscal 2017, Fiscal 2018 and Fiscal 2019, prepared in accordance with the Indian GAAP, and the Condensed Consolidated Interim Financial Statements and Condensed Standalone Interim Financial Statements for the Half Year ended September 30, 2018 and 2019, prepared in accordance with the Indian GAAP, based on the listing requirement of the exchanges where the Equity Shares of the Bank have been listed.

Solely for the convenience of the reader, the selected data set out below is presented in a format different from our consolidated and standalone financial statements. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with Ind-AS, IFRS or other accounting principles. For the purposes of a comparative analysis in the discussion below, previous years’ figures have been reclassified wherever necessary.

SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES

(₹ in million)

S. NO.	PARTICULARS	AS OF MARCH 31,			(UNAUDITED) AS OF SEPTEMBER 30,	
		2017	2018	2019	2018	2019
A.	ASSETS					
1	Cash in Hand	1,648.33	2,152.64	1,528.52	1,351.19	1,989.44
2	Balance with RBI	27,830.96	23,740.70	46,866.66	34,408.56	34,580.38
3	Balances with Banks	12,457.20	12,803.62	16,626.66	12,183.09	12,068.18
	In India	11,484.29	8,912.02	8,431.65	9,453.37	8,375.12
	Outside India	972.91	3,891.60	8,195.01	2,729.72	3,693.06
4	Money at Call & Short Notice	-	4,147.46	999.29	1,000.00	15,592.50
5	Investments	134,817.08	154,474.99	168,403.61	137,492.41	197,779.80
	In India Gross Investment	135,323.48	155,202.32	169,660.40	138,628.80	198,656.42
	Less: Provision for NPI	136.16	-	250.96	16.25	333.16
	Less: Depreciation on Investments	371.90	729.27	1,010.23	1,124.90	547.48
	In India Net Investment	134,815.42	154,473.05	168,399.21	137,487.65	197,775.78
	Outside India Gross Investment	1.66	1.94	4.40	4.76	4.38
	Less: Depreciation on Investments	-	-	-	-	0.36
	Outside India Net Investment	1.66	1.94	4.40	4.76	4.02
6	Advances (Net)	294,490.39	402,678.39	543,082.43	458,726.62	584,760.57
	In India	294,490.39	391,961.35	525,429.69	443,652.07	563,565.37
	Outside India	-	10,717.04	17,652.74	15,074.55	21,195.20
7	Fixed Assets	2,587.08	3,340.01	4,024.79	4,012.00	4,534.89
	Less: Revaluation Reserve	9.67	9.40	9.15	9.27	9.03
	Net Fixed Assets	2,577.41	3,330.61	4,015.64	4,002.73	4,525.86
8	Other Assets	12,916.67	15,169.74	22,056.23	22,390.89	25,471.53
	TOTAL (A)	486,738.04	618,498.15	803,579.04	671,555.49	876,768.26
B	LIABILITIES					
1	DEPOSITS	345,880.91	439,022.64	583,944.16	477,900.93	628,291.33
1.1	Demand Deposit	37,540.83	53,387.79	63,427.17	56,721.76	65,271.04
	From Banks	1,409.12	4,012.22	2,929.21	2,981.51	2,882.38
	From Others	36,131.71	49,375.57	60,497.96	53,740.25	62,388.66
1.2	Saving Deposits	38,486.45	53,394.74	82,447.59	60,403.22	100,933.11
1.3	Term Deposits from Banks	43,099.65	39,350.58	58,674.28	33,021.55	90,162.96
1.4	Term Deposits from Others	226,753.98	292,889.53	379,395.12	327,754.40	371,924.22
2	Borrowings	79,797.57	92,614.40	118,320.65	96,104.91	139,531.85
	In India	57,913.72	58,176.11	68,033.24	51,454.04	88,035.41
	Outside India	14,583.85	27,138.29	42,987.41	37,350.87	44,196.44

S. NO.	PARTICULARS	AS OF MARCH 31,			(UNAUDITED) AS OF SEPTEMBER 30,	
		2017	2018	2019	2018	2019
	Subordinated Debts (Tier II Bonds)	7,300.00	7,300.00	7,300.00	7,300.00	7,300.00
3	Other Liabilities & Provisions	17,713.48	20,030.79	25,850.18	27,164.78	30,963.44
	TOTAL (B)	443,391.96	551,667.83	728,114.99	601,170.62	798,786.62
C.	NET WORTH (A - B)	43,346.08	66,830.32	75,464.05	70,384.87	77,981.64
D.	Share Capital	3,752.03	4,196.68	4,267.10	4,243.00	4,305.89
D1	Share Application money	-	-	-	64.70	-
E	RESERVES & SURPLUS					
1	Statutory Reserve	3,402.50	4,990.50	7,160.50	4,990.50	7,160.50
2	Capital Reserve	158.67	252.57	342.57	252.57	342.57
3	Revaluation Reserve	9.67	9.40	9.15	9.27	9.03
4	Share Premium	28,383.79	45,892.00	46,851.77	46,440.99	47,493.03
5	Revenue & Other Reserve	6,746.55	10,346.55	14,346.55	10,346.55	14,346.55
6	Investment Reserve	22.01	-	-	-	-
7	Investment Fluctuation Reserve	-	-	783.60	-	783.60
8	Foreign Currency Translation Reserve	-	2.24	5.18	21.02	19.77
9	ESOP Reserve	-	-	1.08	-	2.58
10	Balance of Profit & Loss A/c.	880.53	1,149.78	1,705.70	4,025.54	3,527.15
	TOTAL RESERVES	39,603.72	62,643.04	71,206.10	66,086.44	73,684.78
	Less : Revaluation Reserve	9.67	9.40	9.15	9.27	9.03
	TOTAL (E)	39,594.05	62,633.64	71,196.95	66,077.17	73,675.75
	NETWORTH (D + E)	43,346.08	66,830.32	75,464.05	70,384.87	77,981.64
F	CONTINGENT LIABILITIES					
	Claims against the bank not acknowledged as debts	77.58	77.49	167.39	95.03	231.59
	Liability for Partly Paid Investment	151.80	189.40	560.32	214.42	172.57
	Liability on Account of Outstanding forward Exchange contracts	172,802.90	220,642.56	265,864.51	272,807.76	292,374.85
	Liability on Account of Outstanding derivative contracts					
	- Interest Rate Swaps	51,169.54	73,563.13	98,666.81	76,568.98	121,876.57
	- Cross Currency Swaps	55,562.83	68,915.17	51,556.96	69,262.01	46,789.48
	- Currency Options	44,043.97	23,088.66	22,069.16	24,746.30	15,944.70
	Guarantees given on behalf of constituents					
	In India	48,169.57	66,753.74	101,071.60	90,212.14	96,724.80
	Outside India	27,312.26	29,792.26	16,578.89	10,798.71	22,453.87
	Acceptances, Endorsements and other Obligations	17,503.29	28,386.48	54,096.62	47,452.99	49,998.81
	Other items for which the bank is contingently liable	2,250.88	2,550.37	2,393.64	2,988.06	1,817.85
	TOTAL (F)	419,044.62	513,959.26	613,025.90	595,146.40	648,385.09
G	Bills for collection	8,227.08	14,181.93	23,089.44	17,715.36	28,658.31

SUMMARY STATEMENT OF STANDALONE PROFITS & LOSSES

(₹ in million)

S. NO.	PARTICULARS	FISCAL YEAR ENDED MARCH 31,			UNAUDITED HALF YEAR ENDED SEPTEMBER 30,	
		2017	2018	2019	2018	2019
A.	INCOME					
1.0	Interest Earned	37,131.58	45,075.66	63,007.09	28,276.48	41,488.19
1.1	Interest / Discount on Advances / bills	26,394.02	34,308.97	50,498.26	22,507.81	33,388.54
1.2	Income on Investments	9,814.68	9,981.69	10,934.45	5,222.15	6,792.75
1.3	Interest on balance with RBI and Other Inter-bank funds	854.90	701.49	1,112.39	417.97	982.23
1.4	Others	67.98	83.51	461.99	128.55	324.67
2.0	Other Income	7,554.63	10,681.88	14,423.67	6,590.83	9,227.42
2.1	Commission, Exchange and Brokerage	4,912.49	7,225.91	11,656.05	5,320.77	6,974.16
2.2	Profit on sale of Investments (Net)	1,189.11	1,665.39	783.55	331.12	1,226.86
2.3	Profit / (Loss) on sale of land, building and other assets (Net)	7.67	0.85	(0.03)	(0.32)	1.87
2.4	Profit on exchange transactions (Net)	1,238.12	1,511.16	1,634.52	804.86	770.56
2.5	Miscellaneous Income	207.24	278.57	349.58	134.40	253.97
	TOTAL INCOME	44,686.21	55,757.54	77,430.76	34,867.31	50,715.61
B.	EXPENDITURE					
1.0	Interest Expended	24,918.24	27,412.81	37,612.28	16,819.79	24,628.07
1.1	Interest on Deposits	19,608.00	23,409.70	32,440.70	14,569.74	20,620.35
1.2	Interest on Reserve Bank of India / Inter-Bank Borrowings	1,333.20	840.84	1,811.62	794.85	1,040.20
1.3	Others	3,977.04	3,162.27	3,359.96	1,455.20	2,967.52
2.0	Operating Expenses	10,563.86	15,034.09	20,420.16	9,233.81	13,541.30
2.1	Payments to and provisions for employees	4,461.39	5,506.77	6,361.78	3,039.11	3,806.00
2.2	Rent, taxes and lighting	957.55	1,197.23	1,437.25	709.02	880.30
2.3	Printing and stationery	75.53	122.30	152.72	55.75	105.74
2.4	Advertisement and publicity	180.00	160.32	212.77	86.36	151.85
2.5	Depreciation on banks property	615.05	869.56	1,219.05	542.43	649.85
2.6	Director's fees Allowances and expenses	8.22	8.68	11.56	8.99	13.15
2.7	Auditors' fees and expenses	5.52	8.67	14.30	7.48	9.00
	(Including branch auditor's fees and expenses)					
2.8	Law Charges	62.90	66.96	99.37	45.19	49.94
2.9	Postage, Telegrams, Telephones, etc.	130.03	203.61	249.48	110.52	167.79
2.10	Repairs and maintenance	37.39	63.00	369.90	38.47	195.82
2.11	Insurance	319.14	458.11	625.65	294.95	385.51
2.12	Other Expenditure	3,711.14	6,368.88	9,666.33	4,295.54	7,126.35
	TOTAL EXPENDITURE	35,482.10	42,446.90	58,032.44	26,053.60	38,169.37
	Operating Profit (before Extra Ordinary Items and Provision & Contingencies)	9,204.11	13,310.64	19,398.32	8,813.71	12,546.24
C.	Add / (less): Extra Ordinary Items net of taxes	-	-	-	-	-
	Less: Provisions & Contingencies	2,389.23	3,645.17	6,406.80	2,800.31	7,464.80
	(other than Provision for Tax)					
D.	Profit Before Tax	6,814.88	9,665.47	12,991.52	6,013.40	5,081.44
	Provision for Income Tax & Wealth Tax	2,381.63	3,781.76	5,006.00	2,533.17	1,691.97
	Provision for Deferred Tax	(27.21)	(467.17)	(683.99)	(465.52)	175.81
	Total Tax provision	2,354.42	3,314.59	4,322.01	2,067.65	1,867.78

S. NO.	PARTICULARS	FISCAL YEAR ENDED MARCH 31,			UNAUDITED HALF YEAR ENDED SEPTEMBER 30,	
		2017	2018	2019	2018	2019
E.	Net Profit after tax	4,460.46	6,350.88	8,669.51	3,945.75	3,213.66
	Adjustment for Profit / Loss brought forward	39.17	880.53	1,149.78	1,149.78	1,705.70
	Total Profit & Loss Account	4,499.63	7,231.41	9,819.29	5,095.53	4,919.36
F.	Profit available for appropriation					
	Statutory Reserve	1,116.00	1,588.00	2,170.00	-	-
	Capital Reserve	3.10	93.90	90.00	-	-
	Revenue & Other Reserve	2,500.00	3,600.00	4,000.00	-	-
	Investment Fluctuation Reserve	-	-	783.60	-	-
	Investment Reserve	-	(22.01)	-	-	-
	Dividend Paid	-	682.75	887.55	887.55	1,154.83
	Tax on Dividend	-	138.99	182.44	182.44	237.38
	Balance of Profit & Loss A/c.	880.53	1,149.78	1,705.70	4,025.54	3,527.15
	Total	4,499.63	7,231.41	9,819.29	5,095.53	4,919.36

SUMMARY OF STANDALONE CASH FLOWS

(₹ in million)

S. NO.	PARTICULARS	FISCAL YEAR ENDED MARCH 31,			UNAUDITED HALF YEAR ENDED SEPTEMBER 30,	
		2017	2018	2019	2018	2019
I	Cash Flow from Operating Activities	34,336.48	(25,278.06)	(308.90)	3,703.85	(20,769.93)
II	Cash Flow from Investing Activities	(1,421.78)	(1,621.90)	(1,904.11)	(1,214.87)	(1,158.16)
III	Cash Flow from Financing Activities	(16,561.41)	29,947.93	25,666.45	3,080.61	20,499.06
IV	Increase/Decrease during the Year	16,353.29	3,047.97	23,453.44	5,569.59	(1,429.03)
V	Opening Cash and Cash Equivalents	15,311.12	31,664.41	34,712.38	34,712.38	58,165.82
VI	Closing Cash and Cash Equivalents	31,664.41	34,712.38	58,165.82	40,281.97	56,736.79

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

(₹ in million)

S. NO .	PARTICULARS	AS OF MARCH 31,			(UNAUDITED) AS OF SEPTEMBER 30,	
		2017	2018	2019	2018	2019
A.	ASSETS					
	Goodwill on Consolidation	-	182.91	406.78	406.78	406.78
1	Cash in Hand	1,648.33	2,153.92	1,533.80	1,369.71	1,997.73
2	Balance with RBI	27,830.96	23,740.70	46,866.66	34,408.56	34,580.38
3	Balances with Banks	12,457.20	13,059.47	17,087.37	12,749.73	12,090.18
	In India	11,484.29	9,167.87	8,892.36	10,020.01	8,397.12
	Outside India	972.91	3,891.60	8,195.01	2,729.72	3,693.06
4	Money at Call & Short Notice	-	4,147.46	999.29	1,000.00	15,592.50
5	Investments	134,824.70	153,970.44	167,451.75	136,540.55	196,827.94
	In India Gross Investment	135,331.10	154,697.77	168,708.54	137,676.94	197,704.56
	Less: Provision for NPI	136.16	-	250.96	16.25	333.16
	Less: Depreciation on Investments	371.90	729.27	1,010.23	1,124.90	547.48
	In India Net Investment	134,823.04	153,968.50	167,447.35	136,535.79	196,823.92
	Outside India Gross Investment	1.66	1.94	4.40	4.76	4.38
	Less: Depreciation on Investments	-	-	-	-	0.36
	Outside India Net Investment	1.66	1.94	4.40	4.76	4.02
6	Advances (Net)	294,490.38	402,678.39	543,082.43	458,726.62	584,718.29
	In India	294,490.38	391,961.35	525,429.69	443,652.07	563,523.09
	Outside India	-	10,717.04	17,652.74	15,074.55	21,195.20
7	Fixed Assets	2,587.08	3,396.43	4,155.06	4,086.93	4,688.97
	Less: Revaluation Reserve	9.67	9.40	9.15	9.27	9.03
	Net Fixed Assets	2,577.41	3,387.03	4,145.91	4,077.66	4,679.94
8	Other Assets	12,916.67	15,443.00	22,394.76	22,405.01	25,808.08
	TOTAL (A)	486,745.65	618,763.32	803,968.75	671,684.62	876,701.82
B	LIABILITIES					
1	DEPOSITS	345,880.91	438,831.02	583,576.33	477,737.11	628,243.01
1.1	Demand Deposit	37,540.83	53,339.80	63,059.33	56,606.88	65,222.72
	From Banks	1,409.12	4,012.22	2,929.21	2,981.51	2,882.38
	From Others	36,131.71	49,327.58	60,130.12	53,625.37	62,340.34
1.2	Saving Deposits	38,486.45	53,394.74	82,447.59	60,403.22	100,933.11
1.3	Term Deposits from Banks	43,099.65	39,350.58	58,674.28	33,021.55	90,162.96
1.4	Term Deposits from Others	226,753.98	292,745.90	379,395.13	327,705.46	371,924.22
2	BORROWINGS	79,797.57	92,614.40	118,320.65	96,104.91	139,531.85
	In India	57,913.72	58,176.11	68,033.24	51,454.04	88,035.41
	Outside India	14,583.85	27,138.29	42,987.41	37,350.87	44,196.44
	Subordinated Debts (Tier II Bonds)	7,300.00	7,300.00	7,300.00	7,300.00	7,300.00
3	Other Liabilities & Provisions	17,713.47	20,333.57	26,733.02	27,352.64	31,095.73
	Minority Interest	-	188.17	-	-	-
	TOTAL (B)	443,391.95	551,967.16	728,630.00	601,194.66	798,870.59
C.	NET WORTH (A - B)	43,353.70	66,796.16	75,338.75	70,489.96	77,831.23
D.	Share Capital	3,752.03	4,196.68	4,267.10	4,243.00	4,305.89
D1	Share Application money	-	-	-	64.70	-
E	RESERVES & SURPLUS					
1	Statutory Reserve	3,402.50	4,990.50	7,160.50	4,990.50	7,160.50
2	Capital Reserve	158.67	252.57	342.57	252.57	342.57
3	Revaluation Reserve	9.67	9.40	9.15	9.27	9.03
4	Share Premium	28,383.79	45,892.00	46,851.77	46,441.01	47,493.13
5	Revenue & Other Reserve	6,746.55	10,346.55	14,346.55	10,346.55	14,346.55
6	Investment Reserve	22.01	-	-	-	-
7	Investment Fluctuation Reserve	-	-	783.60	-	783.60

S. NO .	PARTICULARS	AS OF MARCH 31,			(UNAUDITED) AS OF SEPTEMBER 30,	
		2017	2018	2019	2018	2019
8	Foreign Currency Translation Reserve	-	2.24	5.17	21.02	19.77
9	ESOP Reserve	-	-	1.08	-	2.58
10	Balance of Profit & Loss A/c.	888.15	1,115.62	1,580.41	4,130.61	3,376.64
	TOTAL RESERVES	39,611.34	62,608.88	71,080.80	66,191.53	73,534.37
	Less : Revaluation Reserve	9.67	9.40	9.15	9.27	9.03
	TOTAL (E)	39,601.67	62,599.48	71,071.65	66,182.26	73,525.34
	NETWORTH (D + E)	43,353.70	66,796.16	75,338.75	70,489.96	77,831.23
F	CONTINGENT LIABILITIES					
	Claims against the bank not acknowledged as debts	77.58	77.49	167.39	95.03	231.59
	Liability for Partly Paid Investment	151.80	189.40	560.32	214.42	172.57
	Liability on Account of Outstanding forward Exchange contracts	172,802.90	220,642.56	265,864.51	272,807.76	292,374.85
	Liability on Account of Outstanding derivative contracts					
	- Interest Rate Swaps	51,169.54	73,563.13	98,666.81	76,568.98	121,876.57
	- Cross Currency Swaps	55,562.83	68,915.17	51,556.96	69,262.01	46,789.48
	- Currency Options	44,043.97	23,088.66	22,069.16	24,746.30	15,944.70
	Guarantees given on behalf of constituents					
	In India	48,169.57	66,753.74	101,071.60	90,212.14	96,724.80
	Outside India	27,312.26	29,792.26	16,578.89	10,798.71	22,453.87
	Acceptances, Endorsements and other Obligations	17,503.29	28,386.48	54,096.62	47,452.99	49,998.81
	Other items for which the bank is contingently liable	2,250.88	2,550.37	2,393.64	2,988.06	1,817.85
	TOTAL (F)	419,044.62	513,959.26	613,025.90	595,146.40	648,385.09
G	Bills for collection	8,227.08	14,181.93	23,089.44	17,715.36	28,658.31

SUMMARY STATEMENT OF CONSOLIDATED PROFITS & LOSSES

(₹ in million)

S. NO.	PARTICULARS	FISCAL YEAR ENDED MARCH 31,			UNAUDITED HALF YEAR ENDED SEPTEMBER 30,	
		2017	2018	2019	2018	2019
A.	INCOME					
1.0	Interest Earned	37,131.58	45,614.83	63,020.85	28,281.71	42,736.99
1.1	Interest / Discount on Advances / bills	26,394.02	34,843.61	50,498.26	22,507.71	34,635.32
1.2	Income on Investments	9,814.68	9,981.69	10,934.45	5,222.24	6,792.75
1.3	Interest on balance with RBI and Other Inter-bank funds	854.90	701.48	1,112.39	417.97	982.23
1.4	Others	67.98	88.05	475.75	133.79	326.69
2.0	Other Income	7,554.63	10,688.12	14,409.79	6,581.69	9,268.14
2.1	Commission, Exchange and Brokerage	4,912.49	7,234.67	11,656.13	5,320.86	7,014.84
2.2	Profit on sale of Investments (Net)	1,189.11	1,665.40	783.55	331.12	1,226.85
2.3	Profit / (Loss) on sale of land, building and other assets (Net)	7.68	0.84	(0.03)	(0.32)	1.87
2.4	Profit on exchange transactions (Net)	1,238.11	1,511.16	1,634.52	804.86	770.56
2.5	Miscellaneous Income	207.24	276.05	335.62	125.17	254.02
	TOTAL INCOME	44,686.21	56,302.95	77,430.64	34,863.40	52,005.13
B.	EXPENDITURE					
1.0	Interest Expended	24,918.24	27,409.02	37,606.48	16,814.64	24,628.07
1.1	Interest on Deposits	19,607.99	23,405.91	32,434.90	14,564.59	20,620.35
1.2	Interest on Reserve Bank of India / Inter-Bank Borrowings	1,333.21	840.84	1,811.62	794.85	1,040.20
1.3	Others	3,977.04	3,162.27	3,359.96	1,455.20	2,967.52
2.0	Operating Expenses	10,563.86	15,480.89	20,438.99	9,060.55	14,855.24
2.1	Payments to and provisions for employees	4,461.39	5,818.25	7,523.07	3,482.40	4,710.36
2.2	Rent, taxes and lighting	957.55	1,224.14	1,537.07	755.65	944.94
2.3	Printing and stationery	75.53	126.64	173.93	59.77	111.81
2.4	Advertisement and publicity	180.00	160.57	213.60	86.89	152.14
2.5	Depreciation on banks property	615.05	887.38	1,258.14	556.95	674.40
2.6	Director's fees Allowances and expenses	8.22	8.93	12.75	9.74	13.48
2.7	Auditors' fees and expenses	5.52	9.07	17.03	8.69	10.74
	(Including branch auditor's fees and expenses)					
2.8	Law Charges	62.90	67.91	135.75	60.63	75.92
2.9	Postage, Telegrams, Telephones, etc.	130.03	212.11	270.80	120.78	177.69
2.10	Repairs and maintenance	37.39	63.03	373.47	39.65	198.30
2.11	Insurance	319.14	458.78	628.54	295.88	388.57
2.12	Other Expenditure	3,711.14	6,444.08	8,294.84	3,583.52	7,396.89
	TOTAL EXPENDITURE	35,482.10	42,889.91	58,045.47	25,875.19	39,483.31
C.	Operating Profit (before Extra-Ordinary Items and Provision & Contingencies)	9,204.11	13,413.04	19,385.17	8,988.21	12,521.82
	Add / (less) : Extra Ordinary Items net of taxes	-	-	-	-	-
	Less: Provisions & Contingencies	2,389.23	3,674.81	6,406.80	2,800.31	7,464.80
	(other than Provision for Tax)					
D.	Profit Before Tax	6,814.88	9,738.23	12,978.37	6,187.90	5,057.02

S. NO.	PARTICULARS	FISCAL YEAR ENDED MARCH 31,			UNAUDITED HALF YEAR ENDED SEPTEMBER 30,	
		2017	2018	2019	2018	2019
	Provision for Income Tax & Wealth Tax	2,381.63	3,781.76	5,006.00	2,533.17	1,692.77
	Provision for Deferred Tax	(27.21)	(435.52)	(641.28)	(465.52)	175.81
	Total Tax provision	2,354.42	3,346.24	4,364.72	2,067.65	1,868.58
E.	Net Profit after tax	4,460.46	6,391.99	8,613.65	4,120.25	3,188.44
	Add : Share in Profit/(Loss) of Associate	7.62	(59.02)	-	-	-
	Less : Share of minority interest	-	16.24	35.27	35.27	-
	Adjustment for Profit / Loss brought forward	39.17	888.14	1,115.62	1,115.62	1,580.41
	Total Profit & Loss Account	4,507.25	7,204.87	9,694.00	5,200.60	4,768.85
F.	Profit available for appropriation					
	Statutory Reserve	1,116.00	1,588.00	2,170.00	-	-
	Capital Reserve	3.10	93.90	90.00	-	-
	Revenue & Other Reserve	2,500.00	3,600.00	4,000.00	-	-
	Investment Fluctuation Reserve	-	-	783.60	-	-
	Investment Reserve	-	(22.01)	-	-	-
	Dividend and Corporate dividend tax	-	829.36	1,069.99	1,069.99	1,392.21
	Balance of Profit & Loss A/c.	888.15	1,115.62	1,580.41	4,130.61	3,376.64
	Total	4,507.25	7,204.87	9,694.00	5,200.60	4,768.85

SUMMARY OF CONSOLIDATED CASH FLOWS

(₹ in million)

S. NO.	PARTICULARS	FISCAL YEAR ENDED MARCH 31,			UNAUDITED HALF YEAR ENDED SEPTEMBER 30,	
		2017	2018	2019	2018	2019
I	Cash Flow from Operating Activities	34,336.48	(25,560.07)	782.38	3,983.29	(21,760.60)
II	Cash Flow from Investing Activities	(1,421.78)	(1,651.88)	(2,017.07)	(1,248.05)	(1,206.19)
III	Cash Flow from Financing Activities	(16,561.41)	29,940.32	25,666.45	3,080.61	20,499.06
IV	Increase/Decrease during the Year	16,353.29	2,728.37	24,431.76	5,815.85	(2,467.73)
V	Opening Cash and Cash Equivalents	15,311.12	32,074.69	34,803.06	34,803.06	59,234.82
VI	Closing Cash and Cash Equivalents	31,664.41	34,803.06	59,234.82	40,618.91	56,767.09

SELECTED STATISTICAL INFORMATION

The following summary financial information and other data should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements, including the notes thereto and the reports thereon, which appear in “Financial Statements”. The summary financial information set forth below is derived from the Audited Consolidated Financial Statements and Audited Standalone Financial Statements for Fiscal 2017, Fiscal 2018 and Fiscal 2019, prepared in accordance with the Indian GAAP, and Condensed Consolidated Interim Financial Statements and Condensed Standalone Interim Financial Statements for the Half Year ended September 30, 2018 and 2019, prepared in accordance with the Indian GAAP, based on the listing requirement of the exchanges where the Equity Shares of the Bank have been listed.

Solely for the convenience of the reader, the selected data set out below is presented in a format different from our consolidated and standalone financial statements. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with Ind-AS, IFRS or other accounting principles. For the purposes of a comparative analysis in the discussion below, previous years’ figures have been reclassified wherever necessary.

Average Balance Sheet and Net Interest Margin

The table below present the average balances for interest-earning assets and interest-bearing liabilities together with the related interest revenue and expense amounts, resulting in the presentation of the average yield and cost for each period of the Bank’s Standalone Statements of Assets and Liabilities. The average balance is the average of monthly balances outstanding. The average yield on average interest-earning assets is the ratio of interest revenue to average interest-earning assets. The average cost of interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances of investments include NPIs are net of “mark-to-market provision and are net of provisions for credit losses”. We have not recalculated tax exempt income on a tax equivalent basis.

(₹ in millions)

	Year ended March 31,									Half Year ended September 30,					
	2017			2018			2019			2018			2019		
	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%)	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%)	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%)	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%) (3)	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%) (3)
Interest Earning Assets															
Advances	246,400.48	26,394.02	10.71	338,624.47	34,308.97	10.13	462,401.64	50,498.26	10.92	422,942.31	22,507.81	10.61	566,862.82	33,388.54	11.75
Investments	120,228.67	9,814.68	8.16	125,034.64	9,981.69	7.98	138,435.39	10,934.45	7.90	134,362.79	5,222.15	7.75	175,231.50	6,792.75	7.73
Others	13,756.04	922.88	6.71	13,385.83	785.00	5.86	25,502.12	1,574.38	6.17	17,474.16	546.52	6.24	33,408.12	1,306.90	7.80
Total Interest Earning Assets	380,385.19	37,131.58	9.76	477,044.94	45,075.66	9.45	626,339.15	63,007.09	10.06	574,779.26	28,276.48	9.81	775,502.44	41,488.19	10.67
Non-interest earning Assets															
Fixed Assets	2,158.22	-	-	3,090.62	-	-	3,987.61	-	-	3,863.93	-	-	4,373.44	-	-
Other Assets (OA, Cash, CA with banks and non-interest bearing investments)	34,817.59	-	-	43,519.69	-	-	51,552.22	-	-	47,189.08	-	-	55,951.25	-	-
Total Non-interest earning Assets	36,975.81	-	-	46,610.31	-	-	55,539.83	-	-	51,053.01	-	-	60,324.69	-	-
Total Assets	417,361.00	37,131.58	8.90	523,655.25	45,075.66	8.61	681,878.98	63,007.09	9.24	625,832.27	28,276.48	9.01	835,827.13	41,488.19	9.90
Interest bearing Liabilities															
Deposits (excluding CA)	252,372.84	19,608.00	7.77	332,541.65	23,409.70	7.04	443,357.65	32,440.70	7.32	401,937.93	14,569.74	7.23	544,332.65	20,620.35	7.56
Borrowings (including BRDS)	82,855.86	5,310.24	6.41	80,037.74	4,003.11	5.00	95,164.61	5,171.58	5.43	86,358.61	2,250.05	5.20	131,420.13	4,007.72	6.08
Total Interest bearing Liabilities	335,228.70	24,918.24	7.43	412,579.39	27,412.81	6.64	538,522.26	37,612.28	6.98	488,296.54	16,819.79	6.87	675,752.78	24,628.07	7.27
Non-interest															

	Year ended March 31,									Half Year ended September 30,					
	2017			2018			2019			2018			2019		
	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%)	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%)	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%)	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%) (3)	Average Balance ⁽¹⁾	Interest Income / Expense	Average Yield / Cost (%) (3)
bearing Liabilities															
Capital & Reserves	38,209.73	-	-	58,023.16	-	-	71,329.08	-	-	69,210.21	-	-	78,304.37	-	-
Other Liabilities (including CA)	43,922.57	-	-	53,052.70	-	-	72,027.64	-	-	68,325.52	-	-	81,769.98	-	-
Total Non-Interest bearing Liabilities	82,132.30	-	-	111,075.86	-	-	143,356.72	-	-	137,535.73	-	-	160,074.35	-	-
Total Liabilities	417,361.00	24,918.24	5.97	523,655.25	27,412.81	5.23	681,878.98	37,612.28	5.52	625,832.27	16,819.79	5.36	835,827.13	24,628.07	5.88
Interest spread ⁽²⁾		12,213.34	2.33		17,662.85	2.81		25,394.81	3.08		11,456.69	2.94		16,860.12	3.40
NIM (NII/Average Interest Earning Assets) in % ⁽³⁾			3.21			3.70			4.05			3.98			4.34

Average Balances are defined as the average monthly balances for the items listed in the table.

"Interest spread" means difference between average yield on total interest earnings assets and average cost of total interest bearing liabilities.

Average yield/cost for Half Year ended September 30, 2018 and 2019 are annualized.

Analysis of Changes in Interest Income and Interest Expense Volume and Rate Analysis

The following table sets forth, for the periods indicated, the allocation of the changes in our interest income and interest expense between average volume and changes in average rates. The changes in net interest income between periods have been reflected as attributed either to volume or rate changes. For the purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.

(₹ in millions)

	Year ended March 31, 2018 vs Year ended March 31, 2017			Year ended March 31, 2019 vs Year ended March 31, 2018			Half Year ended Sept. 30, 2019 vs Half Year ended Sept. 30, 2018		
	Net changes in interest	Change in average volume ^(#)	Change in average rate ^(##)	Net changes in interest	Change in average volume ^(#)	Change in average rate ^(##)	Net changes in interest	Change in average volume ^(#)	Change in average rate ^(##)
Interest Income									
Advances	7,914.95	9,878.88	(1,963.93)	16,189.29	12,540.93	3,648.36	10,880.73	7,659.05	3,221.68
Investments	167.01	392.33	(225.32)	952.76	1,069.80	(117.04)	1,570.60	1,588.41	(17.81)
Others	(137.88)	(24.84)	(113.04)	789.38	710.55	78.83	760.38	498.35	262.03
Total Interest Income	7,944.08	9,435.51	(1,491.43)	17,931.43	14,106.71	3,824.72	13,211.71	9,874.65	3,337.06
Interest Expense									
Deposits	3,801.70	6,228.68	(2,426.98)	9,031.00	7,801.04	1,229.96	6,050.61	5,161.63	888.98
Borrowings	(1,307.13)	(180.61)	(1,126.52)	1,168.47	756.57	411.90	1,757.67	1,174.07	583.60
Total Interest Expense	2,494.57	5,749.64	(3,255.07)	10,199.47	8,367.96	1,831.51	7,808.28	6,457.09	1,351.19
Net Interest Income	5,449.51	3,685.88	1,763.63	7,731.96	5,738.75	1,993.21	5,403.43	3,417.56	1,985.87

^(#)Increase/(Decrease) due to change in average volume is computed based on change in average volume during the fiscal year multiplied by average rate of the previous fiscal year

^(##)Increase/(Decrease) due to change in average rate is computed based on change in average rate during the fiscal year multiplied by volume of that fiscal year

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and interest margins on the Bank's interest-earning assets.

(₹ in millions)

Particulars	Year ended March 31,			Half Year ended Sept. 30,	
	2017	2018	2019	2018	2019
Interest earned (A)	37,131.58	45,075.66	63,007.09	28,276.48	41,488.19
Interest expended (B)	24,918.24	27,412.81	37,612.28	16,819.79	24,628.07
Average interest-earning assets (C)	380,385.19	477,044.94	626,339.15	574,779.26	775,502.44
Average interest-bearing liabilities (D)	335,228.70	412,579.39	538,522.26	488,296.54	675,752.78
Average total assets or average total liabilities (E)	417,361.00	523,655.25	681,878.98	625,832.27	835,827.13
Average interest-earning assets as a percentage of average total assets (%) (C/E)	91.14	91.10	91.85	91.84	92.78
Average interest-bearing liabilities as a percentage of average total assets (%) (D/E)	80.32	78.79	78.98	78.02	80.85
Average interest-earning assets as a percentage of average interest-bearing liabilities (%) (C/D)	113.47	115.63	116.31	117.71	114.76
Yield on average interest earning assets (%) (A/C)	9.76	9.45	10.06	9.81	10.67
Cost of funds (%) (B/D)	7.43	6.64	6.98	6.87	7.27
Spread (%)	2.33	2.81	3.08	2.94	3.40
Net Interest Margin (NII / Average Interest Earning Assets)	3.21	3.70	4.05	3.98	4.34

Note: Averages are computed based on monthly balances. Half Year ended September 30, 2018 and 2019 ratios are annualized.

Return on Equity & Assets

The following table presents selected financial ratios for the periods indicated.

(₹ in millions)

	Year ended March 31,			Half Year ended Sept 30,	
	2017	2018	2019	2018	2019
Net profit	4,460.46	6,350.88	8,669.51	3,945.75	3,213.66
Average total assets [#]	417,361.00	523,655.25	681,878.98	625,832.27	835,827.13
Average shareholders' equity ^{##}	38,209.73	58,023.16	71,329.08	69,210.21	78,304.37
Return on equity (net profit to average shareholders' equity) (%)	11.67	10.95	12.15	11.37	8.19
Return on assets (net profit to average assets) (%)	1.07	1.21	1.27	1.26	0.77
Average shareholders' equity as a percentage of average total assets (%)	9.16	11.08	10.46	11.06	9.37
Dividend payout ratio (Excluding Corporate Dividend Tax) (%)	15.31	13.98	13.32	-	-

[#] Average total assets referred to in the above table defined as average of month end balances of total assets of the bank.

^{##} Average shareholder's equity referred to in the above table defined as average of month end balances of share capital and reserves.

Note: Half Year ended September 30, 2018 and 2019 ratios are annualized.

Investment Portfolio

The following tables set forth, as of the dates indicated, information related to the Bank's total net investment portfolio.

(₹ in millions)

	As of March 31,											
	2017				2018				2019			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government Securities	71,150.12	26,809.83	52.23	98,012.18	85,250.57	16,235.41	11,733.60	113,219.58	112,537.00	36.52	6,853.46	119,426.98
Shares	205.05	882.00	-	1,087.05	-	1,169.79	-	1,169.79	-	1,044.35	-	1,044.35
Debentures and Bonds	-	20,026.97	-	20,026.97	-	19,787.31	-	19,787.31	-	13,785.05	250.24	14,035.28
Subsidiaries, joint ventures and other approved securities	-	-	-	-	505.05	-	-	505.05	952.36	-	-	952.36
Others(1)	759.68	14,929.54	-	15,689.22	777.42	13,570.32	5,443.57	19,791.32	942.91	19,291.18	12,706.14	32,940.23

	As of March 31,											
	2017				2018				2019			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Investment in India (2)	72,114.85	62,648.34	52.23	134,815.42	86,533.05	50,762.84	17,177.17	154,473.06	114,432.28	34,157.10	19,809.83	168,399.21
Investment Outside India(3)	-	1.66	-	1.66	-	1.94	-	1.94	-	4.40	-	4.40
Total Investments	72,114.85	62,650.00	52.23	134,817.08	86,533.05	50,764.78	17,177.17	154,475.00	114,432.28	34,161.50	19,809.83	168,403.61

(1) "Others" includes investment in pass-through certificates, commercial papers, certificate of deposits, venture capital and security receipts.

(2) Investment in India is net investment.

(3) Investment Outside India includes investment in equity shares.

(₹ in millions)

	As of September 30,							
	2018				2019			
	HTM	AFS	HFT	Total	HTM	AFS	HFT	Total
Government securities	90,096.55	13,716.03	-	103,812.58	118,038.63	6,230.21	38,115.72	162,384.56
Shares	-	1,100.84	-	1,100.84	-	1,071.91	-	1,071.91
Debentures and bonds	-	16,008.94	-	16,008.94	-	19,595.42	156.96	19,752.38
Subsidiaries, joint ventures and other approved securities	952.36	-	-	952.36	952.36	-	-	952.36
Others ⁽¹⁾	744.80	13,879.23	988.89	15,612.92	829.59	11,194.84	1,590.14	13,614.57
Investment in India ⁽²⁾	91,793.71	44,705.04	988.89	137,487.64	119,820.58	38,092.37	39,862.83	197,775.78
Investment Outside India	-	4.76	-	4.76	-	4.02	-	4.02
Total Investments	91,793.71	44,709.80	988.89	137,492.40	119,820.58	38,096.39	39,862.83	197,779.80

(1) Investment in India is net investment.

(2) Investment Outside India includes investment in equity shares.

Our funding operations are designed to optimize the cost of funding and effective liquidity management. The primary source of funding is deposits accepted from our customers.

Deposits

(₹ in millions)

Particulars	Year ended March 31,			Half Year ended September 30,	
	2017	2018	2019	2018	2019
Period end balance	345,880.91	439,022.64	583,944.16	477,900.93	628,291.33
Average balance during the period	278,520.45	364,738.77	489,931.67	445,825.48	595,016.27
Interest expense during the year	19,608.00	23,409.70	32,440.70	14,569.74	20,620.35
Average interest rate during the period (%) #	7.77	7.04	7.32	7.23	7.56
Average interest rate at period end (%) \$	6.36	6.07	6.23	6.90	7.30

Average interest rate computed as a % of the average of the month end balances (excluding Demand Deposits)

\$ Average interest rate computed as a % of the period end balance (excluding Demand Deposits)

Note: Half Year ended September 30, 2018 and 2019 ratios are annualized.

Demand deposits do not bear interest and are therefore carried at zero cost. The following table sets forth, as at the dates indicated our outstanding deposits and the percentage composition by each category of deposits.

(₹ in millions)

	As of March 31,						As of September 30,			
	2017		2018		2019		2018		2019	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Demand deposits	37,540.83	10.85	53,387.79	12.16	63,427.17	10.86	56,721.76	11.87	65,271.04	10.39
Savings deposits	38,486.45	11.13	53,394.74	12.16	82,447.59	14.12	60,403.22	12.64	100,933.11	16.06
Term deposits	269,853.63	78.02	332,240.11	75.68	438,069.40	75.02	360,775.95	75.49	462,087.18	73.55
Total	345,880.91	100.00	439,022.64	100.00	583,944.16	100.00	477,900.93	100.00	628,291.33	100.00

Financial Indebtedness

The total outstanding borrowings of our Bank as on March 31, 2019 and September 30, 2019 was ₹118,320.65 million and ₹139,531.85 million.

Borrowings

The following table sets forth, for the periods indicated, information related to the Bank's borrowings, which are comprised primarily of money-market borrowings, refinances and subordinated debt.

(₹ in millions)

	Year ended March 31,			Half Year ended September 30,	
	2017	2018	2019	2018	2019
Period end balance	79,797.57	92,614.40	118,320.65	96,104.91	139,531.85
Average balance during the period	82,855.86	80,037.74	95,164.61	86,358.61	131,420.13
Interest expense on Borrowings during the year/period	5,310.24	4,003.11	5,171.58	2,250.05	4,007.72
Average interest rate during the period (%) [#]	6.41	5.00	5.43	5.20	6.08
Average interest rate at period end (%) ^{\$}	6.65	4.32	4.37	4.67	5.73

Average interest rate computed as a % of the average of the month end balances

\$ Average interest rate computed as a % of the period end balance

Note: Half Year ended September 30, 2018 and 2019 ratios are annualized.

Interest Coverage Ratio

The following table sets forth information with respect to the Bank's interest coverage ratio for the periods indicated. This ratio, however, is typically used to measure the debt-servicing ability of a corporate and is not relevant to a banking company.

(₹ in millions)

PARTICULARS	Year ended March 31,			Half Year ended September 30,	
	2017	2018	2019	2018	2019
(i) Net Profit	4,460.46	6,350.88	8,669.51	3,945.75	3,213.66
(ii) Depreciation on the Bank's property	615.05	869.56	1,219.05	542.43	649.85
(iii) Interest expended	24,918.24	27,412.81	37,612.28	16,819.79	24,628.07
(iv) Total [(i) + (ii) + (iii)]	29,993.75	34,633.25	47,500.84	21,307.97	28,491.58
Interest coverage ratio [(iv) / (iii)]	1.20	1.26	1.26	1.27	1.16

Capital Adequacy

The following table sets out the Bank's capital adequacy ratios as of March 31, 2017, 2018 and 2019 and September 30, 2018 and 2019.

(₹ in millions)

	As of March 31,			As of September 30,	
	2017	2018	2019	2018	2019
(Basel III)					
Common Equity Tier I (CET I)	42,309.51	65,440.16	72,101.42	66,152.34	72,712.42
Tier I capital	42,309.51	65,440.16	72,101.42	66,152.34	72,712.42
Tier II capital	8,665.22	8,258.00	8,138.13	7,121.36	6,852.19
Total capital (TC = Tier 1 + Tier 2)	50,974.73	73,698.16	80,239.55	73,273.70	79,564.61
Credit Risk - RWA	313,180.00	419,809.17	527,105.04	488,950.25	575,039.17
Market Risk - RWA	41,101.96	34,686.41	31,129.29	31,879.35	40,454.18
Operational Risk - RWA	17,343.23	26,290.11	37,836.57	37,836.57	54,265.05
Total RWA	371,625.19	480,785.69	596,070.91	558,666.18	669,758.40
Capital to risk assets ratios ("CRAR")					
Capital adequacy ratio ("CAR") (%)	13.72%	15.33%	13.46%	13.12%	11.88%
CAR – Tier I capital (%)	11.39%	13.61%	12.10%	11.84%	10.86%
CAR – Tier II capital (%)	2.33%	1.72%	1.36%	1.28%	1.02%

Tier II Capital

Our Bank has issued unsecured non-convertible subordinated debt securities. The following table sets forth information with respect to subordinated debt outstanding as of September 30, 2019.

(₹ in millions)

Particulars	Nature of Security	Tranche	Date of Issue	Coupon Rate (%)	Tenure	Amount	Qualified as Capital (Basel III)
Tier 2	Tier 2 Debt Instrument		16/02/2016	10.25%	6 years 3 months	2,000.00	800.00
Tier 2	Tier 2 Debt Instrument		31/03/2016	10.25%	6 years 3 months	2,000.00	800.00
Tier 2	Tier 2 Debt Instrument		27/09/2016	10.20%	6 years 6.5 months	3,300.00	1,980.00

Classification of Assets

As a commercial bank operating in India, we recognize NPAs in accordance with RBI's guidelines. The guidelines require Indian banks to classify their NPAs into three categories, as described below, based on the period for which the asset has remained non-performing and the estimated realization of amounts due in relation to such asset. Further, the NPA classification is at the borrower level, rather than at the facility level and, accordingly, if one of the advances granted to a borrower becomes non-performing, such borrower is classified as non-performing and all advances due from it are so classified.

A non-performing asset is a loan or an advance where: (i) interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan; (ii) the account remains "out of order" in respect of an overdraft or cash credit; (iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted; (iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops; (v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops; (vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on a securitization dated February 1, 2006; or (vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. According to guidelines specified by RBI in July 2013, an account should be classified as an NPA on the basis of the record of recovery and not merely on deficiencies which are temporary in nature, such as non-renewal of limits on the due date or non-submission of stock statements.

Further, RBI requires the banks to classify an account as a non-performing asset only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

Substandard Assets

With effect from March 31, 2005, and in accordance with RBI guidelines, a substandard asset is an asset that has remained non-performing for a period less than or equal to 12 months.

Doubtful Assets

With effect from March 31, 2005, and in accordance with RBI guidelines, a doubtful asset is an asset that has remained in the substandard category for a period of 12 months. Further, these doubtful assets are to be classified into the following three categories, depending on the period for which such assets have been classified as doubtful:

- assets which have remained in the doubtful category for a period of up to one year;
- assets which have remained in the doubtful category for a period of more than one year but less than three years; and
- assets which have remained in the doubtful category for a period of more than three years.

Loss Assets

In accordance with RBI guidelines, a loss asset is an asset where loss has been identified by the bank or internal or external auditors or RBI at the time of inspection, but the amount has not been written off wholly.

In cases of serious credit impairment, an asset is required to be immediately classified as doubtful or as a loss asset, as appropriate. Further, erosion in the value of the security provided may also be considered significant when the realizable value of the security is less than 50.00% of the value as assessed by the bank or as accepted

by RBI at the time of the last inspection of the security, as the case may be. In such a case, the assets secured by such impaired security may immediately be classified as doubtful, and provisioning should be made as applicable to doubtful assets. If the realizable value of the security, as assessed by the bank or approved valuation agents or by RBI, is less than 10.00% of the outstanding amount in the borrower's accounts, the existence of security should be ignored and the asset should be immediately classified as a loss asset and it may be either written off or fully provided for by the bank.

Break Up of Gross Advances

The table below sets forth the Bank's gross advances, standard assets and NPA position as of the dates specified.
(₹ in millions)

Asset Classification	As of March 31, 2017		As of March 31, 2018		As of March 31, 2019		As of Sept. 30, 2018		As of Sept. 30, 2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Standard Assets	292,625.65	98.80	399,552.78	98.60	539,354.99	98.62	455,341.18	98.60	575,637.55	97.40
NPA Of which-										
Sub Standard	1,485.49	0.50	3,628.34	0.90	4,260.03	0.78	3,941.94	0.85	13,745.96	2.32
Doubtful	1,898.39	0.64	2,038.98	0.50	2,619.86	0.48	2,507.74	0.55	1,645.03	0.28
Loss	184.47	0.06	-	0.00	666.34	0.12	-	0.00	-	0.00
Total Gross NPA	3,568.35	1.20	5,667.32	1.40	7,546.23	1.38	6,449.68	1.40	15,390.99	2.60
Net NPA to Net Advances (%)		0.64		0.78		0.69		0.74		1.56
Gross Advances	296,194.00		405,220.10		546,901.22		461,790.86		591,028.54	

Loan Portfolio

As at March 31, 2019 and September 30, 2019, our total outstanding loan portfolio (Net Advances) was ₹543,082.43 million and ₹584,760.57 million, respectively. The following table sets forth, as of the dates indicated, our loan portfolio classified by product group.

Particulars	As of March 31,			As of September 30,	
	2017	2018	2019	2018	2019
Cash credits, overdrafts and loans repayable on demand	72,361.01	99,235.74	151,928.88	123,167.87	166,267.08
Term loans	216,762.39	292,278.74	377,780.57	324,601.19	405,470.65
Bills purchased and discounted	5,366.99	11,163.91	13,372.98	10,957.56	13,022.84
Total Net Advances	294,490.39	402,678.39	543,082.43	458,726.62	584,760.57

Interest Rate Sensitivity of Advances

The following table sets forth, for the periods indicated, the interest rate sensitivity of the Bank's advances as of September 30, 2019.

Maturity and Interest Rate Sensitivity of Advances as of September 30, 2019

Interest rate classification of advances by maturity	As of September 30, 2019			
	Due in one year or less	Due in one year or five years	Due after five years	Total
Variable rates	133,746.32	120,047.46	88,089.59	341,883.37
Fixed rates	174,658.77	53,389.60	5,705.81	233,754.18
Total of Standard Advances	308,405.09	173,437.06	93,795.40	575,637.55
Gross NPAs	-	-	-	15,390.99
Total Gross Advances	-	-	-	591,028.54

The following table sets forth, for the periods indicated, the interest rate sensitivity of the Bank's advances as of March 31, 2019.

Maturity and Interest Rate Sensitivity of Advances as of March 31, 2019

Interest rate classification of advances by maturity	As of March 31, 2019			
	Due in one year or less	Due in one year or five years	Due after five years	Total
Variable rates	140,750.97	141,663.42	106,724.49	389,138.88
Fixed rates	118,571.02	18,289.71	13,355.38	150,216.11
Total of Standard Advances	259,321.99	159,953.13	120,079.87	539,354.99

Interest rate classification of advances by maturity	Due in one year or less	Due in one year or five years	Due after five years	Total
Gross NPAs	-	-	-	7,546.23
Total Gross Advances	-	-	-	546,901.22

The following table sets forth, for the periods indicated, the interest rate sensitivity of the Bank's advances as of September 30, 2018

Maturity and Interest Rate Sensitivity of Advances as of September 30, 2018

(₹ in millions)

Interest rate classification of advances by maturity	Due in one year or less	Due in one year or five years	Due after five years	Total
Variable rates	283,924.05	3,704.54	4,272.86	291,901.45
Fixed rates	113,019.16	45,954.55	4,466.00	163,439.71
Total of Standard Advances	396,943.21	49,659.09	8,738.86	455,341.16
Gross NPAs	-	-	-	6,449.70
Total Gross Advances	-	-	-	461,790.86

The following table sets forth, for the periods indicated, the interest rate sensitivity of the Bank's advances as of March 31, 2018.

Maturity and Interest Rate Sensitivity of Advances as of March 31, 2018

(₹ in millions)

Interest rate classification of advances by maturity	Due in one year or less	Due in one year or five years	Due after five years	Total
Variable rates	232,354.68	15,881.20	5,820.04	254,055.92
Fixed rates	100,046.55	39,737.55	5,712.76	145,496.86
Total of Standard Advances	332,401.23	55,618.75	11,532.80	399,552.78
Gross NPAs	-	-	-	5,667.32
Total Gross Advances	-	-	-	405,220.10

Business wise Break-up of Net Advances

The following table sets forth, for the periods indicated, the Bank's net advances by business area as of the periods indicated.

(₹ in millions)

Particulars	As of March 31,			As of September 30,	
	2017	2018	2019	2018	2019
CIB	123,387.37	162,398.23	213,540.49	188,256.21	221,427.32
CB	58,663.41	79,098.82	88,751.24	83,032.13	83,282.09
Retail Assets	71,220.06	104,337.39	164,677.54	124,065.76	201,380.57
DB&FI	41,219.55	56,843.95	76,113.16	63,372.52	78,670.59
Total Net Advances	294,490.39	402,678.39	543,082.43	458,726.62	584,760.57

Priority Sector Lending Break-up

The following table sets forth, for the periods indicated, the Bank's advances by priority sector as of the periods indicated.

(₹ in millions)

Particulars	As of March 31,						As of Sep 30,			
	2017		2018		2019		2018		2019	
	Advances	% of total	Advances	% of total	Advances	% of total	Advances	% of total	Advances	% of total
Agriculture	41,571.69	18.74	47,353.30	16.36	65,151.40	16.63	54,269.90	16.56	67,196.22	14.70
Small-scale industry (MSME)	50,831.14	22.91	59,777.80	20.65	80,265.41	20.49	68,204.10	20.82	87,319.46	19.10
Others	13.93	0.01	5,603.70	1.94	8,562.20	2.19	11,958.00	3.65	6,484.22	1.42
Total priority Sector (GROSS)	92,416.77	41.65	112,734.80	38.95	153,979.01	39.31	134,432.00	41.03	160,999.90	35.22

The above table provides break-up of advances and investments which can be included in our priority sector lending achievement of the Bank.

Industry-wise Loan and Advances (Gross) Outstanding

The following table sets forth, for the periods indicated, the Bank's gross advances by industry as of the periods indicated.

(₹ in millions)

Industry Name	As of March 31,						As of Sep 30,			
	2017		2018		2019		2018		2019	
	Gross Advances	% of Total Gross Advances	Gross Advances	% of Total Gross Advances	Gross Advances	% of Total Gross Advances	Gross Advances	% of Total Gross Advances	Gross Advances	% of Total Gross Advances
A. Mining and Quarrying (A.1 + A.2)	2,801.55	0.95	2,795.64	0.69	5,811.45	1.06	4,105.35	0.89	6,647.75	1.12
A.1 Coal	2,157.96	0.73	2,075.49	0.51	2,913.22	0.53	1,498.88	0.32	3,666.48	0.62
A.2 Others	643.59	0.22	720.15	0.18	2,898.23	0.53	2,606.47	0.56	2,981.27	0.50
B. Food Processing (Sum of B.1 to B.5)	15,050.75	5.08	16,263.95	4.01	17,853.87	3.26	14,857.54	3.22	17,878.76	3.03
B.1 Sugar	3,702.74	1.25	2,152.10	0.53	1,303.76	0.24	773.15	0.17	2,695.62	0.46
B.2 Edible Oils and Vanaspati	860.49	0.29	1,203.43	0.30	3,230.89	0.59	1,680.17	0.36	2,863.22	0.48
B.3 Tea	1,547.89	0.52	3,789.04	0.94	3,554.38	0.65	5,212.61	1.13	4,093.07	0.69
B.4 Coffee	1,350.69	0.46	1,761.46	0.43	2,882.42	0.53	1,766.03	0.38	2,871.39	0.49
B.5 Others	7,588.93	2.56	7,357.93	1.82	6,882.41	1.26	5,425.58	1.17	5,355.46	0.91
C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2)	2,454.73	0.83	3,171.88	0.78	1,792.52	0.33	2,012.41	0.44	3,694.60	0.63
C.1 Tobacco and tobacco products	0.89	0.00	0.60	0.00	0.00	0.00	0.55	0.00	0.00	0.00
C.2 Others	2,453.84	0.83	3,171.28	0.78	1,792.52	0.33	2,011.86	0.44	3,694.60	0.63
D. Textiles (Sum of D.1 to D.6)	6,109.09	2.06	7,733.24	1.91	8,587.11	1.57	7,928.34	1.72	10,907.95	1.85
D.1 Cotton	3,760.95	1.27	3,391.81	0.84	2,106.07	0.39	2,684.31	0.58	2,871.75	0.49
D.2 Jute	-	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D.3 Handicraft/ Khadi (Non Priority)	-	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D.4 Silk	-	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D.5 Woolen	-	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D.6 Others	2,348.14	0.79	4,341.43	1.07	6,481.05	1.19	5,244.03	1.14	8,036.19	1.36
E. Leather and Leather Products	127.10	0.04	1,088.56	0.27	803.49	0.15	1,001.79	0.22	805.64	0.14
F. Wood and Wood products	0.33	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
G. Paper and Paper Products	1,340.06	0.45	2,186.32	0.54	2,310.79	0.42	2,367.85	0.51	2,169.07	0.37
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	2,680.08	0.90	2,825.44	0.70	2,294.03	0.42	2,471.05	0.54	2,171.28	0.37
I. Chemicals and Chemical Products (Dyes, Paints etc.) Sum of I.1 to I.4)	19,452.00	6.57	23,844.26	5.88	30,593.22	5.59	28,415.93	6.15	26,971.37	4.56
I.1 Fertilisers	3,550.71	1.20	3,299.44	0.81	2,470.63	0.45	2,822.01	0.61	1,326.15	0.22
I.2 Drugs and Pharmaceuticals	13,282.83	4.48	16,076.78	3.97	22,019.22	4.03	18,916.26	4.10	18,947.44	3.21
I.3 Petro-chemicals (excluding under Infrastructure)	43.63	0.01	1,992.27	0.49	1,012.86	0.19	1,979.47	0.43	1,062.79	0.18
I.4 Others	2,574.83	0.87	2,475.77	0.61	5,090.51	0.93	4,698.18	1.02	5,634.99	0.95
J. Rubber, Plastic and their products	1,844.28	0.62	1,766.08	0.44	3,736.61	0.68	4,135.83	0.90	3,657.30	0.62
K. Glass & Glassware	632.81	0.21	0.92	0.00	1,407.70	0.26	652.84	0.14	1,433.33	0.24
L. Cement and Cement Products	1,801.40	0.61	2,412.35	0.60	6,171.08	1.13	6,143.45	1.33	9,156.03	1.55
M. Basic Metal and Metal Products (M.1 & M.2)	2,853.80	0.96	3,606.19	0.89	10,005.59	1.83	10,390.72	2.25	9,009.81	1.52
M.1 Iron and Steel	2,140.82	0.72	2,266.00	0.56	9,041.82	1.65	9,274.22	2.01	7,965.96	1.35
M.2 Other Metal and Metal Products	712.97	0.24	1,340.19	0.33	963.77	0.18	1,116.50	0.24	1,043.84	0.18
N. All Engineering (N.1 & N.2)	8,159.54	2.75	12,026.77	2.97	16,287.07	2.98	15,682.89	3.40	12,463.37	2.11
N.1 Electronics	1,180.91	0.40	2,238.33	0.55	3,168.08	0.58	2,619.01	0.57	2,878.32	0.49
N.2 Others	6,978.64	2.36	9,788.44	2.42	13,118.99	2.40	13,063.88	2.83	9,585.05	1.62
O. Vehicles, Vehicle Parts and Transport Equipment	3,084.73	1.04	4,178.23	1.03	5,461.21	1.00	4,525.42	0.98	6,957.39	1.18
P. Gems and Jewelry	5,184.45	1.75	6,818.12	1.68	7,543.75	1.38	7,483.76	1.62	7,403.39	1.25
Q. Construction	9,764.77	3.30	16,598.98	4.10	13,785.38	2.52	13,222.78	2.86	12,577.12	2.13
R. Infrastructure (Sum R.1 to R.4)	22,183.64	7.49	27,019.59	6.67	27,266.62	4.99	22,048.82	4.77	25,352.69	4.29
R.1 Transport(Sum of R.1.1 to R.1.5)	895.44	0.30	3781.1	0.93	3885.41	0.71	3922.35	0.85	3901.96	0.66
R.1.1. Railways	9.61	0.00	0	0.00	18.32	0.00	17.17	0.00	40.00	0.01
R.1.2 Roadways	495.83	0.17	3391.1	0.84	3,477.09	0.64	3,515.18	0.76	3,471.96	0.59
R.1.3 Aviation	0	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R.1.4 Waterways	-	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R.1.5 Ports	390.00	0.13	390	0.10	390.00	0.07	390.00	0.08	390.00	0.07
R.2 Energy	15,703.10	5.30	20,236.51	4.99	18,619.67	3.40	14,495.36	3.14	17,913.46	3.03
R.3 Telecommunication	4616.19	1.56	7.75	0.00	350.44	0.06	204.59	0.04	163.90	0.03
R.4 Others	968.91	0.33	2994.23	0.74	4411.1	0.81	3,426.52	0.74	3,373.37	0.57
R.4.1 Water sanitation	0	0.00	7.89	0.00	64.31	0.01	51.32	0.01	76.60	0.01
R.4.2 Social & Commercial Infrastructure	968.91	0.33	2986.34	0.74	4346.79	0.79	3,375.20	0.73	3,296.77	0.56
R.4.3 Others	0	0.00	0	0.00	0	0.00	0.00	0.00	0.00	0.00
S. Other Industries	21,307.93	7.19	29,784.05	7.35	37,893.42	6.93	31,605.75	6.84	37,068.92	6.27
All Industries (Sum of A to S)	126,833.05	42.82	164,120.58	40.50	199,604.91	36.50	179,052.53	38.77	196,325.77	33.22

Industry Name	As of March 31,						As of Sep 30,			
	2017		2018		2019		2018		2019	
	Gross Advances	% of Total Gross Advances	Gross Advances	% of Total Gross Advances	Gross Advances	% of Total Gross Advances	Gross Advances	% of Total Gross Advances	Gross Advances	% of Total Gross Advances
Residuary Other Advances (totally with gross advances)	169,360.94	57.18	241,099.52	59.50	347,296.31	63.50	282,738.32	61.23	394,702.78	66.78
a. Education Loan	-	0.00	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Aviation Sector	266.61	0.09	257.02	0.06	185.00	0.03	231.85	0.05	158.54	0.03
c. Other residuary Advances	169,094.33	57.09	240,842.50	59.43	347,111.31	63.47	282,506.47	61.18	394,544.24	66.76
Total Loans and Advances (Gross)	296,194.00	100.00	405,220.10	100.00	546,901.22	100.00	461,790.86	100.00	591,028.54	100.00

Non - Performing Assets

As at March 31, 2017, 2018, and 2019 and September 30, 2019, our gross non-performing assets as a percentage of gross advances were 1.20%, 1.40%, 1.38% and 2.60% and our net non-performing assets as a percentage of net advances was 0.64%, 0.78%, 0.69% and 1.56%, respectively.

The Bank's policy for making provisions for NPAs is in accordance with RBI policy on provisioning as described below:

- (a) Substandard assets – 15.00% of the amount outstanding without making any allowance for ECGC guarantee cover and securities available and in respect of “unsecured exposures” identified as “substandard”, an additional provision of 10.00% of the amount outstanding (i.e. a total of 25.00% of the outstanding balance);
- (b) Doubtful assets:
 - Doubtful “up to one year” – 100.00% of the unsecured portion and 25.00% of the secured portion;
 - Doubtful “one to three years” – 100.00% of the unsecured portion and 40.00% of the secured portion;
 - Doubtful “more than three years” – 100.00% of the unsecured portion and 100.00% of the secured portion; and
- (c) Loss assets – 100.00% to be provided for or written off.

The above-mentioned provisions are the minimum provisions that have to be provided for NPAs in accordance with the RBI policy.

The table below sets forth the Bank's Gross NPA and Net NPA position for the periods indicated.

(₹ in millions)

Particulars	Year ended March 31,			Half Year ended September 30,	
	2017	2018	2019	2018	2019
Opening balance of gross NPAs at the beginning of the period	2,080.47	3,568.35	5,667.32	5,667.32	7,546.23
Additions during the period	5,334.12	5,691.88	7,070.13	2,900.86	16,021.54
Less: Reductions during the period on account of recovery and write-offs	3,846.24	3,592.91	5,191.22	2,118.50	8,176.78
Gross NPAs at the close of the period	3,568.35	5,667.32	7,546.23	6,449.68	15,390.99
Gross NPAs	3,568.35	5,667.32	7,546.23	6,449.68	15,390.99
Net NPAs	1,899.36	3,125.61	3,727.44	3,385.45	9,123.01
Gross NPAs/gross advances (%)	1.20	1.40	1.38	1.40	2.60
Net NPAs/net advances (%)	0.64	0.78	0.69	0.74	1.56
Provision	1,668.99	2,541.71	3,818.79	3,064.23	6,267.98
Gross Advances	296,194.00	405,220.10	546,901.22	461,790.86	591,028.54
Net Advances	294,490.39	402,678.39	543,082.43	458,726.62	584,760.57

NPAs – Classification wise Break-up

The table below sets forth the Bank's sub-standard advances, doubtful advances, loss advances and gross NPAs for the periods indicated.

(₹ in millions)

Particulars	As of March 31,			As of September 30,	
	2017	2018	2019	2018	2019
Sub-standard advances:					
Amount	1,485.49	3,628.34	4,260.03	3,941.94	13,745.96
As a percentage of total Gross NPAs (%)	41.63	64.02	56.45	61.12	89.31
Doubtful advances:					
Amount	1,898.39	2,038.98	2,619.86	2,507.74	1,645.03
As a percentage of total Gross NPAs (%)	53.20	35.98	34.72	38.88	10.69
Loss advances:					
Amount	184.47	0	666.34	-	-
As a percentage of total Gross NPAs (%)	5.17	0	8.83	-	-
Gross NPAs	3,568.35	5,667.32	7,546.23	6,449.68	15,390.99

* Percentages may not add to 100% due to rounding.

Analysis of Gross Non-Performing Advances by Industry Sector

The table below sets forth, for the periods indicated, the Bank's gross NPAs by the borrower's industry.

(₹ in millions)

Industry Name	As of March 31,						As of Sep 30,			
	2017		2018		2019		2018		2019	
	Gross NPA	% of Total Gross NPA	Gross NPA	% of Total Gross NPA	Gross NPA	% of Total Gross NPA	Gross NPA	% of Total Gross NPA	Gross NPA	% of Total Gross NPA
A. Mining and Quarrying (A.1 + A.2)	-	-	-	-	-	-	-	-	-	-
A.1 Coal	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
A.2 Others	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
B. Food Processing (Sum of B.1 to B.5)	175.45	4.92	353.09	6.23	510.39	6.76	434.77	6.74	3,463.51	22.50
B.1 Sugar	-	0.00	-	0.00	145.41	1.93	63.26	0.98	184.21	1.20
B.2 Edible Oils and Vanaspati	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
B.3 Tea	-	0.00	-	0.00	-	0.00	-	0.00	3,020.85	19.63
B.4 Coffee	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
B.5 Others	175.45	4.92	353.09	6.23	364.98	4.84	371.51	5.76	258.46	2.30
C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C.1 Tobacco and tobacco products	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
C.2 Others	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
D. Textiles (Sum of D.1 to D.6)	0.00	0.00	170.06	3.00	25.35	0.34	168.42	2.61	1.50	0.01
D.1 Cotton	-	0.00	1.64	0.03	0.29	0.00	-	0.00	1.50	0.01
D.2 Jute	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
D.3 Handicraft/ Khadi (Non Priority)	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
D.4 Silk	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
D.5 Woolen	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
D.6 Others	-	0.00	168.42	2.97	25.06	0.33	168.42	2.61	-	0.00
E. Leather and Leather Products	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
F. Wood and Wood products	0.33	0.01	-	0.00	-	0.00	-	0.00	-	0.00
G. Paper and Paper Products	-	0.00	-	0.00	90.42	1.20	90.42	1.40	-	0.00
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	0.00	21.80	0.38	75.58	1.00	75.69	1.17	45.09	0.29
I. Chemicals and Chemical Products (Dyes, Paints etc.) Sum of I.1 to I.4)	4.67	0.13	0.00	0.00	46.50	0.62	50.87	0.79	46.50	0.30
I.1 Fertilisers	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
I.2 Drugs and Pharmaceuticals	-	0.00	-	0.00	-	0.00	0.01	0.00	-	0.00
I.3 Petro-chemicals (excluding under Infrastructure)	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
I.4 Others	4.67	0.13	-	0.00	46.50	0.62	50.86	0.79	46.50	0.30
J. Rubber, Plastic and their products	-	0.00	152.01	2.68	160.38	2.13	160.38	2.49	3,308.77	21.50
K. Glass & Glassware	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
L. Cement and Cement Products	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
M. Basic Metal and Metal Products (M.1 & M.2)	152.43	4.27	0.00	0.00	0.00	0.00	20.93	0.32	0.00	0.00
M.1 Iron and Steel	-	0.00	-	0.00	-	0.00	20.93	0.32	-	0.00
M.2 Other Metal and Metal Products	152.43	4.27	-	0.00	-	0.00	-	0.00	-	0.00

Industry Name	As of March 31,						As of Sep 30,			
	2017		2018		2019		2018		2019	
	Gross NPA	% of Total Gross NPA	Gross NPA	% of Total Gross NPA	Gross NPA	% of Total Gross NPA	Gross NPA	% of Total Gross NPA	Gross NPA	% of Total Gross NPA
N. All Engineering (N.1 & N.2)	22.67	0.64	162.56	2.87	194.78	2.58	162.58	2.52	582.22	3.78
N.1 Electronics	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
N.2 Others	22.67	0.64	162.56	2.87	194.78	2.58	162.58	2.52	582.22	3.78
O. Vehicles, Vehicle Parts and Transport Equipment	-	0.00	-	0.00	160.98	2.13	207.04	3.21	181.36	1.18
P. Gems and Jewelry	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
Q. Construction	955.94	26.79	754.44	13.31	857.47	11.36	750.14	11.63	251.27	1.63
R. Infrastructure (Sum R.1 to R.4)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R.1 Transport(Sum of R.1.1 to R.1.5)	-	0.00	0	0.00	0	0.00	0	0.00	0	0.00
R.1.1. Railways	-	0.00	0	0.00	0	0.00	0	0.00	0	0.00
R.1.2 Roadways	-	0.00	0	0.00	0	0.00	0	0.00	0	0.00
R.1.3 Aviation	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
R.1.4 Waterways	-	0.00	0	0.00	0	0.00	0	0.00	0	0.00
R.1.5 Ports	-	0.00	0	0.00	0	0.00	0	0.00	0	0.00
R.2 Energy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R.3 Telecommunication	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R.4 Others	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
R.4.1 Water sanitation	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
R.4.2 Social & Commercial Infrastructure	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
R.4.3 Others	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
S. Other Industries	5.74	0.16	256.12	4.52	358.68	9.35	608.73	9.44	370.98	2.41
All Industries (Sum of A to S)	1,317.21	36.91	1,870.08	33.00	2,480.53	48.97	2,729.97	42.33	8,251.21	53.61
Residuary Other Advances (totally with gross advances)	2,251.14	63.09	3,797.24	67.00	5,065.70	67.31	3,719.73	57.67	7,139.78	46.39
a. Education Loan	1.48	0.04	-	0.00	-	0.00	-	0.00	-	0.00
b. Aviation Sector	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
c. Other residuary Advances	2,249.66	63.04	3,797.24	67.00	5,065.70	67.13	3,719.73	57.67	7,139.78	46.39
Total Loans and Advances (Gross)	3,568.35	100.00	5,667.32	100.00	7,546.23	100.00	6,449.68	100.00	15,390.99	100.00

Movement in Our Provision for Non-Performing Advances

The table below sets forth movement in the provision for non-performing advances:

(₹ in millions)

Particulars	Year ended March 31,			Half Year ended Sept. 30,	
	2017	2018	2019	2018	2019
Opening balance at the beginning of the year	836.11	1,668.99	2,541.71	2,541.71	3,818.79
Addition during the period	2,412.57	2,862.94	3,866.83	1,396.15	7,105.99
Less reductions during the period on account of recovery and write-offs	1,579.69	1,990.22	2,589.75	873.63	4,656.80
Provision at the close of the period	1,668.99	2,541.71	3,818.79	3,064.23	6,267.98

Restructured Assets

In respect of restructured or rescheduled accounts, we make provisions for the erosion in fair value of restructured advances in accordance with the general framework of the restructuring of advances as per the Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances dated July 1, 2013 issued by RBI. The erosion in fair value of advances is computed as the difference between the fair values before and after restructuring.

The fair value before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the Bank's BPLR or base rate, whichever is applicable to the borrower, as of the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of the restructuring.

The fair value after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the Bank's BPLR or base rate, whichever is applicable to the borrower, as of the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of the restructuring.

The following table sets forth our restructured assets outstanding as of the period ended.

(₹ in millions)

Particulars		As of March 31, 2017				As of March 31, 2018				As of March 31, 2019			
		CDR Mech anism	SME Debt Restructuring	Other	Total	CDR Mech anism	SME Debt Restructuring	Other	Total	CDR Mech anism	SME Debt Restructuring	Other	Total
Standard Advances	No. of borrowers	-	1	-	1	-	-	-	-	-	4	-	4
Restructured	Amount	-	192.40	-	192.40	-	-	-	-	-	102.32	-	102.32
	Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Sacrifice	-	43.30	-	43.30	-	-	-	-	-	5.11	-	5.11
	(diminution in the fair value)	-	-	-	-	-	-	-	-	-	-	-	-
Sub-standard Advances	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
Restructured	Amount	-	-	-	-	-	-	-	-	-	-	-	-
	Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Provision	-	-	-	-	-	-	-	-	-	-	-	-
	(diminution in the fair value)	-	-	-	-	-	-	-	-	-	-	-	-
Doubtful Advances	No. of borrowers	1	-	3	4	-	1	1	2	-	-	1	1
Restructured	Amount	38.56	-	197.19	235.75	-	168.41	132.70	301.11	-	-	49.05	49.05
	Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Provision	32.94	-	108.50	141.44	-	91.73	105.77	197.50	-	-	31.17	31.17
	(diminution in the fair value)	-	-	-	-	-	-	-	-	-	-	-	-
Total	No. of borrowers	1	1	3	5	-	1	1	2	-	4	1	5
	Amount	38.56	192.40	197.19	428.15	-	168.41	132.70	301.11	-	102.32	49.05	151.37
	Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Provision	32.94	43.30	108.50	184.74	-	91.73	105.77	197.50	-	5.11	31.17	36.28
	(diminution in the fair value)	-	-	-	-	-	-	-	-	-	-	-	-

ASSET LIABILITY MANAGEMENT

The maturity pattern of certain items of assets and liabilities for various years given below.

Asset Liability Gap position as of March 31, 2017

(₹ in millions)

Particulars	Day – 1	2-7 Days	8-14 Days	15-30 Days	31 Days and up to 2 months	More than 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Cash and Balance with RBI	3,691.39	14,373.66	348.98	946.79	1,239.93	716.46	1,251.65	2,051.01	3,934.88	420.30	504.24	29,479.29
Balance with Banks	1,827.46	-	-	17.87	361.32	1,369.72	394.52	156.22	2,640.27	5,689.82	-	12,457.20
Investments	31,458.00	4,703.57	1,866.41	5,801.82	7,997.51	6,540.33	12,738.60	16,795.57	33,547.05	5,817.28	7,550.94	134,817.08
Advances	3,949.48	5,522.26	3,513.27	9,836.75	12,398.75	14,361.92	30,683.02	71,838.06	100,143.17	21,692.72	20,550.99	294,490.39
Fixed Assets	-	-	-	-	-	-	-	-	-	-	2,587.08	2,587.08
Other Assets	21.52	435.14	224.65	27.40	562.41	176.02	176.02	1,956.20	1,022.78	911.72	7,402.81	12,916.67
Total Assets	40,947.85	25,034.63	5,953.31	16,630.63	22,559.92	23,164.45	45,243.81	92,797.06	141,288.15	34,531.84	38,596.06	486,747.71
Capital	-	-	-	-	-	-	-	-	-	-	3,752.03	3,752.03
Reserves	-	-	-	-	-	-	-	-	-	-	39,603.72	39,603.72
Deposits	5,553.41	22,643.53	10,660.31	25,091.17	27,000.48	29,095.79	46,055.47	59,224.25	112,794.37	3,815.44	3,946.69	345,880.91
Borrowings	67.85	10,295.07	1,659.89	1,601.91	4,544.29	4,578.14	12,040.89	12,309.83	10,641.68	13,003.35	9,054.67	79,797.57
Other Liabilities	615.05	1,316.03	982.17	1,936.04	1,974.25	1,050.97	162.81	1,233.24	6,810.51	44.02	1,588.39	17,713.48
Total Liabilities	6,236.31	34,254.63	13,302.37	28,629.12	33,519.02	34,724.90	58,259.17	72,767.32	130,246.56	16,862.81	57,945.50	486,747.71
Liquidity Gap	34,711.54	(9,220.00)	(7,349.06)	(11,998.49)	(10,959.10)	(11,560.45)	(13,015.36)	20,029.74	11,041.59	17,669.03	(19,349.43)	-

Particulars	Day – 1	2-7 Days	8-14 Days	15-30 Days	31 Days and up to 2 months	More than 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Cumulative Gap (sum of liquidity gap)	34,711.54	25,491.54	18,142.48	6,143.99	(4,815.11)	(16,375.56)	(29,390.92)	(9,361.18)	1,680.41	19,349.44	0.01	
Cumulative Liabilities	6,236.31	40,490.94	53,793.31	82,422.43	115,941.45	150,666.35	208,925.52	281,692.84	411,939.40	428,802.21	486,743.54	
Cumulative liquidity gap as a % of cumulative liabilities	557%	63%	34%	7%	-4%	-11%	-14%	-3%	0%	5%	0%	

1. Classification methodologies are based on the Asset Liability Management Guidelines issued by RBI.

2. Assets and liabilities are classified into categories as per residual maturity.

3. Assets and liabilities that do not mature or have ambiguous maturities are classified according to historical behavioral analysis or management judgment

Asset Liability Gap position as of March 31, 2018

(₹ in millions)

Particulars	Day – 1	2-7 Days	8-14 Days	15-30 Days	31 Days and up to 2 months	More than 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Cash and Balance with RBI	3,008.88	7,675.20	886.93	754.36	1,895.10	2,415.60	1,581.28	2,142.17	4,601.08	541.90	390.83	25,893.34
Balance with Banks	4,445.39	4,147.48	-	3.37	-	0.12	-	1,111.89	6,570.33	672.50	-	16,951.08
Investments	34,014.52	8,253.12	4,498.42	5,149.75	10,157.04	16,989.99	15,698.56	15,682.10	29,307.71	3,389.28	11,334.50	154,474.99
Advances	2,964.05	9,722.97	5,691.22	20,616.47	19,406.02	26,485.07	38,150.83	88,707.10	136,727.63	25,675.44	28,531.59	402,678.39
Fixed Assets	-	-	-	-	-	-	-	-	-	-	3,340.01	3,340.01
Other Assets	853.70	683.79	158.13	743.42	613.78	797.33	1,423.42	8,254.17	888.89	657.20	95.91	15,169.74
Total Assets	45,286.54	30,482.56	11,234.70	27,267.37	32,071.94	46,688.11	56,854.09	115,897.43	178,095.64	30,936.32	43,692.84	618,507.55
Capital	-	-	-	-	-	-	-	-	-	-	4,196.68	4,196.68
Reserves	-	-	-	-	-	-	-	-	-	-	62,643.04	62,643.04
Deposits	3,942.90	21,398.22	11,432.38	33,083.34	58,599.96	66,336.02	46,831.78	59,105.87	130,352.08	3,053.01	4,887.07	439,022.64
Borrowings	-	18,499.60	354.10	1,645.82	11,578.31	5,601.41	8,571.51	14,824.73	14,945.94	11,706.01	4,886.97	92,614.40
Other Liabilities	1,743.14	1,356.02	1,228.45	2,957.38	3,170.22	2,010.21	460.60	3,615.54	1,308.69	-	2,180.54	20,030.79
Total Liabilities	5,686.04	41,253.84	13,014.93	37,686.54	73,348.49	73,947.64	55,863.89	77,546.14	146,606.71	14,759.02	78,794.31	618,507.55
Liquidity Gap	39,600.50	(10,771.28)	(1,780.23)	(10,419.17)	(41,276.55)	(27,259.53)	990.20	38,351.29	31,488.93	16,177.30	(35,101.48)	
Cumulative Gap (sum of liquidity gap)	39,600.50	28,829.22	27,048.99	16,629.82	(24,646.73)	(51,906.26)	(50,916.06)	(12,564.77)	18,924.17	35,101.46	(0.01)	
Cumulative Liabilities	5,686.04	46,939.88	59,954.81	97,641.35	170,989.84	244,937.48	300,801.37	378,347.51	524,954.22	539,713.24	618,507.56	
Cumulative liquidity gap as a % of cumulative liabilities	696%	61%	45%	17%	-14%	-21%	-17%	-3%	4%	7%	0%	

1. Classification methodologies are based on the Asset Liability Management Guidelines issued by RBI.

2. Assets and liabilities are classified into categories as per residual maturity.

3. Assets and liabilities that do not mature or have ambiguous maturities are classified according to historical behavioral analysis or management judgment

Asset Liability Gap position as of March 31, 2019

(₹ in millions)

Particulars	Day – 1	2-7 Days	8-14 Days	15-30 Days	31 Days and up to 2 months	More than 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Cash and Balance with RBI	4,259.74	24,268.85	1,176.76	1,705.86	1,872.93	2,312.92	1,976.95	4,521.23	5,621.12	475.66	203.16	48,395.18
Balance with Banks	8,546.58	999.29	-	80.82	92.42	47.10	462.11	1,483.05	5,914.58	-	-	17,625.95
Investments	11,455.95	3,756.54	12,230.99	12,799.53	16,913.24	16,340.98	17,250.34	31,582.75	32,936.93	3,702.22	9,434.14	168,403.61
Advances	5,869.45	13,737.11	7,079.06	31,432.95	23,361.03	21,014.21	43,673.90	121,706.58	181,645.24	39,805.55	53,757.35	543,082.43
Fixed Assets	-	-	-	-	-	-	-	-	-	-	4,024.79	4,024.79
Other Assets	1,628.45	803.93	101.45	1,037.03	1,095.99	797.03	1,717.39	11,669.35	1,716.30	1,019.82	469.49	22,056.23
Total Assets	31,760.17	43,565.72	20,588.26	47,056.19	43,335.61	40,512.24	65,080.69	170,962.96	227,834.17	45,003.25	67,888.93	803,588.19
Capital	-	-	-	-	-	-	-	-	-	-	4,267.10	4,267.10
Reserves	-	-	-	-	-	-	-	-	-	-	71,206.10	71,206.10
Deposits	8,061.47	36,747.99	23,787.63	44,950.22	56,445.24	56,711.43	59,534.69	128,093.38	161,648.18	3,197.04	4,766.89	583,944.16
Borrowings	323.69	37.13	517.50	3,094.68	11,946.12	3,448.67	10,437.13	23,755.64	38,989.50	24,653.73	1,116.86	118,320.65
Other Liabilities	1,115.14	1,830.86	1,489.11	3,769.71	3,865.17	2,727.90	224.72	6,561.71	1,446.94	-	2,818.92	25,850.18
Total Liabilities	9,500.30	38,615.98	25,794.24	51,814.61	72,256.53	62,888.00	70,196.54	158,410.73	202,084.62	27,850.77	84,175.87	803,588.19

Particulars	Day – 1	2-7 Days	8-14 Days	15-30 Days	31 Days and up to 2 months	More than 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Liquidity Gap	22,259.87	4,949.74	(5,205.98)	(4,758.42)	(28,920.92)	(22,375.76)	(5,115.85)	12,552.23	25,749.55	17,152.48	(16,286.94)	
Cumulative Gap (sum of liquidity gap)	22,259.87	27,209.61	22,003.63	17,245.21	(11,675.71)	(34,051.47)	(39,167.32)	(26,615.09)	(865.54)	16,286.94	(0.00)	
Cumulative Liabilities	9,500.30	48,116.28	73,910.52	125,725.13	197,981.66	260,869.66	331,066.20	489,476.93	691,561.55	719,412.32	803,588.19	
Cumulative liquidity gap as a % of cumulative liabilities	234%	57%	30%	14%	-6%	-13%	-12%	-5%	0%	2%	0%	

1. Classification methodologies are based on the Asset Liability Management Guidelines issued by RBI.

2. Assets and liabilities are classified into categories as per residual maturity.

3. Assets and liabilities that do not mature or have ambiguous maturities are classified according to historical behavioral analysis or management judgment

Asset Liability Gap position as of September 30, 2018

(₹ in millions)

Particulars	Day – 1	2-7 Days	8-14 Days	15-30 Days	31 Days and up to 2 months	More than 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Cash and Balance with RBI	18,179.86	1,025.31	910.17	1,184.86	1,550.69	1,797.48	1,648.61	4,023.14	4,459.47	712.59	267.57	35,759.75
Balance with Banks	4,244.85	-	-	406.96	24.09	15.05	948.01	250.12	7,294.01	-	-	13,183.09
Investments	15,709.04	10,862.17	5,560.14	6,619.62	9,851.45	10,500.21	11,302.49	24,879.93	28,287.19	4,236.62	9,683.55	137,492.41
Advances	4,156.23	6,948.74	6,639.99	19,783.02	18,884.46	32,173.16	44,025.47	110,446.56	151,709.50	29,549.19	34,410.30	458,726.62
Fixed Assets	-	-	-	-	-	-	-	-	-	-	4,012.00	4,012.00
Other Assets	1,145.51	629.65	68.66	920.41	1,155.82	625.28	1,247.49	14,315.70	1,237.66	815.13	229.58	22,390.89
Total Assets	43,435.49	19,465.87	13,178.96	28,914.87	31,466.51	45,111.18	59,172.07	153,915.45	192,987.83	35,313.53	48,603.00	671,564.76
Capital	-	-	-	-	-	-	-	-	-	-	4,307.70	4,307.70
Reserves	-	-	-	-	-	-	-	-	-	-	66,086.44	66,086.44
Deposits	6,588.72	21,036.70	19,485.12	27,323.37	62,678.86	44,947.16	50,135.39	105,256.51	132,000.69	3,441.88	5,006.53	477,900.93
Borrowings	212.31	65.88	1,424.03	3,629.97	7,825.52	2,587.45	14,953.12	12,707.25	37,165.64	13,916.01	1,617.73	96,104.91
Other Liabilities	1,044.97	1,644.75	1,597.13	3,878.12	3,646.46	2,484.11	304.26	8,721.59	1,300.47	-	2,542.92	27,164.78
Total Liabilities	7,846.00	22,747.33	22,506.28	34,831.46	74,150.84	50,018.72	65,392.77	126,685.35	170,466.80	17,357.89	79,561.32	671,564.76
Liquidity Gap	35,589.49	(3,281.46)	(9,327.32)	(5,916.59)	(42,684.33)	(4,907.54)	(6,220.70)	27,230.10	22,521.03	17,955.64	(30,958.32)	
Cumulative Gap (sum of liquidity gap)	35,589.49	32,308.03	22,980.71	17,064.12	(25,620.21)	(30,527.75)	(36,748.45)	(9,518.35)	13,002.68	30,958.32	-	
Cumulative Liabilities	7,846.00	30,593.33	53,099.61	87,931.07	162,081.91	212,100.63	277,493.40	404,178.75	574,645.55	592,003.44	671,564.76	
Cumulative liquidity gap as a % of cumulative liabilities	454%	106%	43%	19%	-16%	-14%	-13%	-2%	2%	5%	0%	

1. Classification methodologies are based on the Asset Liability Management Guidelines issued by RBI.

2. Assets and liabilities are classified into categories as per residual maturity.

3. Assets and liabilities that do not mature or have ambiguous maturities are classified according to historical behavioral analysis or management judgment

Asset Liability Gap position as of September 30, 2019

(₹ in millions)

Particulars	Day – 1	2-7 Days	8-14 Days	15-30 Days	31 Days and up to 2 months	More than 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Cash and Balance with RBI	14,500.57	902.99	703.01	1,381.92	1,333.29	1,046.51	2,486.60	5,819.58	7,411.21	768.28	215.86	36,569.82
Balance with Banks	4,230.73	-	708.75	5,754.33	9,269.10	359.77	1,304.32	1,666.81	4,366.87	-	-	27,660.68
Investments	41,523.13	4,853.56	3,728.53	9,040.48	9,367.51	7,406.52	22,848.68	39,165.69	45,666.56	4,425.59	9,753.55	197,779.80
Advances	11,220.27	15,601.93	12,408.37	40,204.45	28,380.75	27,390.62	51,658.82	113,282.61	185,395.54	44,837.76	54,379.45	584,760.57
Fixed Assets	-	-	-	-	-	-	-	-	-	-	4,534.89	4,534.89
Other Assets	3,188.02	826.03	61.90	1,205.19	1,274.83	860.73	1,235.22	12,585.00	2,471.22	1,109.99	653.40	25,471.53
Total Assets	74,662.72	22,184.51	17,610.56	57,586.37	49,625.48	37,064.15	79,533.64	172,519.69	245,311.40	51,141.62	69,537.15	876,777.29
Capital	-	-	-	-	-	-	-	-	-	-	4,305.89	4,305.89
Reserves	-	-	-	-	-	-	-	-	-	-	73,684.78	73,684.78
Deposits	10,193.12	26,054.55	27,544.13	32,845.91	32,550.51	35,301.56	103,367.27	159,952.33	191,569.47	3,870.36	5,042.12	628,291.33

Particulars	Day – 1	2-7 Days	8-14 Days	15-30 Days	31 Days and up to 2 months	More than 2 months and up to 3 months	Over 3 months and up to 6 months	Over 6 Months and up to 1 Year	Over 1 Year and up to 3 Years	Over 3 Years and up to 5 Years	Over 5 Years	Total
Borrowings	464.80	43.85	89.64	2,048.58	7,604.27	720.28	19,454.00	21,269.97	53,843.08	33,171.25	822.13	139,531.85
Other Liabilities	1,750.96	2,480.66	1,544.00	3,967.97	5,181.26	3,531.29	578.42	7,009.24	1,453.94	-	3,465.70	30,963.44
Total Liabilities	12,408.88	28,579.06	29,177.77	38,862.46	45,336.04	39,553.13	123,399.69	188,231.54	246,866.49	37,041.61	87,320.62	876,777.29
Liquidity Gap	62,253.84	(6,394.55)	(11,567.21)	18,723.91	4,289.44	(2,488.98)	(43,866.05)	(15,711.85)	(1,555.09)	14,100.01	(17,783.47)	
Cumulative Gap (sum of liability gap)	62,253.84	55,859.29	44,292.08	63,015.99	67,305.43	64,816.45	20,950.40	5,238.55	3,683.46	17,783.47	-	
Cumulative Liabilities	12,408.88	40,987.94	70,165.71	109,028.17	154,364.21	193,917.34	317,317.03	505,548.57	752,415.06	789,456.67	876,777.28	
Cumulative liquidity gap as a % of cumulative liabilities	502%	136%	63%	58%	44%	33%	7%	1%	0%	2%	0%	

1. Classification methodologies are based on the Asset Liability Management Guidelines issued by RBI.

2. Assets and liabilities are classified into categories as per residual maturity.

3. Assets and liabilities that do not mature or have ambiguous maturities are classified according to historical behavioral analysis or management judgment

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section should be read together with “Industry Overview”, “Our Business”, “Selected Statistical Information”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Recent Developments” as well as the Financial Statements, including the notes, and other financial information included elsewhere in this Placement Document. Unless otherwise specified, all financial information is presented on a standalone basis. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business, prospects, financial condition and results of operations and cash flow. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operations and cash flow could suffer, the trading price of, and the value of your investment in, Equity Shares could decline and you may lose all or part of your investment. In making an investment decision you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Placement Document.

Our fiscal year ends on March 31. Accordingly, all references to a particular “fiscal year” and “Fiscal” are to the 12-month period ended on March 31 of that year. References to “Half Year” are to the six months ended on September 30 of that year. Unless otherwise specified, all information regarding cost, yield and average balances are based on monthly average balances outstanding during the relevant period.

Unless otherwise stated, references to “we”, “us”, “our”, the “Bank” and “our Bank” and similar terms are to RBL Bank Limited on a standalone basis. Unless otherwise specified, all financial information is presented on a standalone basis.

Risks Relating to Our Business

Any increase in our NPAs, RBI-mandated provisioning requirements and overall deterioration in the quality of the loan portfolio could materially and adversely affect our business.

As of March 31, 2017, 2018 and 2019 and September 30, 2019, our gross non-performing assets (“**Gross NPAs**”) represented 1.20%, 1.40%, 1.38% and 2.60% of our total gross advances, respectively, and NPAs (net of provisions) (“**Net NPAs**”) represented 0.64%, 0.78%, 0.69% and 1.56% of our net advances, respectively. If there is any deterioration in the quality of our security or further ageing of the assets after being classified as non-performing, an increase in provisions will be required. This increase in provisions may adversely impact our financial performance.

We have created net provisions of ₹4,669.87 million in Fiscal 2019, representing an 81.64% increase as compared to the net provisions of ₹2,570.90 million for Fiscal 2018 and a 68.66% increase as compared to the net provisions of ₹1,524.35 million for Fiscal 2017. For the six months ended September 30, 2019, we have recorded net provisions of ₹7,251.30 million. While our Bank has already made provision coverage (including technical write offs) for NPAs with respect to 59.58%, 57.57%, 65.30% and 58.45% of Gross NPAs as of March 31, 2017, 2018 and 2019 and September 30, 2019, respectively, our Bank may need to make further provisions if recoveries with respect to such NPAs do not materialize in time or at all. Our Bank may also need to make additional provisions if more assets are characterized as non-performing assets in the future. In addition, there can also be no assurance that there will not be any changes to management estimates or guidance in relation to our credit costs, which may be affected if there is any deterioration in the quality of our security or collateral or there is a delay in the recovery process. In such a circumstance, we may be required to increase our provisions beyond our management estimates and guidance.

NPAs can be attributed to several factors affecting the Bank’s borrowers, including inconsistent industrial growth, the high level of debt in the financing of capital expenditure and working capital of companies in India, and the high interest rates in the Indian economy. Volatility in industrial growth or an increase in interest rates and any consequent deterioration in the financial conditions of our borrowers may exacerbate the level of NPAs in our loan portfolio and may adversely affect our business and financial results. In addition, our advances to retail customers and microfinance customers and advances to medium, small and micro enterprises, a large portion of which are unsecured, may carry a higher risk of delinquency if there is a prolonged recession or a sharp rise in interest rates. Although our loan portfolio contains loans to a wide variety of businesses, financial difficulties

experienced by our key customers or by particular sectors of the Indian economy to which we have exposure could increase our level of NPAs and adversely affect our business, results of operations and financial condition. Any default in the payment of interest or repayment of the principal by the customers may have an adverse impact on our financial condition and cash flows. If the systems and process laid by us to identify the NPAs fail or are not able to identify the NPAs correctly and in a timely manner, it can adversely impact our financial position. Our NPAs may increase in the future and any significant increase in NPAs may have a material adverse effect on our business, results of operations and financial condition.

RBI periodically reviews and assesses the NPAs recorded by Indian banks, and the NPAs that we report may be lower than the amount assessed by RBI for a particular financial period. Any such divergences could impact our financial condition by increasing our provision coverage for NPAs. In addition, we are required by applicable RBI regulations to extend 40.00% of our adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, to certain “priority sectors” including, *inter alia*, the agriculture sector, education, social infrastructure and housing. Any economic difficulties or downturn under such priority sectors, would have material adverse effect on our operations and financial situation. In addition, economic downturns experienced in these priority sectors would likely have a material and direct adverse effect on our NPA levels.

Our standard restructured advances were ₹192.40 million, Nil, ₹102.32 million and ₹170.84 million as of March 31, 2017, 2018 and 2019 and September 30, 2019, respectively. We restructure assets based on a borrower’s potential to restore its financial health. There can be no assurance, however, that borrowers will be able to meet their obligations under restructured advances and, even if they are able to do so, certain assets classified as restructured may have to be subsequently re-classified as delinquent according to regulatory requirements. Any resulting increase in delinquency levels may adversely impact our business, results of operations and financial condition.

RBI has, by way of its circular dated June 7, 2019, established a new regulatory framework for resolution of stressed assets (“**Revised Framework**”). Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution such as revitalizing distressed assets, corporate debt restructuring scheme, flexible structuring of existing long term project loans, strategic debt restructuring (“**SDR**”), change in ownership outside SDR, and scheme for sustainable structuring of stressed assets have been withdrawn. In addition, the guidelines /framework for joint lenders’ forum have also been discontinued. Pursuant to the Revised Framework, in case of a restructuring, the accounts classified as ‘standard’ shall be immediately downgraded to ‘sub-standard’ as NPAs at the outset. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring. Such accounts may be upgraded only when all the outstanding loan and facilities in the account demonstrate ‘satisfactory performance’, where payments in respect of the borrower entity are not in default at any point in time, during the ‘specified period’ as defined in the Revised Framework. For large accounts where the aggregate exposure of the lenders is more than ₹1 billion, any upgrade shall be subject to an additional requirement of an “investment grade” credit rating of the borrower’s credit facilities. Further, if the satisfactory performance is not demonstrated during the monitoring period, any upgrade of the account shall be subject to implementation of a fresh restructuring/change in ownership under the Revised Framework and the bank shall make an additional provisioning, along with other provisioning, in terms of the Revised Framework. See “Key Regulation and Policies – Prudential framework for resolution of stressed assets” on page 164.

For further information on our NPAs, see “Selected Statistical Information – Non - Performing Assets” on page 55.

The Bank’s business is vulnerable to interest rate risk, and volatility in interest rates could adversely affect the Bank’s net interest margin, the value of its fixed income portfolio, its income from treasury operations, the quality of its loan portfolio and its financial performance.

Our results of operations depend to a great extent on its net interest income. Net interest income (comprised of interest earned minus interest expended) constituted 61.78%, 62.31% and 63.78% of the Bank’s operating income (comprised of net interest income plus non-interest income) for Fiscal 2017, Fiscal 2018, Fiscal 2019 and 63.48% and 64.63% of the Bank’s operating income for the six months ended September 30, 2018 and September 30, 2019, respectively. Interest rates are sensitive to many factors beyond the Bank’s control, including RBI’s monetary policy, domestic and international economic and political conditions and other factors. An increase in interest rates which is applicable to the Bank’s liabilities, without a corresponding increase in interest rates applicable to its assets, will result in a decline in net interest income. Furthermore, in the event of rising interest rates on assets, the Bank’s borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay their loans with the Bank, particularly if they are able to switch to more competitively priced loans offered by other banks. Any inability of our Bank to retain customers as a result of

rising interest rates may adversely impact the Bank's earnings in future periods. Similarly, in the event of falling interest rates, our Bank may face more challenges in retaining its customers if it is unable to offer competitive rates as compared with other banks in the market.

Our sources of funding have primarily been customer deposits, subordinated debt, money market borrowings and refinance assistance against eligible assets, and capital funds, including reserves and surpluses. Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of a reduction in spreads. In addition, attracting customer deposits in the Indian banking industry is competitive. The rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. If we fail to achieve or sustain continued growth of our deposit base, we may be forced to rely more heavily on more expensive sources of funding, such as the wholesale market, which could materially and adversely affect our profitability and business. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. Increases in interest rates applicable to our liabilities, in particular our inter-bank wholesale funding, without concurrent corresponding increases in interest rates applicable to our interest-bearing assets, may result in a decline in net interest income, which could materially and adversely affect our business and financial results.

In addition, as a result of the RBI-mandated reserve requirements, our Bank is also more structurally exposed to interest rate risks than banks in many other countries. Under the RBI regulations, the Bank's liabilities are subject to the statutory liquidity ratio ("SLR") requirement such that a minimum specified percentage, currently 18.50%, of a bank's net demand and time liabilities must be invested in Government securities and other approved securities. As of September 30, 2019, 81.74% of our total gross investments, were in government securities for SLR. Returns on these investments are dependent to a large extent on interest rates and valuation. As of September 30, 2019, 19.57% and 20.11% of our gross investments were held in the Available for Sale and the Held for Trading categories, respectively. For the securities in the Available for Sale and Held for Trading categories which are subject to market risk, we are required to mark to market at regular intervals and net depreciation is recognized and provided, while net appreciation is ignored. In respect of securities under the Held to Maturity category, we are not required to mark the same to market but are required to amortize the difference between acquisition cost and face value of the security over the residual maturity period of the security wherever the acquisition cost is greater than the face value.

For Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2018 and September 30, 2019, our Bank recorded interest income from treasury operations, ((profit/ loss) on sale of investments (net) and profit on exchange/derivative transactions (net)) of ₹12,241.91million, ₹13,158.24 million and ₹13,352.52 million, respectively, and ₹6,358.13 million and ₹8,790.17 million, respectively. The Bank's income from treasury operations is subject to substantial volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. For example, an increase in interest rates may have a substantial impact on the value of certain of the Bank's investments. Any significant or sustained decline in income generated from treasury operations resulting from market volatility may adversely impact the Bank's financial performance and the trading price of the Equity Shares.

We are subject to liquidity risk due to asset-liability mismatches. If we fail to maintain the growth in our customer deposits or if there is a significant decrease in customer deposits, our Bank's business, results of operations, financial condition and liquidity position could be materially and adversely affected.

We meet our funding requirements through short-term and long-term deposits from individual and large corporate and institutional depositors as well as wholesale interbank deposits. Currently, our Bank's primary source of funding is customer deposits, including demand deposits, savings deposits and term deposits. From March 31, 2017 to March 31, 2019, our total deposits grew from ₹345,880.91 million to ₹583,944.16 million. However, many factors affect the growth of deposits, some of which are beyond our Bank's control, such as economic and political conditions, availability of investment alternatives and individual customers' changing perceptions toward savings.

Matching the duration of our assets to our liabilities reduces our exposure to changes in interest rates. However, a significant portion of our assets (such as loans) have maturities with longer terms than our liabilities (such as deposits). As of March 31, 2019 and September 30, 2019, 83.15% and 81.83%, respectively, of our Bank's total funding (deposits and borrowings) consisted of deposits and 20.77% and 21.65% of such total funding, respectively, consisted of demand deposits and savings deposits. A significant portion of our Bank's loan assets are cash credits, overdrafts and loans repayable on demand, which are renewed periodically and create potential funding mismatches. As of March 31, 2019 and September 30, 2019, 70.95% and 68.09% of our total customer deposits (INR) and (FCY), respectively, had remaining maturities of one year or less, or were payable on demand, while 29.05% and 31.91% of our deposits, respectively, had remaining maturities of more than one

year. There is a mismatch between the maturities of our liabilities and the maturities of our assets. As of March 31, 2019 and September 30, 2019, our asset-liability gap for balance sheet items with residual maturity of less than one year was a negative gap of ₹26,615.09 million and a positive gap of ₹5,238.55 million, respectively. For more information, please see the section titled “*Selected Statistical Information*” on page 46.

Attracting customer deposits in the Indian market is competitive. The interest rates that we must pay to attract customer deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, availability of alternate investments, Indian monetary policy and inflation. The ongoing availability of deposits is sensitive to a variety of factors beyond the Bank’s control, such as general economic conditions and the confidence of commercial depositors in the economy and in the financial services industry, retail customers’ changing perceptions toward savings, competition between banks, and the availability and extent of deposit guarantees. Any of these factors could significantly increase the amount of commercial deposit withdrawals in a short period of time, thereby reducing the Bank’s ability to access commercial deposit funding on economically appropriate and reasonable terms, or at all, in the future.

In such event, the Bank may need to seek more expensive sources of funding, and it is uncertain whether the Bank will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. The Bank’s ability to raise additional funds may be impaired by factors over which it has little or no control, such as deteriorating market conditions or severe disruptions in the financial markets. The Bank cannot assure you that in the event of a sudden or unexpected shortage of funds in the banking system, it will be able to maintain levels of funding without incurring high funding costs, a reduction in the term of funding instruments or the liquidation of certain assets.

Moreover, the Bank could experience certain liquidity shortfalls and constraints under a stress testing scenario and has at times exhibited a relatively high credit-to-deposits ratio which could indicate dependence on borrowings for the Bank’s lending activities. Therefore, if we fail to maintain the growth rate of our deposits or if a substantial portion of our depositors withdraw their deposits or do not roll over their time deposits upon maturity, our Bank’s liquidity position, financial condition, results of operations, cash flows may be materially and adversely affected.

We operate in a highly competitive environment and our ability to grow depends on our ability to compete effectively. The grant of new banking licenses to private sector entities may materially and adversely affect our business, results of operations and financial condition.

The Indian banking industry is highly competitive. We face strong competition in all our lines of business from much larger Indian and foreign commercial banks, non-banking financial companies, insurance companies, mutual funds, financial service firms and other entities operating in the Indian financial sector. We compete directly with large Government-controlled public sector banks, major private sector banks and foreign banks with branches in India.

Public sector banks, which generally have a much larger customer and deposit base, larger branch networks and Government support for capital augmentation, pose strong competition to us. In April 2017, SBI merged with its five associate banks and the Bharatiya Mahila Bank. Thereafter, the GoI announced the amalgamation of three public sector banks, Bank of Baroda, Vijaya Bank and Dena Bank, which became effective from April 1, 2019. In Fiscal 2019, the ownership of a public sector bank, IDBI Bank, was acquired by LIC, following which IDBI Bank was reclassified as a private sector bank by RBI. In Fiscal 2020, the GoI announced several additional mergers of public banks: Canara Bank’s merger with Syndicate Bank; United Bank of India’s merger with Oriental Bank of Commerce and Punjab National Bank; Andhra Bank’s merger with Corporation Bank and Union Bank of India; and Allahabad Bank’s merger with Indian Bank. Such mergers amongst public sector banks may result in enhanced competitive strengths in pricing and delivery channels for the merged entities. Further, a number of the private sector banks in India have a larger customer base and greater financial resources than us, giving them a substantial advantage by enabling economies of scale and improving organizational efficiencies.

RBI has released guidelines with respect to a continuous licensing policy for universal banks as compared to its earlier practice of intermittently issuing licenses. RBI has also demonstrated an intention to allow small finance banks to apply for a universal banking license under this framework. These developments may increase the number of players in India’s banking space. Our Bank also faces competition from foreign banks that have established branches in India and have aggressively pursued a share of business in the market. Competition from foreign banks may increase as RBI has indicated that it plans to give greater access to foreign banks in the Indian market. Such deregulation may result in our Bank facing increasing competition in the raising of funds from market sources and individual depositors. For example, recent deregulation of interest rates on savings deposits has resulted in certain banks increasing such interest rates. Deregulation has also lowered entry barriers for new

categories of players in India's private banking industry, such as small finance banks and payments banks, which has increased competitive pressures on the Bank

Further, technology innovations in mobilization and digitization of financial services require banks to continuously develop new and simplified models for offering banking products and services. This could increase competitive pressures on banks, including us, to adapt to new operating models and upgrade back-end infrastructure on an ongoing basis. There is no assurance that we will be able to continue to respond promptly to new technology developments and be in a position to dedicate resources to upgrade our systems and compete with new players entering the market.

In addition, we may face attrition and difficulties in hiring at senior management and other levels of appropriate skill and expertise due to competition from existing Indian and foreign banks, as well as new banks entering the market. Due to such intense competition, we may be unable to execute our growth strategy successfully and offer competitive products and services that generate reasonable returns, reduce our currently high operating costs and retain our competitive advantage, which could negatively impact our profit margins and materially and adversely affect our business and financial results.

In addition, new entrants into the financial services industry, including companies in the financial technology sector, may further intensify competition in the business environments, in which we operate. As a result, we may be forced to adapt our business to compete more effectively. There can be no assurance that we will be able to respond effectively to current or future competition from such companies or that the technological investments we make in response to such competition will be adequate or successful. Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services (whether current or new offerings) at reasonable returns and this may adversely impact our business. If we are unable to retain and attract new customers, our revenue and net profits will decline, which could materially adversely affect our financial condition.

All of the foregoing factors may result in a material adverse effect on our business, results of operations and financial condition.

Our recent growth may not be indicative of our future performance and we may not be able to continue or improve our recent performance levels.

Our Bank has a 76 year operating history, but we have undertaken a transformational journey over the past decade of reshaping a traditional bank into a new modern banking business with a clear growth strategy since Fiscal 2017 called "Vision 2020". As part of our Vision 2020 strategy, we have invested substantially in:

- strengthening our board and management team;
- developing our business lines including acquisition of new customers;
- enhancing our distribution network including growing our branch and ATM network as well as internet and mobile banking;
- introducing several new products and services;
- increasing our presence in 'Mass Banking' through internal efforts, partnerships and acquisitions;
- integrating acquired businesses like RBL Finserve Ltd. (formerly Swadhaar Finserve Pvt. Ltd);
- developing our human resource capabilities;
- developing IT systems and operational capabilities to manage our business and growth; and
- developing our capital base including our Shareholder base and other funding sources.

During the past three fiscal years, our total income has grown substantially from ₹44,686.21 million in Fiscal 2017 to ₹77,430.76 million in Fiscal 2019, which represents a CAGR of 31.63% for the period. Our interest expense has increased from ₹24,918.24 million in Fiscal 2017 to ₹37,612.28 million in Fiscal 2019, which represents a CAGR of 22.85% for the period. While our business has grown, our operating expenses have also increased from ₹10,563.86 million in Fiscal 2017 to ₹20,420.16 million in Fiscal 2019, which represents a CAGR of 39.03% for the period. In the six months ended September 30, 2019, our total income was ₹50,715.61 million, our interest expense was ₹24,628.07 million and our operating expenses were ₹13,541.30 million. Our deposits grew from ₹345,880.91 million at the end of Fiscal 2017 to ₹583,944.16 million at the end of Fiscal 2019, which represents a CAGR of 29.93% for the period. Our advances (net) grew from ₹294,490.39 million at the end of Fiscal 2017 to ₹543,082.43 million at the end of Fiscal 2019, which represents a CAGR of 35.80% for the period.

The significant growth in income and expenses as well as significant balance sheet growth during the past three fiscal years may not be indicative of our future performance or future growth. Accordingly, our results of operations, cash flows and financial condition for any prior periods may not be an indication of our future financial

performance and condition. The business and future prospects of our Bank should be considered in light of the risks, uncertainties and challenges that we may face as we develop into a modern bank operating in a fast growing and competitive financial services industry in India.

We may not be able to maintain or grow our CASA ratio in accordance with our strategy.

As of March 31, 2017, 2018 and 2019 and September 30, 2019, our CASA ratio (determined as the sum of demand deposits and saving deposits divided by total deposits) was 21.98%, 24.32%, 24.98% and 26.45%, respectively. Our strategy has been to grow our CASA ratio each fiscal year, which we believe can be achieved through expanding our client relationships, growing our multi-channel distribution network (including by adding more branches), improving our business mix, introducing new products and improving the service quality and efficiency of our non-branch delivery channels. However, attracting customer deposits in the Indian market is competitive. The interest rates that we must pay to attract customer deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. We have taken advantage of the liberalization of interest rates by RBI by offering attractive interest rates on our savings products. However, there is no assurance that we will be successful in growing our CASA base. If we fail to maintain or grow our CASA ratio, our Bank's business, results of operations, financial condition and liquidity position may be materially and adversely affected.

Our business, results of operations and financial condition could be materially and adversely affected if we are unable to successfully execute our business and growth strategies and manage our growth effectively.

We continue to develop and implement a number of growth initiatives to become more competitive as part of our business and growth strategies including our strategy. In the past five years, we have expanded our products and services portfolio, scaled up our core business verticals, enhanced our distribution network and continued to improve our IT systems. We are also making efforts to broad base growth in our asset portfolio and broaden our geographic profile. However, there can be no assurance that we will be able to continue to successfully implement our growth strategies in a timely manner or at all, or that any of our new products and services will gain customer acceptance. We have in the past set targets for our business growth and enjoyed significant growth in the recent past. We will continue to set growth targets in the future; however, there can be no assurance that we will meet our current targets or any future targets or that our recent growth will continue and, if it does continue, that it will continue at a similar rate.

Our ability to sustain and manage growth depends primarily upon our ability to manage key operational issues, such as recruiting and retaining skilled personnel, establishing additional branches, developing and marketing profitable products and services to cater to the needs of our existing and potential customers in our current markets, improving our risk management systems to monitor our newer businesses, maintaining and, in a timely manner, upgrading an effective technology platform, developing a knowledge base to face emerging challenges and ensuring a high standard of customer service. Sustained growth puts pressure on our ability to effectively manage and control historical and emerging risks. The expansion of our business activities also exposes us to a number of risks and challenges, including making incorrect judgments or assumptions as to customer acceptance of any new products and services, limited or no experience in certain new business activities, recruiting and training personnel to handle new and existing business activities and enhancing and expanding our risk management and information technology systems to effectively manage the risks associated with these new business activities, products and services.

Our ability to sustain and manage growth is also affected by factors outside of our control, such as economic growth in India, changes in regulatory policies, changes in customer demand for loans and changes in interest rates. We may not be able to successfully maintain growth rates due to unfavourable changes in any one or more of the aforementioned factors. Our inability to effectively manage any of these operational issues or react to external factors may materially and adversely affect our business, prospects, financial condition, cash flows and results of operations, as well as the market price of our Equity Shares.

Our success depends largely upon our management team and skilled personnel and our ability to manage attrition as well as to attract and retain personnel.

Our transformation from a traditional bank into a modern bank was led by Vishwavir Ahuja, our Managing Director and CEO, and supported by members of our professional and experienced management team. We believe that the breadth of experience of our management team coupled with their in-depth knowledge of banking operations and management provides the anchor to continue building a robust and sustainable organization. Our management's capabilities, reputation, extensive network of industry relationships and extensive experience in the finance and banking industry are the key to our growth, modernization and development. We rely heavily on the expertise and experience of our key management personnel. Our ability to maintain our strategic direction,

manage our current operations and meet future business challenges depends, among other things, on their continued employment and ability to formulate new strategic policies, and our ability to attract and recruit talented and skilled personnel in key managerial positions throughout our organization.

Our performance and success depend largely on our ability to nurture and retain the continued service of our management team and skilled personnel. There is significant competition for management and other skilled personnel in the banking industry. Any increase in our attrition levels may add to our personnel expenditure. In order to align employee interests with our Bank and create incentives for long-term ownership and commitment, we have adopted a number of employee stock option programs, which covered approximately 21.04% of our employees as of September 30, 2019. Despite our efforts, there is no assurance that we will not lose our key management personnel to competitors that may offer more competitive remuneration packages and other benefits. Our failure to retain our management team and skilled personnel or attract new talent to aid our growth and carry out our strategies could materially and adversely affect our business, results of operations and financial condition.

Our business is highly dependent on our information technology systems, which require significant investment for regular maintenance, upgrades and improvements. We also face cyber threats, such as hacking, phishing and trojans, that may attempt to exploit our network. Therefore, if we are unable to adapt to rapid technological changes, or if there is any breach of our information technology systems or any failure of such systems to perform as expected, our business, reputation and ability to service our customers could be adversely affected.

Our information technology systems are a critical part of our business that help us manage, among other things, our risk management, regulatory compliance, deposit servicing and loan origination functions, as well as our increasing portfolio of products and services in all our business segments. In particular, the secure transmission of confidential information is critical to our operations. Moreover, we increasingly offer to our customers' technology-enabled banking channels, such as mobile and internet banking services, through which our customers directly handle a variety of transactions.

There is no warranty under our information technology license agreements that the relevant software or system is free of interruptions, will meet our requirements and be suitable for use in any particular condition. Any technical failures associated with our information technology systems or network infrastructure, including those caused by power failures and breaches in security caused by computer viruses and other unauthorized tampering, may cause interruptions or delays in our ability to provide services to our customers on a timely basis or at all, and may also result in costs for information retrieval and verification. Corruption of certain information could also lead to errors when we provide services to our customers. Any failure on the part of third party vendors under agreements with us to provide products and services, including software that enables our operations, or to appropriately maintain such products and services under annual maintenance contracts, may adversely affect our functioning and operations. In the event of failure on the part of these third party vendors, their liabilities towards us usually do not exceed a certain percentage of the total fee paid by us and they will not be liable to us for any loss of profits or revenue or any consequential or indirect loss, which in turn exposes us to higher risks in using these software and systems. In addition, we may be subject to liability as the result of any theft or misuse of personal information stored on our systems or on the systems of our outsourcing service providers. Any of these outcomes could adversely affect our business, our reputation and the quality of our customer service.

Our networks and systems may be vulnerable to unauthorized access and other security problems, including various cyber threats, such as phishing and trojans (targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt exfiltration of account sensitive information), hacking (wherein attackers seek to hack into our website with the primary intention of causing a reputational damage to us by disrupting services), and data theft (wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information). To address these issues and attempt to minimize the risk of security breaches, we employ security systems, including firewalls, security information and event management and intrusion prevention and detection systems, conduct periodic vulnerability assessments, penetration testing and compliance audits for identification and assessment of potential vulnerabilities and use encryption technology for transmitting and storing critical data, such as passwords. Despite implementation of these systems, we cannot assure you that our existing security measures will prevent unforeseeable security breaches, including break-ins, viruses, cyber threats, or other disruptions such as those caused by defects in hardware or software and errors or misconduct of operators. Persons who circumvent our security measures could use our clients' confidential information wrongfully or otherwise compromise the integrity of information stored in and transmitted through these computer systems and networks. There can be no assurance that our use of encrypted password-based protections and firewalls are adequate to prevent fraud or the invasion or breach of the network by an intruder. Any material security breach or other disruptions could expose us to losses and regulatory actions and could harm our reputation, and may adversely affect our business, results of operations and financial condition.

We have a data centre in Mumbai and a Disaster Recovery Site in Chennai as part of our technology-enabled business. In addition, we have established a disaster recovery and a business continuity plan to ensure continuity of operations and minimal disruption to customer services, which are tested and reviewed to ensure their effectiveness to mitigate unforeseen risks arising out of disruptions. However, any failure in our systems, particularly those utilized for our retail products and services and DB&FI due to the occurrence of calamities such as floods, fire, earthquakes and cyclones that affect areas in which we have a significant presence, could adversely affect our operations and the quality of our customer service.

We need to regularly upgrade and improve our information technology systems, including our software, back-up systems and disaster recovery operations, 'Continuous Availability Architecture', which will involve multi-site deployment of applications resulting in higher uptime and resilience at substantial cost so that we remain competitive. Our success will also depend, in part, on our ability to respond to new technological advances and emerging banking, capital market and other financial services industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. The high cost to upgrade and improve our information technology systems, whether to comply with changes in regulatory requirements, to remain competitive or otherwise, could be prohibitive due to the relatively small size of our Bank. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or improving market standards. There is also the risk of our customers incorrectly blaming us and terminating their accounts with us for a cyber-incident which might have occurred on their own system or with that of an unrelated third party. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and possible related financial liability. Any failure to improve or upgrade our information technology systems effectively or in a timely manner could materially and adversely affect our business, results of operations or financial condition.

We may not adequately assess, monitor and manage risks inherent in our business, and any failure to manage risks could adversely affect our business, financial position or results of operations.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk (including fraud), foreign exchange risk, technology risk and legal risk (including actions taken by our own employees). The effectiveness of our risk management is limited by the quality and timeliness of available data and other factors outside of our control. For example, our hedging strategies and other risk management techniques may not be fully effective in mitigating risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. As part of our ordinary decision making process, we rely on various models for risk and data analysis. These models are based on historical data and supplemented with managerial input and comments. There are no assurances that these models and the data they analyse are accurate or adequate to guide our strategic and operational decisions and protect us from risks. Any deficiencies or inaccuracies in the models or the data might have a material adverse effect on our business, financial condition or results of operation. Additionally, management of operational, legal or regulatory risk requires, among other things, policies and procedures to ensure certain prohibited actions are not taken and to properly record and verify a number of transactions and events. Although we believe we have established such policies and procedures, they may not be fully effective, and we cannot guarantee that our employees will follow these policies and procedures in all circumstances. Unexpected shortcomings in these policies and procedures or a failure to follow them may have a materially adverse effect on our business, results of operations and financial condition. Our future success will depend, in part, on our ability to respond to new technological advances and emerging banking and finance industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt its transaction-processing systems to customer requirements or emerging market standards. Failure to properly monitor, assess and manage risks, could lead to losses which may have an adverse effect on our business, results of operations or financial condition.

We are currently involved and, in the future, may be involved in legal proceedings, which may materially and adversely affect us.

We are, and may in the future be, a party to various legal proceedings incidental to our business and operations. For further details in relation to the material and certain other legal proceedings involving our Bank, see "Legal Proceedings" on page 270. We cannot assure you that these legal proceedings will be decided in our favour. Such litigation could divert management time and attention and consume financial resources in their defence or

prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our reputation, business, results of operations and financial condition could be adversely affected.

We may be not in compliance with certain provisions of the Banking Regulation Act with respect to composition of our Board of Directors.

The composition of our Board is governed by the provisions of the Banking Regulation Act. The Banking Regulation Act prescribes a number of requirements to the board of directors of banking companies, including a requirement for a minimum percentage of directors to have specialised knowledge or practical experience in the areas listed therein and a requirement for prior approval of RBI for the appointment of the chairman or a managing director or a whole-time director. We may be unable to comply with such provisions at all times. If we are found to be in violation of the provisions of the Banking Regulation Act, we may be subjected to penalties prescribed therein and may also be required to undertake other steps, including reconstitution of our Board, which could divert management time and attention and have a material adverse effect on our business, finances and results of operations, as well as on our reputation. Presently, the Anti-fraud Committee of our Bank does not have the requisite number of Directors as required in terms of RBI circular dated July 1, 2016.

Further, the composition of our Board is also governed by the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. In terms of the SEBI Listing Regulations, with effect from April 1, 2019, top 500 listed companies in terms of market capitalization, are required to appoint at least one woman independent director on their board. We were in non-compliance with this requirement in the past, and have received notices from the Stock Exchanges, and been subject to penalty, which we have paid.

We are required to maintain cash reserve ratios (“CRRs”) and statutory liquidity ratios (“SLRs”). Any increase in these requirements could adversely affect our business.

Under RBI regulations, we are subject to a CRR requirement. The CRR is a bank’s balance held in a current account with RBI calculated as a specified percentage of its net demand and time liabilities, excluding interbank deposits. The CRR currently applicable to banks in India is 4.00% and banks do not earn any interest on those reserves.

In addition, under the Banking Regulation Act, all banks operating in India are required to maintain an SLR. The SLR is a specified percentage of a bank’s net demand and time liabilities by way of liquid assets such as cash, gold or approved unencumbered securities. Approved unencumbered securities consist of unencumbered Government securities and other securities as may be approved from time to time by RBI and would earn lower levels of interest as compared to advances to customers or investments made in other securities. In its Statement on Developmental and Regulatory Policies dated December 5, 2018, as a part of a transition to comply with the LCR requirement of 100.00% by January 1, 2019, RBI reduced the SLR by 0.25% every calendar quarter from 19.50% of net demand and time liabilities to 19.25% from January 5, 2019 and eventually to 18% from April 11, 2020. For the Fiscal 2019, all Government securities held by us comprised fixed income bonds. In an environment of rising interest rates, the value of Government securities and other fixed income securities may depreciate. Our portfolio of Government securities may limit our ability to deploy funds into higher yielding investments. Further, a decline in the valuation of our trading book as a result of rising interest rates may adversely affect our business, results of operations and financial condition. As a result of the statutory requirements imposed on us, we may be more structurally exposed to interest rate risk as compared to banks in other countries.

Further, RBI may increase the CRR and SLR requirements to significantly higher proportions as a monetary policy measure. Any increases in the CRR from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative impact on our results of operations. If we are unable to meet the requirements of RBI, RBI may impose penal interest or prohibit us from receiving any further fresh deposits, which may have a material adverse effect on our business, results of operations and financial condition.

Our Bank was exposed to the economic slowdown as a result of the crisis in the Non-Banking Financial Companies sector which started in the second half of Fiscal 2019 and similar liquidity crises that may affect the Indian banking and financial services sector may adversely affect our business, results of operations and financial condition.

The crisis related to the performance of Non-Banking Financial Companies (“NBFCs”), which began in August 2018, brought market focus on the NBFC sector (including housing finance companies or HFCs) especially with regard to their exposures, quality of assets and asset-liability mismatches. (Source: RBI, Financial Stability

Report, June 2019). As per RBI the liquidity stress in NBFCs reflected in the September 2018 to December 2018 period was due to an increase in funding costs and also difficulties in market access in some cases. (Source: RBI, Financial Stability Report, June 2019).

The NBFC crisis reduced consumption demand and adversely affected market sentiment in second half of Fiscal 2019 and has continued into Fiscal 2020. As economic activities decelerated in the second half of Fiscal 2019 due to a slowdown in both public and private consumption, GDP growth estimates were revised downwards.

We do not believe that we experienced any material increase in NPAs directly due to the NBFC crisis; however, our business has been adversely affected by the slowdown in the Indian economy in the second half of Fiscal 2019 and Fiscal 2020. If India's banking and financial services sector experience similar liquidity crises or market disruption in the future for any reason, our business, results of operations and financial condition may be adversely affected.

We are subject to capital adequacy norms and are required to maintain a CRAR at the minimum level required by RBI for domestic banks.

According to the terms and conditions of our banking license, RBI requires us to maintain a minimum CRAR of 10.875% (including capital conservation buffer) as of date and as of March 31, 2020 we will be required to maintain a minimum CRAR of 11.50%. In addition, RBI issued the RBI Basel III Capital Regulations on May 2, 2012 pursuant to our Bank for International Settlement's Basel III international regulatory framework and was implemented on April 1, 2013. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I capital. The RBI Basel III Capital Regulations also set out elements of regulatory capital and the scope of the capital adequacy framework, including disclosure requirements of components of capital and risk coverage. The transitional arrangements for the implementation of Basel III capital regulations in India began on April 1, 2013 and the guidelines are required to be fully implemented by March 31, 2020. Pursuant to the notification by RBI dated January 10, 2019, RBI deferred the implementation of the last tranche of 0.625% of capital conservation buffer from March 31, 2019 to March 31, 2020. In accordance with the Basel III capital regulations, we are required to maintain a minimum CET-I capital ratio of 5.50%, a minimum Tier I CRAR of 7.00% and a capital conservation buffer of 2.50% of its risk weighted assets. For a description of RBI's capital adequacy guidelines, see "Key Regulation and Policies" on page 160.

As of September 30, 2019, our capital adequacy ratio under the RBI Basel III Capital Regulations was 11.88%, with a Tier I capital adequacy ratio of 10.86%, a Tier II capital adequacy ratio of 1.02% and CET 1 capital adequacy ratio of 10.86%. Our capital adequacy ratio under the RBI Basel III Capital Regulations as of March 31, 2017, March 31, 2018 and March 31, 2019 were 13.72%, 15.33% and 13.46%, respectively, with a Tier I capital adequacy ratio of 11.39%, 13.61% and 12.10%, respectively, a Tier II capital adequacy ratio of 2.33%, 1.72% and 1.36%, respectively, and CET 1 capital adequacy ratio of 11.39%, 13.61% and 12.10%, respectively. Although we currently exceed the applicable capital adequacy requirements, certain adverse developments could affect our ability to satisfy these requirements in the future, including deterioration in our asset quality, decline in the value of our investments and our inability to meet any regulatory requirements or changes. The regulatory minimum CET1, including capital conservation buffer, will be 8% as on March 31, 2020.

We are exposed to the risk of RBI increasing the applicable risk weight for different asset classes from time to time. In addition, with the approval of RBI, banks in India may migrate to advanced approaches for calculating risk-based capital requirements in the medium term. If we fail to meet capital adequacy requirements, RBI may take certain actions, including restricting our lending and investment activities, and the payment of dividends by us.

Further, continued compliance requirements with Basel III or other capital adequacy requirements imposed by RBI may result in the incurrence of substantial compliance and monitoring costs. Moreover, if the Basel Committee releases additional or more stringent guidance on capital adequacy norms which are given the effect of law in India in the future, we may be forced to raise or maintain additional capital in a manner which could materially adversely affect our business, results of operations and financial condition. There can be no assurance that we will be able to comply with such requirements or that any breach of applicable laws and regulations will not have a material adverse effect on our business, results of operations and financial condition.

We have concentration in certain states and, therefore, are dependent on the general economic conditions and activities in these areas. Additionally, we may not be successful in expanding our operations to other parts of India.

As of September 30, 2019, our operations in Maharashtra, NCR, West Bengal, Karnataka and Tamil Nadu together contributed 79.50% to our business (advances and deposits). Any disruption, disturbance or breakdown in the economy of these regions could adversely affect our business, results of operations and financial position. Although our geographic concentrations have been decreasing in recent years, we remain exposed to any adverse geological, ecological, economic, social and/or political circumstances in these regions as compared to other public and private sector banks that have a more diversified national or international presence. If there is a sustained downturn in the economies of or a sustained change in consumer preferences in those regions, our business, results of operations and financial position may be materially and adversely affected.

Additionally, we face risks with our operations in geographic areas in which we do not possess the same level of recognition and familiarity with the economic condition, consumer base and commercial operations. In addition, our competitors may already have established operations in these areas, and we may find it difficult to attract customers in such new areas and successfully compete. We may not be able to successfully manage the risks of such an expansion, which could have a material adverse effect on our business, results of operations and financial condition.

Our Bank has a higher concentration of loans to certain borrowers, borrower groups and industry sectors and if a substantial portion of these loans become non-performing, the overall quality of the Bank's loan portfolio, the Bank's business, results of operations and financial condition could be adversely affected.

Our Bank calculates the level of its exposure to any particular industry or customer in accordance with the guidelines established by RBI. The top five industry sectors in the Bank's gross loan portfolio are chemicals, infrastructure, food processing, construction and engineering, which represented 4.56%, 4.29%, 3.03%, 2.13% and 2.11%, respectively, of its total advances as of September 30, 2019 and 0.3%, nil, 22.5%, 1.63% and 3.78%, respectively, of its total gross non-performing asset portfolio as of September 30, 2019.

Accordingly, our Bank may risk overexposure to particular industry sectors. There are uncertainties in respect of certain sectors of the Indian economy due to global and domestic economic conditions and high corporate leverage, and any significant deterioration in the performance of a particular sector, driven by events not within the Bank's control, such as worsened economic conditions, regulatory action or policy announcements by Government or State Government authorities, could adversely impact the ability of borrowers in that industry to service their debt obligations to the Bank. As a result, our Bank could experience increased delinquency risk which may adversely impact the Bank's business, results of operations and financial condition.

Our Bank is also exposed to large loan concentrations with a few borrowers. As at March 31, 2019 and September 30, 2019, aggregate credit exposure (including derivative exposure) to the Bank's 20 largest borrowers (fund and non-fund based) amounted to ₹102,634.43 million and ₹97,657.60 million respectively, representing 127.91% and 122.74% respectively of the Bank's total capital (comprising Tier I capital and Tier II capital). The Bank's single largest borrower (fund and non-fund based) on such dates had a loan balance of ₹9,500.00 million and ₹8,900.00 million respectively, representing 11.09% and 11.94% respectively of the Bank's total capital (comprising Tier I capital and Tier II capital), which is below the 15% limit imposed by RBI. Any default by these borrowers or deterioration in the credit quality of these assets could have a significant adverse effect on the Bank's business, results of operations and financial condition.

We have a concentration of deposits from certain depositors, which exposes us to liquidity risk, the crystallization of which could materially and adversely affect our business, results of operations, financial condition and liquidity position.

As of March 31, 2017, 2018 and 2019 and September 30, 2019, our Bank's total deposits were ₹345,880.91 million, ₹439,022.64 million, ₹583,944.16 million and ₹628,291.33 million, respectively. As of March 31, 2017, 2018 and 2019 and September 30, 2019, our Bank's top 20 depositors constituted 21.41%, 19.27%, 18.41% and 23.39%, respectively, of our total deposits. If any or a substantial number of our top 20 depositors withdraw their deposits or do not roll over their time deposits upon maturity, we may be required to seek more expensive sources of funding, including paying higher interest rates in order to attract and/or retain further deposits, and we cannot assure you that we will be able to obtain additional funding on commercially reasonable terms as and when required. In such an event, our Bank's business, results of operations, financial condition and liquidity position may be materially and adversely affected.

We are exposed to higher NPA concentrations due to the size of our corporate loans, the nature of our micro, small and medium-sized enterprises loans, and our loans to priority sectors.

As the average size of the corporate loans in our loan portfolio is substantially larger than the average size of our retail loans, any major default in our C&IB loan portfolio could significantly impact our overall portfolio of assets. Moreover, not only are corporate loans larger in size on average, but they also make up a larger portion of our overall loan portfolio than retail loans, meaning the potential risk is increased by large loans making up a large portion of our portfolio. Although we are in the process of rebalancing our portfolio for less corporate loans in favour of more retail loans in order to diversify, there can be no assurance that we will complete this process in a timely manner, or at all. Until such time, we have a disproportionate amount of exposure to corporate loans. If we are unable to successfully monitor and manage our portfolio, in particular with respect to corporate loans, including during economic downturns, our asset quality, results of operations and financial condition, could be materially and adversely affected. Adverse asset quality, lower return on equity and return on assets resulting from higher Gross NPAs and Net NPAs may continue in the future and have a material adverse effect on our business, results of operations and financial condition.

Further, our Retail Assets advances portfolio has grown from ₹71,220.06 million as of March 31, 2017 to ₹164,677.54 million as of March 31, 2019, which represents 24.18% and 30.32% of our total net advances. Given the nature of the targeted borrowers, retail banking and medium, small and micro enterprises advances, a large portion of which are unsecured, may carry a higher risk of delinquency if there is a prolonged recession or a sharp rise in interest rates. As a result, we may be required to increase our provision for defaulted advances.

In addition, we are required by RBI regulations to extend a minimum aggregate of 40.00% of our adjusted net bank credit (“ANBC”) or credit equivalent amount of off-balance sheet exposure, whichever is higher, to certain eligible “priority sectors”, such as agriculture, MSMEs, export credit, education, housing, social infrastructure and renewable energy. For more information on our priority sector advances see “*Selected Statistical Information*” on page 46. Economic difficulties may affect borrowers in priority sectors more severely. Economic downturns experienced in priority sectors could further increase our level of NPAs. There can be no assurance that the percentage of NPAs that we will be able to recover will be similar to our past experience of the recoveries of NPAs. Any deterioration or significant increase in our NPAs portfolio would adversely affect our business, results of operations and financial condition.

There can be no assurance that the amount of non-performing assets that we will be able to recover within these concentrated categories will be similar to our past experience of recoveries of non-performing assets. If we are not able to adequately control or reduce the level of concentration of our NPAs, the overall quality of our loan portfolio could deteriorate, which may have a material adverse effect on our business, results of operations and financial condition.

We have previously been fined by RBI due to non-compliance with know-your-customer (KYC) and anti-money laundering (AML) norms under FEMA. Any non-compliance with mandatory AML and KYC policies could expose us to additional liability and harm our business and reputation.

In accordance with the requirements applicable to banks, we are mandated to comply with applicable anti-money laundering (“AML”) and know your customer (“KYC”) regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. For further details, see “*Key Regulation and Policies – Global - Regulations Relating to Know Your Customer and Anti-Money Laundering*” on page 168. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our banking networks for illegal money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities.

On July 15, 2016, RBI charged our Bank with a penalty of ₹10 million for lapses in adhering to the RBI guidelines with respect to import of goods and services, lapses in adhering to provisions of the master circular on KYC/AML with respect to ongoing monitoring of certain customer transactions, diligence of the beneficiaries of foreign exchange remittances and filing of suspicious transaction reports with the Financial Intelligence Unit – India, in this regard.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance, and have taken the necessary corrective measures, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected

or reported to the appropriate authorities in compliance with applicable regulatory requirements.

A further downturn in the real estate market could result in losses and adversely affect our profitability.

As of March 31, 2019 and September 30, 2019, our exposure to the real estate sector including direct and indirect exposure amounted to ₹ 50,088.70 million and ₹ 53,750.92 million, respectively, representing 5.57% and 5.88%, respectively, of our gross credit portfolio. In addition, our Bank has a portfolio of business loans in its retail assets segment which are collateralized by property. The real estate collateral in each case provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. The economic slowdown in India has adversely affected real estate market values across India and values may continue to decline. A further decline in real estate values could further impair the value of our collateral and our ability to sell the collateral upon any foreclosure, which would likely require us to increase our provision for such loans. In the event of a default with respect to any of these loans, the amounts we receive upon sale of the collateral may be insufficient to recover the outstanding principal and interest on the loan. In addition, real estate collateral is often not as liquid as other forms of collateral and take time to sell, which may reduce its value over time or may require us to sell such collateral at a discount. If we are required to re-value the collateral securing a loan to satisfy the debt during a period of reduced real estate values or to increase our allowance for loan losses, which could have a material adverse effect on our business, results of operations and financial condition.

Our Bank may not be able to effectively manage the growth of its non-wholesale asset portfolio and maintain the quality of its non-wholesale loan portfolio.

The Bank's non-wholesale portfolio, which is generally unsecured, has experienced significant growth in recent years. Total non-wholesale net advances grew from ₹ 112,439.61 million as of March 31, 2017 to ₹ 161,181.34 million as of March 31, 2018, ₹ 240,790.70 million as of March 31, 2019 and ₹ 280,051.16 million as of September 30, 2019. The Bank's failure to effectively manage the recent or future growth of its non-wholesale portfolio and maintain the quality of the loan portfolio could adversely affect the Bank's financial condition and results of operation. Competition in the non-wholesale segment is high and the Bank's ability to effectively compete in this segment will depend, in part, on its ability to offer a diverse product mix and expand its distribution capabilities. Although India has a credit bureau industry and our Bank reviews credit history reports whenever they are available from credit bureaus, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. As a result, the Bank's credit risk exposure is higher compared with banks operating in more developed markets. Additionally, the economy in India is largely cash based, making it difficult for our Bank to monitor the credit of its non-wholesale customers, who frequently do not maintain formal financial records. Furthermore, these loans may carry a higher risk for delinquency if there is an increase in unemployment, prolonged recessionary conditions or a sharp rise in interest rates. As a result, our Bank is exposed to higher credit risk in these segments as compared to banks in more developed markets. If the Bank's screening process proves to be inadequate, it may experience an increase in impaired loans, and it may be required to increase its provision for defaulted loans. If our Bank is unable to maintain the quality of its non-wholesale loan portfolio as our Bank grows its business, its NPAs may increase, which could materially and adversely affect the Bank's business, results of operations and financial condition.

If we are unable to manage the significant risks and challenges that we face in our fee income businesses, our business, results of operations and financial results could be adversely affected.

Our fee income primarily consisting of commission, exchange and brokerage income was ₹4,912.49 million, ₹7,225.91 million, ₹11,656.05 million and ₹6,974.16 million for Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, respectively. This represents 24.85%, 25.49%, 29.27% and 26.73% of our total net income for Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, respectively.

We earn fee-based income from corporate banking and advisory services, which include origination and syndication of loans, and loan processing fees and are provided to large and medium-sized companies. Our corporate banking activities are generally susceptible to sustained adverse economic conditions in India or abroad.

Our fee income from our credit cards business is a significant part of our fee based income and includes fees from origination, customer spends, loan processing fees. We also earn fee-based income from our foreign exchange and treasury operations business, which include origination and syndication of debt, management of foreign currency and interest rate exposure of our corporate and business banking customers. As part of our foreign exchange and treasury operations business, we may from time to time hold assets on our balance sheet which may subject us to market risk and credit risk. There can be no assurance that we will be able to sustain current levels

of income from, or effectively manage the risks associated with, these businesses in the future.

Further, as part of our growth strategy, we have been diversifying and expanding our product and service offerings to retail customers in order to build a more balanced portfolio. New initiatives, products and services entail a number of risks and challenges, including risks relating to execution, the failure to identify new segments, the inability to attract customers and the inability to make competitive offerings. If we are unable to successfully diversify our products and services while managing the related risks and challenges, returns on such products and services may be less than anticipated, which may materially and adversely affect our business, results of operations and financial condition. In addition, some of our new products and services offerings or new business lines may not deliver the expected results and we may incur losses from them.

There is no assurance that we can continue to generate or maintain the growth of our fee income. If we are unable to successfully diversify our products and services while managing the attendant risks and challenges, returns on such products and services may be less than anticipated, which could have a material adverse effect on our business, results of operations and financial condition.

We may pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which could involve a number of risks.

As part of our growth strategy, we will continue to explore strategic opportunities across our banking businesses that expand our product portfolio, build on our existing distribution capabilities, or give us a presence in complementary markets. We will pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which are expected to strengthen our competitive position as well as drive profitable income and balance sheet growth. For instance, we acquired certain Indian businesses of the RBS, including the RBS's business banking, credit card and mortgage portfolio businesses, in Fiscal 2014. In Fiscal 2019, we acquired 100% of the share capital of RBL Finserve (formerly Swadhaar FinServe Private Limited) following an acquisition of a minority stakes in Fiscal 2018 and Fiscal 2017. For more information on RBL Finserve, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Our acquisition of RBL Finserve and Consolidated Results*" on page 178.

We cannot assure you that we will be able to consummate any future investments or acquisitions. Our investments and acquisitions may be subject to the RBI approval and involve a number of risks, including:

- diversion of management's attention and resources to the assimilation of the acquired companies and their employees and to the management of expanding operations;
- integration of acquired businesses with our Bank;
- problems associated with maintaining relationships with employees and customers of acquired businesses;
- increasing demands on our operational systems;
- ability to integrate and implement effective disclosure controls and procedures and internal controls at acquired businesses;
- possible adverse effects on our reported operating results, particularly during the first several reporting periods after such acquisitions are completed, including impact on the carrying cost of these investments/acquisitions as prescribed by RBI; and
- the loss of key employees and the difficulty of presenting a unified corporate image.

We may become responsible for unexpected liabilities that we failed or were unable to discover in the course of performing due diligence in connection with historical acquisitions and any future acquisitions. We have typically required sellers to indemnify us against certain undisclosed liabilities. We, however, cannot assure you that indemnification rights we have obtained, or will in the future obtain, will be enforceable, collectible or sufficient in amount (which are often capped to specified sums), scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, results of operations and financial condition.

In addition, we may not be able to successfully integrate future acquisitions without substantial costs, delays or other problems. The costs of such integration could have a material adverse effect on our operating results and financial condition. In light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual condition of these businesses. Until we actually assume operating control of such businesses

and their assets and operations, we may not be able to ascertain the actual value or understand the potential liabilities of the acquired or invested entities and their operations. Furthermore, we may not realize all of the cost savings and synergies we expect to achieve from our current strategic initiatives due to a variety of risks, including, but not limited to, difficulties in integrating shared services with our business, higher than expected employee severance or retention costs, higher than expected overhead expenses, delays in the anticipated timing of activities related to our cost-saving plans and other unexpected costs associated with operating our business. If we are unable to achieve the cost savings or synergies that we expect to achieve from our strategic initiatives, it could adversely affect our business, results of operations and financial condition.

We may continue to incur significant expenditure as a result of significant increases in hiring and branch infrastructure expansion to support our growth strategy.

The number of our employees increased from 4,902 as of March 31, 2017 to 5,300 as of March 31, 2018 to 5,843 as of March 31, 2019 and to 6,831 as of September 30, 2019. The employee additions were made to support our growth strategies and new products and services. Our payments to and provisions for employees increased by 15.53% from ₹5,506.77 million in Fiscal 2018 to ₹6,361.78 million in Fiscal 2019. Further, our branches increased by 59 branches in Fiscal 2019 and by 22 branches in the six months ended September 30, 2019 to 346 branches at September 30, 2019. Our planned growth will require us to continue to significantly increase the number of employees at various levels and branches and effectively implement and improve training programs. Such increasing activities and investments in our employees, branches and other associated infrastructure will require substantial expenditure and management effort and attention. There can be no assurance that we will be able to hire skilled labour with the relevant expertise, which may adversely affect our reputation, business, results of operations and financial condition. In addition, if we are unable to manage the efficiency of our employees and branches effectively, our operating expenses could increase disproportionately, which may have a material adverse effect on our business, results of operations and financial condition. Further, we are unable to give any assurance, that even after a branch expansion, we will derive any benefits or mobilise significant deposits from such new branches.

Our business and financial performance are dependent on maintaining and building a successful branch network.

As part of our growth strategy, our business and branch banking group has been identified as our key area of growth. As a result, we have increased our branch network from 265 branches as of March 31, 2018 to 324 as of March 31, 2019 and 346 as of September 30, 2019. The expansion and effectiveness of our retail banking business is dependent on further building our branch network. Pursuant to changes in the RBI's licensing requirements, banks have general permission to open branches in Tier 1 to Tier 6 cities without obtaining prior licensing approval from RBI, unless specifically restricted.

Banks are required to open 25% of their proposed branches during a particular year in unbanked rural (Tier 5 and Tier 6) centres. The opening of branches is subject to the delays and risks associated with obtaining suitable real estate in appropriate locations and setting up relevant infrastructure, including fitting-out premises. Our inability to open branches or a significant delay in opening additional branches, or our inability to optimize the operating performance of existing branches, may materially and adversely affect our branch banking business and consequently our business, results of operations and financial condition.

There can be no assurance that we will be able to access capital as and when we need it for growth.

Unless we are able to access the necessary amounts of additional capital, any incremental capital requirement may adversely impact our ability to grow our business and may even require us to curtail or withdraw from some of our current business operations. As of September 30, 2019, our capital adequacy ratio under the RBI Basel III Capital Regulations was 11.88%, with a Tier I capital adequacy ratio of 10.86%, a Tier II capital adequacy ratio of 1.02% and CET 1 capital adequacy ratio of 10.86%. There can also be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us, or at all, and this may hamper our growth plans, apart from those that can be funded by internal accruals.

Availability of funding and increases in funding costs could adversely affect our financial performance.

Our current sources of funding (other than equity share capital and share premium) are primarily corporate, institutional and retail customer deposits, long-term Tier II debt, foreign currency loans from banks and financial institutions, inter-bank borrowing and refinance. Failure to obtain these sources of funding or replace them with fresh borrowings or deposits may materially and adversely affect our business, results of operations and financial condition.

Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of reduction in spreads, which is the difference between the returns that we earn on our advances as well as our investments and the amounts that we must pay to fund them, on account of changing interest rates.

The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. This would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis. In addition, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may have a similar effect on our ability to raise additional financing and the terms at which such financing is available. This could have an adverse effect on our business, profitability and the ability to fund our growth.

In addition, attracting customer deposits in the Indian market is competitive. If we fail to sustain or achieve the growth rate of our deposit base, including our CASA, our business may be adversely affected. The rates that we must pay to attract deposits are determined by numerous factors, such as the prevailing interest rate structure, competitive landscape, Indian monetary policy and inflation. For example, in October 2011, RBI deregulated interest rates on savings bank deposits, which resulted in certain banks increasing their interest rates, leading to increased competition in this area. In the event that our spreads decrease, it may have a material adverse effect on our business, results of operations and financial condition.

Any downgrading in our credit ratings could adversely affect our business, financial condition, cash flows and results of operations.

The table below sets forth the ratings that our bank has been assigned.

Instrument	Rating	Limits in ₹ millions
Basel III compliant Tier II bonds	ICRA AA- hyb (Stable)	8,000
	CARE AA- (Stable) (Re-affirmed dated Oct 3, 2019)	
Certificate of Deposits	ICRA A1+	60,000
Medium term fixed deposit programme	ICRA MAA (Stable)	NA
Short term fixed deposit programme	ICRA A1+	NA

These ratings assess our overall financial capacity to pay our obligations and are reflective of our ability to meet financial commitments as they become due. Any downgrading in our credit ratings in the future may adversely affect our ability to raise capital on reasonable commercial terms and mobilize deposits and therefore adversely affect our business.

Any downgrade of India's sovereign debt rating by international rating agencies could adversely affect our business.

On November 8, 2019, Moody's Investors Services Limited ("Moody's") downgraded India's credit outlook to "negative" from "stable". Standard and Poor's ("S&P"), Moody's and Fitch Ratings, Inc. ("Fitch") may lower their sovereign ratings for India or the outlook on such ratings, and Moody's may further lower its rating, any of which would impact our Bank's credit ratings.

Going forward, the sovereign ratings outlook will remain dependent on whether the Government is able to transition the economy out of a low- growth and high inflation environment, as well as exercise adequate fiscal restraint. There is no assurance that India's credit ratings will not be downgraded in the future. Any adverse change in India's credit ratings by international rating agencies may adversely impact our business and limit our access to capital markets.

There can be no assurance that these ratings will not be further revised or changed by S&P, Fitch or Moody's or that any of the other global rating agencies will not downgrade India's credit rating. As the Bank's foreign currency ratings are pegged to India's sovereign ceiling, any adverse revision to India's credit rating for international debt will have a corresponding effect on our ratings. Therefore, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. Any of these developments may materially and adversely affect our business, results of operations and financial condition.

Non-compliance with RBI's observations and disclosure thereof as stipulated by SEBI may have a material adverse effect on our reputation, business, results of operations and financial condition.

We are subject to periodic inspections by RBI under the Banking Regulation Act, based on which RBI may point out deficiencies in our operations and regulatory compliances and take necessary action, including levying penalties. In the past, certain observations were made by RBI during the course of such inspections, and while we endeavour to comply with all regulatory provisions applicable to us, in the event we are not able to comply with the observations made by RBI pursuant to such inspections, we could be subject to supervisory actions and penalties which may have a material adverse effect on our reputation, business, results of operations and financial condition.

We are also required to disclose any divergence in asset classification and provisioning under the circulars issued by SEBI which requires us to disclose any divergences and provisioning beyond specified thresholds i.e. (i) additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period; and / or (ii) the additional gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period, not later than 24 hours upon receipt of the Reserve Bank's Final Risk Assessment Report. Any failure to meet regulatory requirements and/or disclosure thereof as stipulated by SEBI could materially and adversely affect our reputation, results of operations and financial condition.

Negative publicity could damage our reputation and adversely impact our business and financial results.

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The financial services industry in general has been closely monitored by various regulators due to the financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally, or us specifically, could adversely affect our ability to attract and retain customers, and may expose us to litigation and regulatory action. Negative publicity can result from our actual or alleged conduct in any number of activities, including lending practices, foreclosure practices, corporate governance, employees' dealing in shares, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. We distribute several third-party products, including life insurance, health insurance and general insurance. We also work in partnership with third parties, including business correspondents in the micro-finance sector, direct selling agents in retail lending, outsourced vendors for technology and other services. We have no control over the actions of such third parties. Any failure on the part of such third parties, including any failure to comply with applicable regulatory norms, any regulatory action taken against such parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our brand and reputation. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk.

From time to time, we are, and in the future may continue to be, involved in disputes with various parties in the course of our business including with customers, suppliers, employees and ex-employees. Such disputes may involve various matters such as business disputes, employment matters and regulatory compliance.

We are subject to risks associated with our partners and their operations.

In our credit cards business, we work with a number of partners for customer sourcing, and we have expanded our credit card product line with these partners. We have contractual arrangements with our partners for a limited term. If any of our credit card partners discontinue their partnership arrangements with us, our credit card business could suffer, which may materially and adversely affect our business, results of operations and financial condition. In addition, some of our arrangements with our partners may be exclusive, which affects our ability to enter into similar partnerships with other businesses in the same sector.

In addition, we enter into partnerships in our retail assets and DB&FI businesses to extend our reach in unbanked parts of rural and semi-urban India and parts of urban and metro India. We have entered into exclusive partnership agreements with select business correspondents in relation to these businesses to originate client business, including loans and insurance. These partners help us in establishing business correspondent branches across many states which enable us in providing payments and other banking services across underbanked and unbanked India. Our ability to expand the reach of our branch network and increase demand for our products and services in rural and semi-urban India depends in significant part on our partners. We have contractual arrangements with partners for a limited term, which may not be renewed.

In addition, any of our partners may fail to provide an adequate level and quality of service our customers or

otherwise fail to perform or market our products and services. In addition, our partners may adopt or implement unsuccessful marketing strategies for our products and services or fail to devote the necessary resources to attract customers. Our inability to effectively manage any of these partnerships related risks may materially and adversely affect our business, results of operations and financial condition.

Indian banking regulation is extensive, and any change in regulations could materially affect our business.

The banking and financial sector in India is highly regulated and extensively supervised by authorities such as RBI. RBI also sets guidelines on the cash reserve ratios, statutory liquidity ratios, priority sector lending, export credit, agricultural loans, loans to sectors deemed to be weak by RBI, market risk, capital adequacy ratio and branch licensing, among others. In addition, banks are generally subject to changes in Indian law as well as to changes in regulations, Government policies and accounting principles. Changes in regulations in India and international markets may expose our Bank to increased compliance costs and limitations on the Bank's ability to pursue certain business opportunities and provide certain products and services. Our Bank is also subject to regular financial inspection by RBI. In the event that our Bank is unable to meet or adhere to the guidance or requirements of RBI, RBI may impose strict enforcement of its observations on the Bank, which may have an adverse effect on its business, financial condition, cash flows or results of operations.

The regulation governing Indian financial institutions is continuously evolving. Our Bank has no control over the issuance of new regulations that may affect its operations, including in respect of minimum capital requirements, reserve and compulsory deposit requirements, limits on investments in fixed assets, lending limits and other credit restrictions, including compulsory allocations, limits and restrictions on fees, limits on the amount of interest banks can charge or the period for capitalizing interest and accounting and statistical requirements

For further details, see “*Key Regulation and Policies*” on page 160.

In addition, any change by RBI to its directed lending norms may result in our Bank being unable to meet the priority sector lending requirements, as well as requiring our Bank to increase its lending to relatively riskier segments which could result in an increase in NPAs in the Bank's directed lending portfolio. Consequently, the Bank's levels of yield-generating assets may be reduced or our Bank may be forced to recognize accounting losses, which could materially adversely affect its recognized profits, financial condition and results of operations. RBI may also direct banks to increase the total provisioning coverage ratio on their credit portfolio, which may adversely affect the Bank's financial condition and results of operations. RBI is constantly updating prudential standards in accordance with the recommendations of the Basel Committee on Banking Supervision, in particular with respect to capital and liquidity, which could impose additional significant regulatory burdens on the Bank. For example, future liquidity standards could require our Bank to maintain a greater proportion of its assets in highly liquid but lower-yielding financial instruments, which would negatively affect its net interest margin. Increases in reserve and compulsory deposit or allocation requirements reduce the Bank's liquidity to fund its loan portfolio and other investments. There can be no assurance that future changes in regulations or in their interpretation or application will not have a material adverse effect on the Bank.

The laws and regulations governing the banking sector, including those governing the products and services that our Bank provides or proposes to provide, could change in the future. Any such changes may adversely affect the Bank's business, future financial performance and the price of the Equity Shares by, for example, requiring a restructuring of the Bank's activities or increasing its operating costs. See “*Key Regulations and Policies in India*” on page 160. For example, in fiscal 2018, some states in India announced schemes for waiver of loans taken by farmers. While the cost of such schemes was borne by the state governments, such schemes or borrower expectations of such schemes may result in higher delinquencies in the Bank's agricultural lending portfolio. Similarly, the Taxation Laws (Amendment) Ordinance, 2019, a new tax ordinance issued by India's Ministry of Finance on 20 September 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this new ordinance, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for India companies from 34.94% to approximately 25.17%. Our Bank has elected to exercise the option permitted under section 115BAA of the Income tax Act 1961. Accordingly, our Bank has recognised the Provision for Income Tax and remeasured its Deferred Tax Liability as per the new rates prescribed for the half year ended 30 September 2019. No assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have a material adverse effect on the Bank's business and results of operations. Furthermore, regulatory authorities in India have substantial discretion in how to regulate banks, and this discretion, and the regulatory mechanisms available to the regulators, have been increasing in recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis, and these may especially affect financial institutions such as our Bank that may be deemed to be systemically important. In

addition, the volume, granularity, frequency and scale of regulatory and other reporting requirements require a clear data strategy to enable consistent data aggregation, reporting and management. Inadequate management information systems or processes, including those relating to risk data aggregation and risk reporting, could lead to a failure to meet regulatory reporting requirements or other internal or external information demands and our Bank may face supervisory measures as a result.

The RBI guidelines and provisions of the Banking Regulation Act also restrict our ability to pay dividends. RBI also requires banks to maintain certain CRR and SLR and increases in such requirements could affect our ability to expand credit. Any requirements by RBI that specify changes in risk weighting and capital adequacy may adversely affect our business, results of operations and financial condition. Further, any action by any regulator to curb fund inflows into India could negatively affect our business.

Further, RBI is empowered to supersede any decision of the board of directors of a bank and appoint an administrator to manage the bank for a period of up to 12 months. RBI may exercise such power where it is satisfied, in consultation with the Central Government, that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank.

In November 2012, RBI published guidelines in accordance with the Basel Committee on Banking Supervision's document on "Principles for Sound Liquidity Risk Management and Supervision". These guidelines prescribe certain ratios to measure liquidity risk and are designed to measure, among other things, the extent to which volatile money supports a bank's basic earning assets, the extent to which assets are funded through a stable deposit base, the degree of illiquidity embedded in the balance sheet, and the extent of available liquid assets. Banks are also required to adhere to certain prescribed limits to reduce the extent of concentration of their liabilities.

In June 2014, RBI issued guidelines in relation to Liquidity Coverage Ratio ("LCR"), liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of the "Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools" in January 2013 and the "Liquidity Coverage Ratio Disclosure Standards" in January 2014 by the Basel Committee on Banking Supervision. The LCR is intended to ensure that banks maintain an adequate level of high-quality liquid assets ("HQLAs") to survive an acute stress scenario lasting for 30 days. Pursuant to the guidelines, banks are required to maintain an LCR of 60.00%, 70.00%, 80.00%, 90.00% and 100.00% with effect from January 1, 2015, January 1, 2016, January 1, 2017, January 1, 2018 and January 1, 2019, respectively. This requirement to maintain HQLA may adversely affect our profitability.

RBI issued the guidelines on Net Stable Funding Ratio ("NSFR") on May 17, 2018 with the objective of ensuring that banks maintain a stable funding profile in relation to the composition of their assets and off- balance sheet activities. RBI has, by way of a circular dated November 29, 2018, decided that the NSFR guidelines shall come into effect from April 1, 2020. For compliance with NSFR norms, our Bank may have to borrow long term to fund long-term assets resulting in an increase in interest expense.

Compliance with regulations by RBI including the new liquidity risk management guidelines may result in the incurrence of substantial compliance and monitoring costs and restrict our growth or the viability of certain businesses, and there can be no assurance that we will be able to comply with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation or our business, operations and financial conditions. In the event that the Bank's capital or NPA breaches the regulatory requirement, or our Bank reports persistent losses, our Bank may be subject to stringent supervisory review and enforcement actions by RBI.

Further, in past, our Bank has been subjected to penalties, and warning letters have been issued by regulators including RBI and SEBI, as applicable, for certain non-compliances under applicable law such as deficiency in reporting spoiled notes and delayed submission of half yearly net worth certificate.

We may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.

Our Bank is required to obtain and maintain various statutory and regulatory permits and approvals to operate its business, which requires our Bank to comply with certain terms and conditions to continue its banking operations. Although our Bank has no reason to believe that such statutory and regulatory permits and approvals will not be granted and/or renewed as and when requested, our Bank cannot guarantee that it will be able to maintain, renew or obtain any required statutory and regulatory permits and approvals in the future, in a timely manner, or that no additional requirement will be imposed in connection with such request. For example, in respect of some of our

branches, registration under respective shops and establishment legislations are under renewal process. Statutory and regulatory permits and approvals required for the development of the Bank's activities may require that it meet certain performance thresholds or financial metrics. In case our Bank is unable to meet these thresholds or metrics, our Bank may lose or not be able to obtain or renew such authorizations, concessions, licenses or permits. Our Bank also cannot guarantee that it will timely comply with all of its obligations with governmental agencies, including obtaining the necessary operating permits in a timely manner. In the event that our Bank is unable to renew or maintain such statutory permits and approvals or comply with any or all of the applicable terms and conditions, or seek waivers or extensions of time for complying with such terms and conditions, all or some of the Bank's operations may be interrupted, penalties may be imposed and the Bank's business, financial results and reputation could be materially and adversely affected.

The value of our collateral may decrease, or we may experience delays in enforcing our collateral if borrowers default on their obligations, which may result in failure to recover the expected value of collateralized security exposing us to potential losses.

As of March 31, 2019 and September 30, 2019, our advances secured by tangible assets, including advances

secured by fixed deposits and book debts were 65.94% and 63.44%, respectively of our total advances, and our advances secured by Bank/Government Guarantees were 0.49% and 1.63%, respectively of our total advances. The Bank's loans to corporate customers for working capital credit facilities are typically secured by charges on inventories, receivables and other current assets. In certain cases, our Bank obtains security by way of a first or second charge on fixed assets, a pledge of marketable securities, bank guarantees, Government guarantees, corporate guarantees and personal guarantees. Loans to retail customers are either unsecured or secured by the assets financed, which largely comprise of property.

The value of the collateral securing our loans may significantly fluctuate or decline due to factors beyond our control. Any decrease in the value of collateral at the time of recovery will have an adverse impact on the amounts we recover.

Our Bank may not be able to realize the full value of the collateral due to, among other things, volatility in commodity prices, stock market volatility, changes in economic policies of the Government, obstacles and delays in legal proceedings, borrowers and guarantors not being traceable, the Bank's records of borrowers' and guarantors' addresses being ambiguous or outdated and defects in the perfection of collateral and fraudulent transfers by borrowers. For example, the global economic slowdown and other domestic factors led to a downturn in real estate prices in India. Therefore, upon foreclosure, the value of the collateral that is actually realized may be less than that expected by the Bank. If our Bank is unable to foreclose on its collateral or realize adequate value from the collateral, its losses will increase and its net profits will decline. In India, foreclosure on collateral may be subject to delays that can last for several years and might lead to deterioration in the physical condition or market value of the collateral. Although special tribunals, The SARFAESI Act and the Recovery of Debts Due to Banks and Financial Institutions Act 1993, as amended, have strengthened the ability of lenders to recover NPAs by granting them greater rights to enforce security and recover amounts owed from secured borrowers, have been set up for expeditious recovery of debts due to banks, any proceedings brought may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral. Should a corporate borrower make a reference to the specialized judicial authority, the National Company Law Tribunal, foreclosure and enforceability of collateral may be stayed. When dealing with financially distressed debtors, the recovery of collateral may also be subject to insolvency proceedings in India. However, there can be no assurance that this legislation will have a favourable impact on our efforts to recover NPAs as the full effect of such legislation is yet to be determined in practice. Any failure to recover the expected value of collateral would expose us to potential loss.

The Insolvency and Bankruptcy Code enacted in 2016 provides for a time-bound mechanism to resolve stressed assets. Further, the Revised Framework introduced by RBI on June 7, 2019 requires banks to put in place a board approved policy for resolution of stressed assets where banks are required to, within a period of 30 days from the date of occurrence of a default ("**Review Period**"), review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. The resolution plan is to be implemented within 180 days from the end of the Review Period. Depending on the aggregate exposure (including fund based and non-fund based) of the borrower towards the lender, the Review Period is required to commence on the dates as mentioned in the Revised Framework. While the Insolvency and Bankruptcy Code was enacted to provide an efficient method for recovery of stressed assets, the process of resolution of accounts referred under the Insolvency and Bankruptcy Code is still evolving, with periodic amendments being incorporated in the framework through both legislation and judicial decisions. This could delay the resolution of accounts that have been referred. Should the resolution of accounts not be achieved, the borrowers will go into

liquidation, and the market value of the collateral may come down thus impacting the recovery of dues by lenders. Any significant changes to the resolution process under the Insolvency and Bankruptcy Code may also affect investors' confidence in the Indian financial banking sector.

While the SARFAESI Act in 2002 granted lenders greater rights to enforce security and recover amounts owed from secured borrowers, without the intervention of the court or tribunal, the legislation affirmed the right of a defaulting borrower to appeal to the Debt Recovery Tribunal ("DRT"). The DRT has the power to issue a stay order prohibiting lenders from selling the assets of a defaulted borrower. As a result, there can be no assurance that any foreclosure proceedings would not be stayed by the DRT. In addition, there is also no assurance that the Insolvency and Bankruptcy Code will continue to have a favourable impact on our efforts to resolve NPAs. A failure to recover the expected value of collateral security could expose us to a potential loss.

In addition, we may not be able to realize the full value of the collateral as a result of, among other factors:

- defects or deficiencies in the perfection of collateral (including obtaining required approvals from third parties);
- fraud by borrowers;
- depreciation in the value of the collateral, illiquid market for the disposal of and volatility in the market prices of the collateral; and
- current legislative provisions or changes thereto and future judicial pronouncements.

Such difficulties in realizing our collateral fully or at all, including if we are compelled to restructure our loans, may have a material adverse effect on our business, results of operations and financial condition.

We are exposed to fluctuations in foreign exchange rates.

As a financial intermediary, we are exposed to exchange rate risk in our foreign exchange transactions and related derivative transactions. As of March 31, 2017, 2018 and 2019 and September 30, 2019, our credit exposure on account of outstanding gross forward exchange contracts and derivatives amounted to ₹17,033.40 million, ₹16,524.93 million, ₹20,439.94 million and ₹21,108.71 million, respectively. Further, as of March 31, 2019 and September 30, 2019, our borrowings outside India were ₹42,987.41 million and ₹44,196.44 million, respectively, which constituted 5.35% and 5.04% of our total liabilities, respectively, thereby resulting in foreign currency risk in respect of our ability to service such debt. We hedge these liabilities to mitigate the impact of fluctuations in foreign currency rates. However, we may maintain unhedged foreign currency exposure up to the permissible limits. Further, hedged exposures where the relevant counterparty fails to perform our obligations are also exposed to foreign currency fluctuations. Volatility in foreign exchange rates may be further accentuated due to other global and domestic macroeconomic developments. Adverse movements in foreign exchange rates may also affect our borrowers negatively, which may in turn affect the quality of our exposure to these borrowers. Volatility in foreign exchange rates may materially and adversely affect our business, results of operations and financial condition.

Uncertainty about the future of London Interbank Offered Rate may adversely affect the Bank's business.

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates the London Interbank Offered Rate ("LIBOR"), announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. In June 2019, the Financial Conduct Authority asked banks and markets to stop using the LIBOR as a basis for pricing contracts. These announcements indicate that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. At this time, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of LIBOR based securities and variable rate loans or other financial arrangements, given LIBOR's role in determining market interest rates globally. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely affect LIBOR rates and other interest rates. In the event that a published LIBOR rate is unavailable after 2021, the value of such securities, loans or other financial arrangements may be adversely affected, and, to the extent that our Bank is the issuer of or obligor under any such instruments or arrangements, the Bank's cost thereunder may increase. Further, the Bank's lending arrangements which are based on LIBOR could also be adversely impacted. Currently, the manner and impact of this transition and related

developments, as well as the effect of these developments on the Bank's funding costs, investment and trading securities portfolios and business, is uncertain.

We rely on our correspondent banks in other countries to facilitate our foreign exchange operations. Any failure to maintain such relationships or enter new such relationships could impact our ability to grow our foreign exchange business.

We maintain Nostro accounts in foreign currencies with correspondent foreign banks for facilitating our treasury, trade and remittance transactions. Such accounts facilitate inward and outward remittance, whereby our customers can remit funds to India in any of the currencies for which we have opened such accounts, by instructing their banks to remit the funds to our Nostro account maintained in that particular currency. In case we intend to cater to a different foreign location or currency, we may need to open such Nostro accounts with the correspondent banks in those locations. Opening and maintaining such accounts requires compliance with strict KYC norms and any failure to adhere to such norms may result in the correspondent bank closing these accounts. Further, a correspondent bank may discontinue any of the services that it offers in relation to such accounts, which may result in customer dissatisfaction. We cannot assure you that we will be able to retain our existing correspondent banks or enter into similar arrangements with new correspondent banks on commercially reasonable terms or at all. In the event that we are unable to open new accounts or continue to maintain existing accounts with our correspondent banks for any reason whatsoever, we could be forced to scale back our treasury, trade and remittance business, which could adversely affect our business, cash flows, results of operations and financial condition.

The Bank's off-balance sheet liabilities could adversely affect our financial condition.

As of March 31, 2019, and September 30, 2019, our Bank had total contingent liabilities of ₹613,025.90 million and ₹648,385.09 million, respectively, amounting to an equivalent credit exposure of ₹144,348.59 million and ₹142,549.93 million, respectively. See our "Financial Information" on page 279. Our off-balance sheet liabilities consist of, among other things, liability on account of forward exchange and derivative contracts, guarantees and documentary credits given by it. In case of derivative contracts, the notional principal amounts are significantly greater than the actual profit and loss, mark-to-market impact on us. If any of these contingent liabilities materialize, our business, results of operations and financial condition may be materially and adversely affected.

Regulations in India require us to extend a minimum level of advances to certain sectors, including agriculture. These may subject us to higher delinquency rates, impacting our business, results of operations and financial condition. Our inability to comply with Indian priority sector lending requirements may require it to invest in funds with a lower return than it would otherwise obtain in the market, thereby impacting our profitability.

RBI mandates all banks that are operating in India to direct a certain portion of their lending to specified "Priority Sectors" such as agriculture, MSEs, housing and education, and has specified a target for domestic banks as a percentage of their previous fiscal year's ANBC. For further details, see "Key Regulations and Policies" on page 160. RBI regulations specify that priority sector requirements should be met on the basis of the credit equivalent of off-balance sheet exposure rather than ANBC, if such off-balance sheet exposure by a bank is higher than its ANBC. As of March 31, 2017, 2018 and 2019 and September 30, 2019, the total credit extended by us to priority sectors including by way of investments constituted 41.65%, 38.95%, 39.31% and 35.22%, respectively, of our ANBC. These percentages comprise our direct lending to priority sectors and the purchase of PSLCs in lieu of the lending, as permitted by RBI. In the case of any shortfall by us in meeting priority sector lending requirements, as was the case as of March 31, 2018 and 2019 and September 30, 2019, we would subsequently be required to place the difference between the required lending level and our actual priority sector lending in an account with the National Bank for Agriculture and Rural Development under the Rural Infrastructure Development Fund Scheme, or with other financial institutions specified by RBI, from which we would earn lower levels of interest compared to advances made to the priority sector.

Further, subsequent deposits placed by banks on account of non-achievement of priority sector lending targets or sub-targets are not eligible for classification as indirect finance to agriculture or MSEs, as the case may be. Moreover, RBI is required to take into account any shortfall in meeting specific priority sector lending targets, at the time of granting any approvals sought by a bank, from time to time. Such circumstances could materially and adversely affect our business, results of operations and financial condition.

Any change in RBI regulations may require us to increase our lending to relatively higher risk segments, which may result in an increase in our NPAs under our directed lending portfolio. Any increase in our direct lending to certain sectors will result in an increase in our exposure to the payment risks inherent in such sectors, which could

materially and adversely impact our business, results of operations and financial condition. Any requirements by the RBI that specify changes in priority sector lending may adversely affect our business, results of operations and financial condition. See “*Key Regulations and Policies – Priority Sector Lending*” on page 144.

In addition to the PSL requirements, RBI encouraged banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centres and to customers who currently do not have access to banking services. The expansion into these markets involves significant investments and recurring costs. The profitability of these operations depends on our ability to generate business volumes in these centres and from these customers. Future changes by RBI in the directed lending norms may result in our inability to meet the PSL requirements as well as require us to increase our lending to segments of relatively higher risk and may result in an increase in non-performing loans.

We have more limited access to credit and other financial information on borrowers than banks in other economies, which may decrease the accuracy of our assessments of credit risks and thereby increase the likelihood of borrower defaults.

Our principal activity is to provide financing to borrowers located in India. The credit risk of our borrowers, including individual customers, SMEs, small and mid-sized corporates, agricultural, microfinance and rural customers and priority sectors, may be higher than in other economies due to the higher uncertainty in our regulatory, political and economic environment and the inability of our borrowers to adapt to global technological advances. Our corporate borrowers may suffer from low profitability because of increased competition, a sharp decline in commodity prices, a high debt burden and high interest rates in the Indian economy and other factors.

In addition, India’s system for gathering and publishing statistical information relating to the Indian economy generally or specific economic sectors within it or corporate or financial information relating to companies or other economic enterprises is not as comprehensive as in the countries with established market economies. The absence of such reliable and comprehensive statistical, corporate and financial information, including audited financial statements and recognized debt and credit rating reports, relating to our present and prospective corporate borrowers or other customers makes the assessment of credit risk, including the valuation of collateral, more difficult. Many of the nationwide credit bureaus have become operational in India in recent years, and it may be some time before comprehensive information on the credit history of our borrowers, especially individuals and small businesses, is available to us. In many cases, we need to rely on the accuracy and completeness of information furnished by or on behalf of customers and counterparties, including financial statements and financial information. The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information, may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on the loans provided by us and decreasing the likelihood that we would be able to enforce any security in respect of such loans or that the collateral will have a value commensurate to the respective loan. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is even more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with lending to this category of borrowers.

Such difficulties in assessing credit risks associated with our day-to-day lending operations and risks associated with the business environment in India may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business, results of operations and financial condition.

We outsource many of our activities to external agencies by entering into specific agreements with them. Any lapse by such external agencies may have adverse consequences on our business and reputation.

We have entered into a number of business outsourcing agreements with different external agencies for certain services including, amongst others, ATM management services, back-office support services, security services, cash and cheque pick-up, records management, software application management services, technology and telecom infrastructure services and database administration for the data centres. Our Bank, through our internal auditors, conduct reviews and assessments of the financial and operational conditions of our service providers, in part to determine their ability to continue to meet their obligations to us. In reviewing our service providers, our internal auditors cover areas such as performance standards, confidentiality and security and business continuity preparedness. Further, we, through our internal auditors, have, in compliance with RBI guidelines, conducted annual audits to assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangements of our Bank and duly submitted annual compliance certificates in the prescribed format to RBI. However, we cannot guarantee that such measures would be adequate. Accordingly, we are exposed to the risk that external vendors or service providers may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees) and to the risk that

its (or its vendors') business continuity and data security systems prove to be inadequate. Any defaults by our outsourcing partners may adversely affect our business, results of operations and financial condition.

A portion of our advances are unsecured. In case we are unable to recover such advances in a timely manner or at all, it may adversely affect our business, financial condition, cash flows and results of operations.

In Fiscal 2017, Fiscal 2018 and Fiscal 2019, our unsecured loans were ₹93,133.21 million, ₹127,481.86 million and ₹182,317.11 million, respectively, of unsecured loans, which represented 31.63%, 31.66% and 33.57% of our net advances in those periods, respectively. Such unsecured loans are a greater credit risk for us than our secured loan portfolio because they may not be supported by realizable collateral that could help ensure the bank adequate source of repayment for the loan.

While we have been selective in our lending policies and strive to satisfy ourselves with the credit worthiness and repayment capacities of our customers, there can be no assurance that we will be able to recover the interest and the principal advanced by us in a timely manner or at all. Any failure to recover the unsecured advances given to our customers would expose us to a potential loss that could adversely affect our business, financial condition, cash flows and results of operations. Further, any expansion in our unsecured loan portfolio could require us to increase our provision for credit losses, which would decrease our earnings.

Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We have devoted significant resources to develop our risk management policies and procedures and aim to continue to do so in the future. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than those indicated by the historical measures.

Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. As we seek to expand the scope of our operations, we also face the risk that we will be unable to develop risk management policies and procedures that are properly designed for new business areas or to manage the risks associated with the growth of our existing businesses effectively. Implementation and monitoring may prove particularly challenging with respect to businesses as we grow. An inability to develop and implement effective risk management policies may materially and adversely affect our business, results of operations and financial condition.

A portion of our collections from customers is in cash, exposing us to certain operational risks.

A portion of our collections from our customers is in cash. Large cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. While we have implemented necessary process and controls, taken insurance policies, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. We may also be party to criminal proceedings and civil litigation related to our cash collections. Given the high volume of transactions involving cash processed by us, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered, and others successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, there can be no assurance that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or rectify.

Some of our corporate records and regulatory filings, including those relating to allotments of our equity shares in the past are not traceable.

Certain corporate records and regulatory filings, including those in relation to equity shares issued and allotted by our Bank in the past, and in particular, on allotments of equity shares of our Bank from its incorporation on June 14, 1943 are not traceable for the period prior to year 2000. Copies of such relevant documents, including from the relevant regulatory or statutory authorities in India are not available. We have placed reliance on other

documents, including our annual reports, audited financial statements for the period prior to the year 2000 and minutes of the meetings of the Board of Directors for corroborating the share capital history of our Bank for such period, and we cannot assure that the information gathered through other alternative available documents are accurate.

Any failure or material weakness of our internal control systems or any material damages caused by a materialization of any operational risks to which we are subject could adversely affect our reputation and profitability.

Our management is responsible for establishing and maintaining adequate internal measures commensurate with the size of our Bank and complexity of operations. We believe that the Bank's Risk Management, Compliance Audit and Operational Risk Management functions are equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business units adhere to compliance requirements and internal circular guidelines. Processes have been established for the internal auditors to ensure that all facets of the banking operations are subjected to scrutiny.

In the past RBI has charged our Bank with penalties for lapses in adhering to RBI guidelines. While we believe these are isolated incidents of operational failures and that our Bank has taken necessary corrective actions, we are exposed to risks of damages that may be caused by any future operational failures.

We will continue to periodically test and update, as necessary, our internal control systems. However, we are exposed to operational risk arising from inadequacy or failure of internal processes or systems, and our actions may not be sufficient to result in an effective internal control environment. Given our high volume of transactions and dynamically changing technology and payments landscape, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not be able to identify non-compliance and/or suspicious transactions in a timely manner or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weakness. In addition, certain banking processes are carried out manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect.

The Bank's internal controls over financial reporting may not prevent or detect misstatements on a timely manner due to inherent limitations, including human error, circumvention or overriding of controls, or fraud. While our Bank has implemented measures designed to address internal control efficiencies and expects to continue to implement measures designed to improve its internal control over financial reporting, it could be deficient to meet the current or future business requirement. Our Bank cannot be certain that, at some point in the future, a material weakness will not be identified or the Bank's internal controls will not fail to detect a matter they are designed to prevent, and failure to remedy such material weaknesses could result in a material misstatement in its financial statements and have a material adverse impact on the Bank's business, financial condition and results of operations. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If our Bank fails to maintain the adequacy of its internal controls, its financial reporting may be disclosed on an untimely basis or with inaccuracies, our Bank could fail to meet its financial reporting obligations and it could be adversely affected.

As a result, we may suffer monetary losses, which may not be covered by our insurance and may thereby adversely affect our profitability, cash flows and results of operations. Such a result may also adversely affect our reputation.

Major fraud, lapses of control, system failures, security breaches or calamities could adversely affect our business.

We are vulnerable to risks arising from the failure of our employees to adhere to approved procedures and system controls, fraud, system failures, information system disruptions, communication systems failures, computer break-ins, power disruptions and data interception during transmission through external communication channels and networks. There can be no assurance that our systems and measures are adequate to prevent fraud, security breaches or the invasion or breach of the network by intruders and theft of data. Failure to protect against fraud or breaches in security may adversely affect our operations and future financial performance. Our reputation could be adversely affected by significant fraud committed by our employees, agents, customers or third parties.

We have a production data centre and have established a disaster recovery/back-up site as part of our technology-enabled business. In addition, we have established a disaster recovery and a business continuity plan to ensure continuity of operations and minimal disruption to customer services, which are tested and reviewed to ensure

their effectiveness to mitigate unforeseen risks arising out of disruptions. However, any failure in our systems or deficiencies in our disaster recovery and business continuity plans could adversely affect our operations and the quality of our customer service.

Employee misconduct could harm us and is difficult to detect and deter.

There have been a number of highly publicized cases involving fraud, money laundering or other misconduct by employees and executives in the financial services industry in recent years. Although we have a committee in place dedicated to monitoring fraud, we run the risk that such misconduct could occur. Misconduct by employees or executives could include binding us to transactions that exceed authorized limits or present unacceptable risks or hiding unauthorized or unlawful activities from us, which may result in substantial financial losses and damage to our reputation.

Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter employee or executive misconduct and the precautions taken and systems put in place to prevent and detect such activities may not be effective in all cases. We have, in the past, faced a case of employee connivance in customer fraud. Any complaints, whether with or without merit, could result in substantial costs and diversions of resources, which could negatively affect our reputation and have a material adverse effect on our business, results of operations and financial condition.

Any closures of branches or losses of our key branch personnel may adversely affect our ability to build and maintain relationships with our customers.

Our business is dependent on our key branch personnel to establish, build and maintain customer relationships. We encourage dedicated branch personnel to service clients in certain business segments since we believe that this leads to long-term client relationships, a trust-based business environment and, over time, better cross-selling opportunities. While no individual branch manager and no single operating group of managers contributes a material percentage of our business, our business may suffer materially if a substantial number of branch managers either become ineffective or leave the organization.

The name of Palepu Sudhir Rao, one of our Non-Executive Independent Directors, appears in the list of wilful defaulters issued by TransUnion CIBIL Limited (formerly Credit Information Bureau (India) Limited)

The name of Palepu Sudhir Rao, one of our Non-Executive Independent Directors, appears in the list of wilful defaulters issued by TransUnion CIBIL Limited (formerly Credit Information Bureau (India) Limited) (“CIBIL”) in relation to a default of payment of loan(s) availed by Primus Retail Limited (“PRPL”) in his capacity as Non-Executive Director) from Andhra Bank (“Andhra Bank”) and ExpressIT Logistics Worldwide Limited (“ELWL”) in his capacity as a nominee director) from Axis Bank Limited (“Axis Bank”) and Small Industries Development Bank of India (“SIDBI”). As per the information available on CIBIL’s website, the said default appears to be first reported for the period December 31, 2013. The outstanding amount as per respective banks were ₹60.6 million (as reported by Axis Bank), ₹67.3 million (as reported by Andhra Bank) and ₹30.00 million (as reported by SIDBI). However, Palepu Sudhir Rao had resigned from ELWL with effect from May 24, 2013, which is prior to the date of default. However, ELWL has not filed the required e-form for his resignation with MCA. Further, Andhra Bank vide its letter dated August 2, 2018 has confirmed that there are no dues and liability against Palepu Sudhir Rao as guarantor and director of PRPL. For further details, see “Board of Directors and Senior Management – Disclosures pertaining to wilful defaulters” on page 216.

Our insurance coverage may not adequately protect us against losses, which could adversely affect our business, results of operations and financial condition.

We do not carry insurance to cover all of the risks associated with our business, either because insurance coverage is not available or prohibitively expensive. We have obtained insurance coverage to cover certain risks associated with our business. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are generally subject to annual renewal, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceed the limits of our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition.

Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, capital expenditure, long-term target payout ratios, growth and investment opportunities, current capital ratios, current & prospective financial performance and other macro and micro- economic factors.

Our ability to pay dividends in the future will depend on our earnings, financial condition and capital requirements (as impacted by Basel III) as well as long-term target payout ratios, growth and investment opportunities, current capital ratios, current & prospective financial performance and other macro and micro- economic factors. Further, dividends distributed by us will attract dividend distribution tax and may be subject to other requirements prescribed by RBI. The declaration and payment of dividends will be recommended by our Board of Directors and approved by our Shareholders at their discretion. We have a board-approved dividend policy to govern our dividend payout. We may not generate sufficient income to cover our operating expenses and therefore may be unable to pay dividends to our Shareholders. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may be able to pay in the future. For details, see “Dividend Policy” on page 117.

Certain terms contained in our borrowing and agreements may be onerous and commercially restrictive.

Some of our agreements contain covenants that may be onerous and commercially restrictive in nature. For example, some of our borrowing agreements impose a condition on us to inform the respective counterparties in the case of any change in control or amalgamation, demerger/merger or payment of dividends. Some of our borrowing agreements required us to lend to borrowers from a specific sector as a condition of the loan. In addition, certain of our borrowing agreements impose restrictive financial covenants. Further, some of our borrowing agreements also require us to obtain prior written consent for certain acts such as amendments to constitutional documents or to create any security. Violation of any of these covenants may amount to events of default, which may result in breach of contract causing claims to be brought against us or termination of the agreements as well as prepayment obligations and impair our ability to raise funds.

Our business is dependent on the ‘RBL Bank’ brand name.

Prior to 2014, we were known as “Ratnakar Bank”. We launched our identity makeover and rebranded ourselves as “RBL Bank” in 2014, followed by a change of our Bank’s legal entity name from “The Ratnakar Bank Limited” to “RBL Bank Limited”. We believe that in the past five years we have established our “RBL Bank” brand and it is widely recognized by our customers. We also own the trademarks to our new corporate logo  and other trademarks, including words in connection with our recent branding such as “RBL Bank DG Loanwala” and “RBL Bank Udhaar” under class 36 provided for under the Trade Marks Act, 1999. Our wordmark for “@rblbank” has also been accepted and advertised in the trademark journal and is pending registration.

We have invested significantly in developing and promoting our brand, and we expect to continue maintaining and increasing brand awareness among our current and prospective customers. We believe that, as the market becomes increasingly competitive, maintaining and enhancing our brand, in a cost-effective manner, will become more important for our business. Customer’s perception of our brand depends on various factors, such as the range of our product offerings, quality of services offered by our Bank and our advertising, public relations and marketing activities. If we are unable to consistently manage our time and costs on brand-building initiatives, our ability to compete in the financial services sector may be negatively impacted and have a material adverse effect on our business. In addition, if our customers perceive that any of the products or services offered by us under the “RBL Bank” brand is inadequate, our reputation may be affected, which may materially and adversely affect our business, results of operations and financial condition.

We may breach third-party intellectual property rights or be required to initiate claims against others infringing our intellectual property rights.

We may be subject to claims by third parties, both inside and outside India, if we breach our intellectual property rights by using slogans, names, designs, software or other such subjects, which are of a similar nature to the intellectual property these third parties may have registered. Any legal proceedings that result in a finding that we have breached third parties’ intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third parties or make changes to our marketing strategies or to the brand names of our products, which may have a materially adverse effect on our brand, business, results of operations and financial condition.

We may face labour disruptions that could interfere with our operations.

We are exposed to the risk of strikes and other industrial actions. As of September 30, 2019, approximately 441 out of our 6,843 employees were members of the Ratnakar Bank Officers Organization and the Ratnakar Bank Employees Union. In Fiscal 2019, our employees who are members of either one of these two organizations participated in the nation-wide strike organized by the All India Bank Employees Association and All India Bank Officers Association on May 30, 2018, May 31, 2018, December 26, 2018, January 8, 2019 and January 9, 2019 for a total of 5 days. In Fiscal 2020, our employees who are members of All India Bank Employees Association participated in the nation-wide strike organized on October 22, 2019. In the past, our Bank has entered into memorandum of settlement with such employee associations in relation to certain employee benefits to be provided by our Bank.

Apart from the national labour strikes which affected the entire unionized banking sector, we have not experienced disruptions in the past five years owing to work stoppages among our unionized employees.

Although we believe that we have good industrial relations with our employees and the unions, we cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. Any such employee unrest events could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have a material adverse effect on our business, financial condition, cash flows or results of operation.

India has stringent labour legislation that protects employee interests, including legislation that prescribes detailed procedures for dispute resolution and employee removal and imposes financial obligations on employers upon retrenchment. If these labour laws become applicable to our employees or if more of our employees unionize, it may become difficult for us to maintain flexible human resource policies and attract and employ the numbers of sufficiently qualified candidates that we require. Equally, it may become difficult for us to discharge employees and we may be required to raise wage levels or grant other benefits that could result in a significant increase in our operating expenses, which may have a materially adverse effect on our business, results of operations and financial condition.

A majority of our business premises are leased. Accordingly, we are exposed to risks typical to leasing of commercial real estate.

As of September 30, 2019, we had 346 branches and 394 ATMs, the majority of which were located on leased premises. Our registered office, corporate headquarters and all of our branches, ATMs are located on premises leased from third parties, which require renewal from time to time. Some of the lease agreements entered into by our Bank may be inadequately stamped or at all. Further, some of the immovable properties used by our Bank and taken on lease may have one or more irregularities of title such as non-registration of lease deeds. As a result, these agreements may be inadmissible as evidence before a court of law and may not be enforceable. If we are unable to renew the relevant lease agreements, or if such agreements are renewed on unfavourable terms and conditions, we may be required to relocate operations. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements. We cannot assure that we will be able to relocate our operations at a suitable location on favourable terms or at all. This may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, results of operations and financial condition.

Our Bank was not in compliance with provisions relating to CSR spend under the Companies Act, 2013 in the past.

Our Bank did not have the adequate spends in the last five Fiscals as required under Section 135 of the Companies Act, 2013 towards CSR. In this regard, our Bank had received queries and information from the MCA, which our Bank has provided. We cannot assure that we will be able to spend stipulated CSR amount in future in compliance of Section 135 of the Companies Act, 2013. Any non-compliance pertaining to CSR spend may make us subject to fines or penalty or any other action by MCA or any other regulatory authority.

The implementation of the RBI Basel III Capital Regulations may adversely affect us

On December 17, 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled 'Strengthening the Resilience of the Banking Sector'. On December 16, 2010 and on January 13, 2011, the Basel Committee issued its final guidance on Basel III and minimum requirements, respectively. The Basel Committee proposed that the guidelines be implemented from January 1, 2013. These guidelines have been implemented in India through the RBI Basel III Capital Regulations, which came into effect on April 1, 2013, and are subject to a series of transitional arrangements to be phased in

over a period of time and will be fully implemented on March 31, 2020. RBI has indicated that the capital requirements for the implementation of the RBI Basel III Capital Regulations may be lower during the initial period and higher in later years. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital, including common equity, capital conservation buffers, deductions from common equity Tier I capital for investments in subsidiaries (with minority interest), changes in the structure of debt instruments eligible for inclusion in Tier I and Tier II capital and preference shares in Tier II capital, criteria for classification as common shares, methods to deal with credit risk and reputational risk, capital charges for credit risks, introduction of a leverage ratio and criteria for investments in capital of banks, financial and insurance entities (including where ownership is less than 10.00%). The RBI Basel III Regulations also stipulate that non-equity Tier I and Tier II capital should have loss absorbency characteristics, which require them to be written down or be converted into common equity upon the occurrence of a pre-specified trigger event.

In addition, the Basel Committee published a guidance report titled ‘Principles for Sound Liquidity Risk Management and Supervision’ in September 2008 to address the deficiencies that were witnessed in liquidity risk management during the recent global financial crisis. This was followed by the publication of ‘Basel III: International framework for liquidity risk measurement, standards and monitoring’ in December 2010 which introduced two minimum global regulatory standards, namely the LCR and the NSFR and a set of monitoring tools. The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high-quality liquid assets to survive an acute stress scenario lasting for 30 days. The NSFR promotes resilience over longer-term time horizons by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing structural basis.

In June 2014, RBI issued guidelines in relation to LCR, liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of “Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools” in January 2013 and the “Liquidity Coverage Ratio Disclosure Standards” in January 2014 by the Basel Committee on Banking Supervision. The LCR is intended to ensure that banks maintain an adequate level of HQLAs to survive an acute stress scenario lasting for 30 days. Pursuant to the guidelines, banks are required to maintain an LCR of 60.00%, 70.00%, 80.00%, 90.00% and 100.00% with effect from January 1, 2015, January 1, 2016, January 1, 2017, January 1, 2018 and January 1, 2019, respectively. Such requirement to maintain HQLA has adversely affected our profitability and any increase in the requirement will further adversely affect our profitability. Pursuant to the notification by RBI dated January 10, 2019, RBI deferred the implementation of the last tranche of 0.625% of capital conservation buffer from March 31, 2019 to March 31, 2020.

RBI issued the guidelines on NSFR on May 17, 2018 with the objective to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. RBI, pursuant to the circular dated November 29, 2018, decided that the NSFR guidelines shall come into effect from April 1, 2020. For compliance towards NSFR norms, we may have to borrow long term to fund long- term assets resulting in an increase in interest expense.

RBI or any other relevant authority may implement the package of reforms, including the terms which capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements. There can be no assurance that we will be able to comply with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation, business, results of operations and financial condition.

We are subject to credit, market and liquidity risk which may have an adverse effect on our credit ratings and our cost of funds.

To the extent that any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures, in particular to market environments or against particular types of risk. Our balance sheet growth depends on economic conditions, as well as our determination to sell, purchase, securitize or syndicate particular loans or loan portfolios. Our trading revenues and interest rate risk exposure are dependent on our ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings also depend on the effectiveness of our management of migrations in credit quality and risk concentrations, the accuracy of our valuation models and our significant accounting estimates and the adequacy of our allowances for loan losses. To the extent that our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in the Bank’s ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our

products, engage in business transactions, particularly longer-term and derivatives transactions, or retain our customers. This, in turn, could reduce our liquidity and negatively impact our business, results of operations and financial condition.

The interests of certain of our Directors may differ from those of our Bank and its Shareholders.

Certain of our Directors have interests in other entities engaged in the financial services sector that may compete with one or more of the businesses of our Bank. Therefore, the interests of such Directors may conflict with the interests of our Bank and its Shareholders. Unless applicable laws or regulations or our Articles of Association require such Directors to abstain from voting in situations where there is an actual or potential conflict of interest, there is no assurance that such Directors will vote in a manner that benefits our Bank and its Shareholders as a whole.

Certain of our Directors and Key Management Personnel may have interests in our Bank other than reimbursement of expenses incurred or normal remuneration or benefits.

Our Directors and Key Management Personnel may be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters.

Further, our Directors and Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares and to the extent of any stock options held by them. For details of the shareholding of our Directors and Key Management Personnel, please see “Board of Directors and Senior Management” on page 210.

RBI may remove any employee, managerial personnel or may supersede the Bank’s Board of Directors in certain circumstances, which may materially affect the Bank’s business, results of operations, and financial conditions.

The Banking Regulation Act confers powers on RBI to remove from office any directors, managing director, chief executive officer, or other officers or employees of a bank in certain circumstances. RBI also has the powers to supersede the board of directors of a bank and appoint an administrator to manage the bank for a period of up to six months, which may exceed up to 12 months in certain circumstances. RBI may exercise powers of supersession where it is satisfied, in consultation with the Government that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank. Should any of the steps as explained herein are taken by RBI against the Bank, its business, results of operations, and financial conditions would be materially and adversely affected.

Statistical, industry and external financial data in this Placement Document may be incomplete or unreliable.

Neither our Bank nor the GCBRLMs nor any person related to this offering have independently verified data obtained from industry publications and other industry sources referred to in this document and therefore, while our Bank believes such data to be true, our Bank cannot assure you that such data is complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Discussions of matters, therefore, relating to India, its economy and the industries in which we currently operate, are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. Prospective investors are advised not to place undue reliance on such data. See “Industry Overview” on page 118.

Our customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries (such as Iran, North Korea, Sudan, Syria and the Crimea region) and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions,

could be adversely affected.

While the Bank has in place procedures and safeguards to prevent dealings with parties and countries that are the target of United States, Indian, and other sanctions, these measures by our Bank may not be fully effective, and any non-compliance by our Bank with such sanctions could harm our reputation or result in regulatory action which could materially and adversely affect our business.

Our Bank engages in business with customers and counterparties from diverse backgrounds. In light of U.S., Indian, EU and other sanctions, our Bank cannot be certain that its procedures and safeguards relating to sanctions will always be effective, or that some of the Bank's customers or counterparties may become the subject of sanctions. Such sanctions may result in the Bank's inability to gain or retain such customers or counterparties or receive payments from them. Non-compliance with such sanctions could have a material adverse effect on the Bank's business, financial results and the prices of our securities. These laws, regulations and sanctions or similar legislative or regulatory developments may further limit the Bank's business operations. If our Bank were determined to have engaged in activities targeted by certain U.S., Indian, EU or other statutes, regulations or executive orders, it could lose its ability to open or maintain correspondent or payable-through accounts with U.S. financial institutions, among other potential sanctions. In addition, depending on socio-political developments, even though we take measures designed to ensure compliance with applicable laws and regulations, our reputation may suffer due to our association with certain restricted targets. The above circumstances could have a material adverse effect on our business, financial results and the prices of our securities.

RBI guidelines relating to the ownership of private banks and foreign ownership restrictions in private banks and its downstream companies could discourage or prevent a change of control or other business combination involving the Bank.

On 12 May 2016, RBI issued the Master Direction – Ownership in Private Sector Banks, Directions, 2016 (the “**Master Directions**”). The Master Directions prescribe limits on ownership for all shareholders in the long run based on categorization of shareholders under two broad categories, namely (i) individuals and (ii) entities/institutions. Each of these groups has separate limits for their shareholdings as set out in the Master Directions. Larger shareholdings resulting from capital infusion by domestic or foreign entities or institutions are possible if RBI approves such transactions on a case-by-case basis.

If a transaction results in any person acquiring or agreeing to acquire, directly or indirectly, by itself or acting in concert with any other person, shares of a banking company or voting rights therein which, taken together with shares and voting rights, if any, held by such person or such person's relative or associate enterprise or person acting in concert with such person, results in such person(s) holding at least 5.0% of the paid-up share capital of a banking company or entitles such person(s) to exercise at least 5.0% of a banking company's voting rights, RBI's approval is required prior to such transaction. RBI, when considering whether to grant an approval, may take into account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fit and proper criteria. Currently, RBI limits voting rights to 26.0%. There are also foreign ownership restrictions in a private bank and in downstream companies which may impact an acquirer's ability to acquire a majority of the Bank's shares or acquire control over the Bank. The implementation of such restrictions could discourage or prevent a change in control, merger, consolidation, takeover or other business combination involving the Bank, which might be beneficial to the Bank's Shareholders. Any substantial stake in our Bank could discourage or prevent another entity from exploring the possibility of a combination with it. Any such obstacles to potentially synergistic business combinations could negatively impact the Bank's share price and have a material adverse effect on the Bank's ability to compete effectively with other large banks and, consequently, the Bank's ability to maintain and improve its financial condition.

If ownership restrictions on private sector banks are relaxed, a single investor may acquire a controlling stake in the Bank.

If the current restrictions are further liberalized to allow not only increased investment by Indian entities but also greater foreign ownership, a single entity or group of investors acting in unison may acquire Equity Shares of our Bank to the extent that would allow it to control or strongly influence the Bank. Such an entity would, subject to restrictions in the Articles, be able to determine, or would have a disproportionate influence compared with other Shareholders in, the election of the Board of Directors, management policies and the outcome of corporate transactions submitted to Shareholders for approval. There can be no assurance that any future controlling

Shareholder will have the same interests as any minority Shareholder or will pursue the same strategies as the current management.

Risks Relating to India

Our risk profile is linked to the Indian economy and the banking and financial markets in India.

The credit risk we are exposed to may be higher than the credit risk of banks in some developed economies. The absence of reliable information, including audited financial statements, recognized debt rating reports and credit histories relating to our present and prospective corporate borrowers or other customers, makes the assessment of credit risk, including the valuation of collateral, more difficult, especially for individuals and small businesses. In addition, the credit risk of our borrowers, particularly small and middle market companies, is higher than borrowers in more developed economies due to the evolving Indian regulatory, political, economic and industrial environment. The directed lending norms of the RBI require us to lend a certain proportion of our advances to “priority sectors”, including agriculture and small enterprises, where our ability to control the portfolio quality is limited and where economic difficulties are likely to affect our borrowers more severely. Any shortfall may be required to be allocated to investments yielding sub-market returns.

Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business.

We are exposed to the risks prevailing in the Indian financial system which, in turn, may be affected by financial difficulties and other problems faced by certain Indian financial institutions. As an emerging market economy, the Indian economy faces risks not typically faced in developing countries, including the risk of deposit runs, despite the existence of a national deposit insurance scheme. Certain Indian financial institutions have experienced difficulties during recent years. Some cooperative banks have also faced serious financial and liquidity crises. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about financial institutions and banks in India. This, in turn, could adversely affect our business, results of operations and financial condition.

A decline in India’s foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on us. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.

Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India’s foreign exchange reserves will not decrease again in the future. Further decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our business, results of operations and financial condition.

We are subject to risks relating to macroeconomic conditions in India. According to the RBI’s financial stability report released in June 2019, credit growth of scheduled commercial banks (SCBs) picked up, with public sector banks (PSBs) registering near double digit growth. Capital adequacy of the SCBs improved after the recapitalization of PSBs. With the bulk of the legacy Non-Performing Assets (NPAs) already recognized in the banking books, the NPA cycle seems to have turned around. Provision coverage ratio (PCR) of all SCBs rose sharply to 60.6 per cent in March 2019 from 52.4 per cent in September 2018 and 48.3 per cent in March 2018, increasing the resilience of the banking sector. Macro-stress tests for credit risk indicate that under the baseline scenario, SCBs’ gross non-performing assets (GNPA) ratio may decline from 9.3 per cent in March 2019 to 9.0 per cent in March 2020. Recent developments in the Non-banking financial companies (NBFC) sector have brought the sector under greater market discipline as the better performing companies continued to raise funds while those with Asset-Liability Mismatch (ALM) issues and/or asset quality concerns were subjected to higher borrowing costs.

We have limited or no control over any of these risks or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian banking system could impact our funding and adversely affect our business, results of operations and financial condition.

Increased volatility or inflation of commodity prices in India could adversely affect the Bank’s business.

In recent months, consumer and wholesale prices in India have exhibited subdued inflationary trends, as the result of a decrease in crude oil prices, lower international commodity prices, and lower domestic food prices. The Consumer Price Index declined from 4.5% (average) in fiscal 2017, to 3.6% (average) in fiscal 2018, and to 3.4% (average) in fiscal 2019. However, any increased volatility in the rate of inflation domestically or in global commodity prices, in particular oil and steel prices, could adversely affect the Bank’s borrowers and contractual

counterparties. Although RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. As the Bank's business consists of sizable contributions from the retail and agricultural segments, any slowdown in the growth of the housing, automobile or agricultural sectors could increase the cost of servicing its non-Rupee-denominated debt, including the Equity Shares, and adversely impact the Bank's business, results of operations and financial condition.

Trade deficits could have a negative effect on the Bank's business and the trading price of the Equity Shares.

India's trade relationships with other countries can influence Indian economic conditions. The merchandise trade deficit was U.S.\$109 billion in fiscal 2017 and U.S.\$162 billion in fiscal 2018, compared with U.S.\$184 billion in fiscal 2019. This large merchandise trade deficit neutralizes the surpluses in India's trade derived from international trade in services, net income from financial assets, labour and property and cross-border transfers of mainly workers' remittances in the current account, resulting in a current account deficit. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore the Bank's business, results of operations and financial condition could be adversely affected.

Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, U.S., Russia and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, results of operations, financial condition and liquidity position.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. In particular, sub-prime mortgage loans in the United States have experienced increased rates of delinquency, foreclosure and loss. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major U.S. financial institutions.

Developments in the Eurozone have exacerbated the ongoing global economic crisis. Large budget deficits and rising public debts in Europe have triggered sovereign debt finance crises that resulted in the bailouts of European economies and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union. On June 23, 2016, the United Kingdom held a referendum on its membership in the European Union and voted to leave ("**Brexit**"). There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

Trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. Although China is the primary target of U.S. trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. China's policy response to these trade measures also presents a degree of uncertainty. There is some evidence of China's monetary policy easing and the potential for greater fiscal spending, which could worsen existing imbalances in its economy. This could undermine efforts to address already high debt levels and increase medium-term risks.

These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and the global credit and financial markets. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. This and any prolonged financial crisis may have an adverse impact on the Indian economy, and in turn on our business, results of operations and financial condition.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial instability could influence the Indian economy. In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. In addition, any increase in interest rates by the United States Federal Reserve will lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. Furthermore, in several parts of the world, there are signs of increasing retreat from globalization of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect Indian exports. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on our business, results of operations, financial condition and liquidity position.

Natural calamities, terrorist attacks, civil disturbances, outbreaks of contagious diseases, power outages and other disruptions could have a negative impact on the Indian economy and could cause the Bank's business to suffer and the trading price of the Equity Shares to decrease.

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. For example, in fiscals 2015 and 2016, many parts of India received significantly less than normal rainfall, which significantly impacted the performance of the agricultural sector. An erratic monsoon season could also adversely affect sowing operations for certain crops and result in a decline in the growth rate of the agricultural sector. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, adversely affecting the Bank's business and potentially causing the trading price of the Equity Shares to decrease. India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armaments and Kashmir. In April 2019, skirmishes along India's border with Pakistan and the downing of an Indian military jet fighter plane significantly escalated tensions between the two countries. India has also experienced terrorist attacks in some parts of the country. In November 2008, several coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital. These attacks resulted in loss of life, property and business. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. Certain countries in Southeast Asia have reported cases of bird-to-human transmission of avian and swine influenza, resulting in numerous human deaths. The World Health Organisation and other agencies have issued warnings on a potential avian or swine influenza pandemic if there is sustained human-to-human transmission. Future outbreaks of avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of avian or swine influenza or other contagious disease could have a material adverse effect on the Bank's business and the trading price of the Equity Shares.

A significant increase in the price of crude oil could adversely affect the Indian economy and, in turn, the Bank's business.

India imports more than 90% of its requirements of crude oil and products, which comprised approximately 27.7% of its total imports in fiscal 2019. Higher price of crude oil could adversely affect the Indian economy, which could, in turn, adversely affect the Bank's business. Although the price of Brent crude oil declined from approximately U.S.\$70.3 per barrel in March 2018 to approximately U.S.\$68.4 per barrel in March 2019, there have been several periods of sharp increases in global crude oil prices since 2004 due to increased demand and speculation and pressure on production and refinery capacity, and political and military tensions in key oil-producing regions, among other factors. The Government has also deregulated the prices of certain oil products resulting in greater pass-through of international crude prices to domestic oil prices. Increase or volatility in oil prices and the pass-through of such increases to Indian consumers could have a material adverse impact on the Indian economy and on the Indian banking and financial system in particular, including through a rise in inflation

and market interest rates and a higher trade deficit. This could adversely affect the Bank's business, results of operations, financial condition and prospects.

Political instability or significant changes in the economic liberalization and deregulation policies of the Government, or in the government of the States where we operate, could disrupt our business.

We are incorporated in India and derive our revenues in India. Consequently, our business, results of operations, financial condition and liquidity position may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our businesses, and the market price and liquidity of our securities, may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India.

In recent years, the Indian governments have generally pursued a course of economic liberalization and deregulation aimed at accelerating the pace of economic growth and development. This has included liberalizing rules and limits for foreign direct investment in a number of important sectors of the Indian economy, including infrastructure, railways, services, pharmaceuticals and insurance. In addition, the current Indian government has pursued a number of other economic reforms, including the introduction of a goods and services tax, increased infrastructure spending and a new Insolvency and Bankruptcy Code.

There can be no assurance that the government's policies will succeed in their aims, including facilitating high rates of economic growth. Following the release of the results of the general elections of India on May 23, 2019, the Bharatiya Janata Party had won a majority of seats in the Lok Sabha, or lower house of India's Parliament. While Mr. Narendra Modi has received a fresh mandate to continue his tenure as Prime Minister for a second term, there is an increased expectation of reforms and there can be no assurance that the government will continue with its current policies. New or amended policies may be unsuccessful or have detrimental effects on economic growth. In the past, government corruption scandals and protests against economic reforms, as well as social and ethnic instability and terrorist incidents have hampered the implementation of economic reform.

All this has impacted sentiments and the economy, the rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalization and deregulation policies, in particular, those relating to the businesses in which we operate, could disrupt business and economic conditions in India generally and our business in particular.

Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, with which investors may be more familiar and may consider material to their assessment of our financial condition.

Our financial statements for Fiscal 2017, Fiscal 2018, Fiscal 2019 and the six months ended September 30, 2019, were prepared and presented in conformity with Indian GAAP. No attempt has been made to reconcile any of the information given in this Placement Document to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our business, results of operations and financial condition may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

Banks in India, including us, will be required to prepare financial statements under Indian Accounting Standards (Ind-AS). While the implementation of Ind-AS has been deferred until further notice, we have also not determined with any degree of certainty the impact of such adoption on our financial reporting.

Our Financial Statements are prepared and presented in conformity with Indian GAAP. The Institute of Chartered Accountants of India has issued Ind-AS (a revised set of accounting standards) which converges with the Indian accounting standards with International Financial Reporting Standards. The Ministry of Corporate Affairs has confirmed the Ind-AS for adoption.

According to a circular issued by RBI on February 11, 2016, banking companies were required to prepare their

financial statements under Ind-AS from April 1, 2018 and the monetary policy statement announced on April 5, 2018 deferred the implementation timeline by another year as necessary legislative amendments were still under the consideration of the Government. RBI on March 22, 2019 further deferred Ind-AS implementation until further notice, as the requisite legislative amendments are still under consideration by the Government. We may be required to begin preparing financial statements in accordance with Ind-AS in the future once regulatory authorities notify us that the implementation of Ind-AS will be mandatory for banking institutions.

While we have been discussing, including with RBI, the possible impact of Ind-AS on our financial reporting, the nature and extent of such impact is still uncertain. Further, the new accounting standards will change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of expected loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realizable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognizing allowances for expected loan losses in the future which may be higher or lower than under current Indian GAAP. There can be no assurance, therefore, that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind-AS than under Indian GAAP. In our transition to Ind-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS- experienced accounting personnel available as more Indian companies begin to prepare Ind-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of Ind-AS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt Ind-AS could adversely affect our business, results of operations and financial condition.

Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us, our directors or executive officers.

We are a limited liability company incorporated under the laws of India. Substantially all of our Directors and executive officers, Key Managerial Personnel and Senior Management are residents of India, and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code on a statutory basis. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated between the same parties or between parties under whom they or any of them claim litigating under the same title except: (a) where it has not been pronounced by a court of competent jurisdiction; (b) where it has not been given on the merits of the case; (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained are opposed to natural justice; (e) where it has been obtained by fraud; and (f) where it sustains a claim founded on a breach of any law in force in India.

Under the Civil Procedure Code, a court in India shall presume, upon the production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

The United Kingdom, Singapore and Hong Kong, among others, have been declared by the Government of India to be "reciprocating territories" for the purposes of Section 44A of the Civil Procedure Code, but the United States has not been so declared. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a fresh suit resulting in a judgment or order and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce

a civil liability in India. A judgment of a superior court of a country which is a reciprocating territory may be enforced by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The latter suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Execution of a judgment or repatriation outside India of any amounts received is subject to the approval of RBI, wherever required. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

The market value of the Equity Shares may fluctuate due to the volatility of the Indian securities markets.

Indian securities markets may be more volatile than, and not comparable to, the securities markets in certain countries with more developed economies and capital markets than India. Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges (including BSE and NSE) have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have a negative effect on market sentiment.

Rights of Shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles, the instructions issued by RBI, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and Shareholders' rights may differ from those that would apply to a bank or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, results of operations and financial condition.

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the Competition Commission of India (the "CCI"). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services, or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual. If we, or any of our employees, are penalized under the Competition Act, our business may be adversely affected.

Further, the Competition Act also regulates combinations and requires approval of the CCI for effecting any acquisition of shares, voting rights, assets or control or mergers or amalgamations above the prescribed asset and turnover based thresholds.

It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, results of operations and financial condition.

The implementation of the General Anti-Avoidance Rules could adversely affect the Bank's business, future financial performance, and the trading price of the Equity Shares.

The General Anti-Avoidance Rules (GAAR) provisions became effective on 1 April 2017. GAAR codifies the principle of substance over form. Under the GAAR provisions, an arrangement the main purpose of which is to obtain a tax benefit and which lacks commercial substance will be considered as an "impermissible avoidance arrangement". In addition, our Bank has to establish that its transactions are not undertaken with the main objective of tax avoidance but are backed by commercial and economic substance.

As the provisions of GAAR are subjective in nature, its effect on the banking system cannot be determined as at the date of this Placement Document and therefore, there can be no assurance that the implementation of GAAR would not adversely affect the Bank's business, future financial performance and the trading price of the Equity Shares.

Risks Relating to the Equity Shares and the Issue

After this Issue, the price of the Equity Shares may be volatile.

The market price of the Equity Shares may be volatile and could fluctuate in response to amongst others, the following factors, some of which are beyond Bank's control:

- volatility in the Indian and the global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our profitability and performance;
- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about investments in the banking and finance sector;
- adverse media reports about us or the Indian banking and finance sector;
- a comparatively less active or illiquid market for Equity Shares;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- regulatory changes in the Banking sector;
- inclusion or exclusion of our Bank in indices;
- significant developments in India's fiscal and environmental regulations; and
- any other political or economic factors.

These fluctuations may be exaggerated if the trading volume of the Equity Shares is low. Volatility in the price of the Equity Shares may be unrelated or disproportionate to the Bank's results of operations. It may be difficult to assess the Bank's performance against either domestic or international benchmarks.

We may, at any time in the future, make further issuances or sales of the Equity Shares, and this could significantly affect the trading price of the Equity Shares.

The further issuance of shares by us, including by way of preferential allotment or rights issue, which may be done at any time in the future (including immediately after the end of the Lock-up), the disposal of shares by any of our major Shareholders, or the perception that such issuance or sales of shares may occur, may significantly affect the trading price of the Equity Shares. There can be no assurance that such future issuance by us will be at a price equal to or more than the Issue Price. Further, there can be no assurance that we will not issue further shares or that the major Shareholders will not dispose of, pledge or otherwise encumber their shares.

Pursuant to its resolution dated November 30, 2019 read with resolution dated December 1, 2019, the Board has approved a preferential issue by way of private placement of up to (i) 4,402,700 Equity Shares to East Bridge Capital Master Fund I Ltd; (ii) 2,527,140 Equity Shares to FEG Mauritius FPI Limited; (iii) 6,310,530 Equity Shares to Ishana Capital Master Fund; (iv) 6,595,240 Equity Shares to WF Asian Reconnaissance Fund Limited and (v) subject to seeking clarification cum guidance and/or approval from the Stock Exchanges and/or regulatory authorities including SEBI, 4,402,700 Equity Shares to Bajaj Finance Limited, in accordance with Section 42 of the Companies Act, 2013 and Chapter V of the SEBI ICDR Regulations and subject to approval of the Shareholders at the extra-ordinary general meeting scheduled to be held on December 27, 2019. Subsequently, Bajaj Finance Limited by its letter dated December 5, 2019, has informed about their decision not to participate in the preferential issue as obtaining regulatory approvals by the Bank with respect to certain provision of SEBI ICDR Regulations did not appear feasible within the stipulated timeline. The issue price of the Equity Shares in the aforesaid preferential issue is ₹340.70 per Equity Share, in accordance with Chapter V of the SEBI ICDR

Regulations. The preferential issue may significantly affect the trading price of the Equity Shares.

There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed on BSE and NSE in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on BSE and NSE. Any failure or delay in obtaining the approval would restrict an investor's ability to dispose of the Equity Shares.

An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than across a recognized Indian stock exchange for a period of 12 months from the date of the issue of the Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares in this Issue, QIBs subscribing to the Equity Shares may only sell their Equity Shares on NSE or BSE and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to certain categories of Eligible QIBs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares purchased by such investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

Any trading closures at BSE and NSE may adversely affect the trading price of our Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. A closure of, or trading stoppage on, either of BSE and NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a Shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

We are subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). Due to the existence of this circuit breaker, there can be no assurance that Shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

You will not, without prior RBI approval, be able to acquire Equity Shares if such acquisition would result in an individual or group holding 5.00% or more of our share capital or voting rights; you may not be able to exercise voting rights in excess of 10.00% of the total voting rights.

On 12 May 2016, RBI issued the Master Direction – Ownership in Private Sector Banks, Directions, 2016 (the “**Master Directions**”). The Master Directions prescribe limits on ownership for all shareholders in the long run based on categorization of shareholders under two broad categories, namely (i) individuals and (ii) entities/institutions. Each of these groups has separate limits for their shareholdings as set out in the Master Directions.

Larger shareholdings resulting from capital infusion by domestic or foreign entities or institutions are possible if RBI approves such transactions on a case-by-case basis. If a transaction results in any person acquiring or agreeing to acquire, directly or indirectly, by itself or acting in concert with any other person, shares of a banking company or voting rights therein which, taken together with shares and voting rights, if any, held by such person or such person's relative or associate enterprise or person acting in concert with such person, results in such person(s) holding at least 5.0% of the paid-up share capital of a banking company or entitles such person(s) to exercise at least 5.0% of a banking company's voting rights, RBI's approval is required prior to such transaction. RBI, when considering whether to grant an approval, may take into account all matters that it considers relevant to the application, including ensuring that shareholders whose aggregate holdings are above specified thresholds meet fit and proper criteria. Currently, RBI limits voting rights to 26.0%. There are also foreign ownership restrictions in a private bank and in downstream companies which may impact an acquirer's ability to acquire a majority of the Bank's shares or acquire control over the Bank. The implementation of such restrictions could discourage or prevent a change in control, merger, consolidation, takeover or other business combination involving the Bank, which might be beneficial to the Bank's Shareholders.

Any substantial stake in our Bank could discourage or prevent another entity from exploring the possibility of a combination with it. Any such obstacles to potentially synergistic business combinations could negatively impact the Bank's share price and have a material adverse effect on the Bank's ability to compete effectively with other large banks and, consequently, the Bank's ability to maintain and improve its financial condition. For further details, see "Key Regulations and Policies" on page 160.

Applicants to the Issue are not allowed to withdraw or revise downwards their Bids after the Bid/Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw or revise downwards their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant could take approximately seven days and up to 10 working days from the Bid/Issue Closing Date. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operations or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of SEBI. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on BSE and NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of listed equity shares held for a period of more than 12 months in an Indian company are subject to long-term capital gains tax in India. Similarly, capital gain realised from the sale of listed equity shares held for a period of 12 months or less is subject to short-term capital gains tax in India. Further, the Finance Act, 2018 introduced taxes on long term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on or after April 1, 2018. An exemption in respect of such tax is available where Securities Transaction Tax ("STT") has been paid on the transfer of such shares. Unrealized capital gains earned on listed equity shares up to January 31, 2018 continue to be tax-exempt. Further, STT will be levied on and collected by an Indian stock exchange if the Bank's equity shares are sold on a stock exchange. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

Currency exchange rate fluctuations may affect the value of the Equity Shares.

The exchange rate between the Rupee and other foreign currencies, including the U.S. Dollar, the British pound sterling, the Euro, the Hong Kong Dollar, the Singapore Dollar and the Japanese Yen, has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the foreign currencies with which an investor may have purchased Rupees may affect the value of the investment in the Bank's Equity Shares. Specifically, if there is a change in relative value of the Rupee to a foreign currency, each of the following values will also be affected:

- the foreign currency equivalent of the Rupee trading price of the Bank's Equity Shares in India;
- the foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of the Bank's Equity Shares; and
- the foreign currency equivalent of cash dividends, if any, on the Bank's Equity Shares, which will be paid only in Rupees.

You may be unable to convert Rupee proceeds into a foreign currency of your choice, or the rate at which any such conversion could occur could fluctuate. In addition, the Bank's market valuation could be seriously harmed by a devaluation of the Rupee if investors in jurisdictions outside India analyse its value based on the relevant foreign currency equivalent of the Bank's financial condition and results of operations.

Prospective investors should read the Preliminary Placement Document carefully and base any investment decision on the information about our Bank and its business contained therein.

There may be independent press coverage about our Bank that may have included projections, valuations and other forward-looking information relating to the Bank, its business and the Issue. Our Bank does not accept any responsibility for the accuracy or completeness of such press articles and the prospective investors are cautioned against placing any reliance on any such information relating to the Bank, its business and the Issue. Additionally, there may also be information available in the public domain with respect to the Bank's operations which is based on management estimates and may be subjective in nature. Prospective investors should read the Preliminary Placement Document carefully and base any investment decision on the information about the Bank, its business and the Issue contained therein.

MARKET PRICE INFORMATION

The Equity Shares have been listed and are available for trading on BSE and NSE.

On December 2, 2019, the closing price of Equity Shares on BSE and NSE was ₹373.25 and ₹373.40 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

- (i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on BSE and NSE on the dates on which such high and low prices were recorded for Financial Years ended March 31, 2017, March 31, 2018 and March 31, 2019:

BSE

Financial Year ended	High (₹)	Date of high ⁽¹⁾	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low ⁽¹⁾	Number of Equity Shares traded on the date of low	Total turnover of Equity shares traded on the date of low (₹ million)	Average price for the year (₹) ⁽²⁾
2017	501.35	March 21, 2017	320,058	160.14	285.15	September 29, 2016	1,065,118	313.89	371.73
2018	587.50	April 10, 2017	802,767	470.26	453.15	March 7, 2018	64,975	29.63	519.04
2019	684.20	March 28, 2019	132,437	90.19	464.90	October 23, 2018	785,670	362.29	557.31

(Source: www.bseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(2) Average price for the year represents the average of daily closing prices.

NSE

Financial Year ended	High (₹)	Date of high ⁽¹⁾	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low ⁽¹⁾	Number of Equity Shares traded on the date of low	Total turnover of Equity shares traded on the date of low (₹ million)	Average price for the year (₹) ⁽²⁾
2017	501.00	March 21, 2017	19,65,748	984.07	285.90	September 29, 2016	12,38,800	361.89	371.79
2018	589.15	May 3, 2017	57,15,260	3,378.85	453.70	March 7, 2018	12,80,681	584.55	519.15
2019	684.30	March 28, 2019	43,73,710	2,979.84	464.90	October 23, 2018	92,15,694	4,251.35	557.59

(Source: www.nseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(2) Average price for the year represents the average of daily closing prices.

- (ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on BSE and NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month ended	High (₹)	Date of high ⁽¹⁾	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low ⁽¹⁾	Number of Equity Shares traded on the date of low	Total turnover of Equity shares traded on the on date of low (₹ million)	Average price for the month (₹) ⁽²⁾
November 30, 2019	381.00	November 28, 2019	1,908,217	725.83	299.15	November 05, 2019	783,870	240.85	334.20
October 31, 2019	311.95	October 3, 2019	2,126,102	653.94	251.90	October 24, 2019	1,389,671	355.50	282.11
September 30, 2019	401.45	September 24, 2019	581,962	230.47	315.90	September 3, 2019	804,605	260.51	358.62
August 31, 2019	407.30	August 2, 2019	529,233	213.49	313.65	August 28, 2019	2,619,255	840.85	370.75
July 31, 2019	653.90	July 4, 2019	55,701	36.63	398.20	July 30, 2019	1,352,294	559.83	557.10
June 30, 2019	696.35	June 3, 2019	75,673	52.31	612.30	June 21, 2019	123,568	75.34	644.62

(Source: www.bseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(2) Average price for the year represents the average of daily closing prices.

NSE

Month ended	High (₹)	Date of high ⁽¹⁾	Number of Equity Shares traded on the date of high	Total turnover of Equity shares traded on the date of high (₹ million)	Low (₹)	Date of low ⁽¹⁾	Number of Equity Shares traded on the date of low	Total turnover of Equity shares traded on the on date of low (₹ million)	Average price for the month (₹) ⁽²⁾
November 30, 2019	381.00	November 28, 2019	33,059,498	12,582.15	299.10	November 05, 2019	10,999,661	3,379.81	334.22
October 31, 2019	312.00	October 3, 2019	27,052,594	8,310.76	251.70	October 24, 2019	16,980,368	4,352.68	282.03
September 30, 2019	401.00	September 24, 2019	8,140,651	3,219.57	315.40	September 3, 2019	12,199,822	3,953.48	358.58
August 31, 2019	407.45	August 2, 2019	6,013,347	2,424.57	313.85	August 28, 2019	34,931,359	11,178.12	370.88
July 31, 2019	654.15	July 4, 2019	1,477,866	971.69	398.70	July 30, 2019	23,721,723	9,798.27	557.28
June 30, 2019	695.60	June 3, 2019	822,894	568.49	611.95	June 21, 2019	3,332,898	2,029.59	644.39

(Source: www.nseindia.com)

Notes:

(1) High and low prices in the above tables are of the daily closing prices. In case of two days with the same high or low price, the date with the higher volume has been chosen.

(2) Average price for the year represents the average of daily closing prices.

(iii) The following table sets forth the market price on BSE and NSE on April 22, 2019, i.e., the first working day following the approval of the Board of Directors for the Issue:

Stock Exchange	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ million)
BSE	677.1	682.45	662.2	680.6	100,262	67.68
NSE	676.95	682.9	663.15	681.1	1,681,191	1,135.82

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from the Issue will be approximately ₹20,252.70 million. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹20,002.70 million (the “**Net Proceeds**”).

Purpose of the Issue

Subject to compliance with applicable laws and regulations, our Bank intends to use the Net Proceeds to enhance its capital adequacy, in accordance with regulatory requirements and to fund its growth strategy, in accordance with applicable law.

None of the Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue, as on the date of this Placement Document.

CAPITALISATION

The following table sets forth the capitalisation and indebtedness of our Bank as at September 30, 2019 on a standalone basis and as adjusted to give effect to the Issue. This table should be read in conjunction with “Selected Statistical Information”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” on pages 46, 177 and 279, respectively.

(₹ in million)

Particulars	As of September 30, 2019	As adjusted for the Issue*
Indebtedness ⁽¹⁾		
- Deposits ⁽²⁾	628,291.33	628,291.33
- Borrowings ⁽³⁾	139,531.85	139,531.85
- In India	95,335.41	95,335.41
- Outside India	44,196.44	44,196.44
Total indebtedness	767,823.18	767,823.18
Shareholders’ funds		
Share capital ⁽⁴⁾	4,305.89	4,305.89
Fresh Equity Shares pursuant to the Issue	-	577.00
Reserves and surplus	73,684.78	73,684.78
Securities premium pursuant to the Issue	-	19,675.70
Total Shareholders’ funds	77,990.67	98,243.37
Total capitalisation ⁽⁵⁾	845,813.85	866,066.55

*The figures for the respective financial statements line items under post-Issue column are derived after considering the proposed impact due to the Issue (assuming that the Issue is subscribed as per terms in accordance with the resolution approved by the equivalent committee of the Board of Directors at their meeting dated April 18, 2019) and not considering any other transactions or movements for such financial statements line items after September 30, 2019. Accordingly, the post-Issue column has been adjusted to reflect the number of Equity Shares proposed to be issued pursuant to the Issue and the related proceeds from the Issue. The aforesaid amounts do not include any Issue related expenses.

Notes:

- Includes both short term and long-term indebtedness of the Bank
- Deposits include both demand and time deposits
- Borrowings include sub-ordinated debt
- As at September 30, 2019, there were 430,588,710 outstanding Equity Shares
- Contingent liabilities (as per the Banking Regulation Act and Accounting Standard 29) as at September 30, 2019 amounted to ₹ 648,395.09 million
- September 30, 2019 as adjusted to show the number of Equity Shares issued in the Issue
- The Stakeholders’ Relations Committee at its meeting held on November 14, 2019, has issued and allotted 151,400 Equity Shares to 82 eligible employees under the respective ESOP Schemes, at an issue price ranging between ₹55.00 to ₹120.00 per Equity Share.

Note: Pursuant to its resolution dated November 30, 2019 read with resolution dated December 1, 2019, the Board has approved a preferential issue by way of private placement of up to (i) 4,402,700 Equity Shares to East Bridge Capital Master Fund I Ltd; (ii) 2,527,140 Equity Shares to FEG Mauritius FPI Limited; (iii) 6,310,530 Equity Shares to Ishana Capital Master Fund; (iv) 6,595,240 Equity Shares to WF Asian Reconnaissance Fund Limited; and (v) subject to seeking clarification cum guidance and/or approval from the Stock Exchanges and/or regulatory authorities including SEBI, 4,402,700 Equity Shares to Bajaj Finance Limited, in accordance with Section 42 of the Companies Act, 2013 and Chapter V of the SEBI ICDR Regulations and subject to approval of the Shareholders at the extra-ordinary general meeting scheduled to be held on December 27, 2019. Subsequently, Bajaj Finance Limited by its letter dated December 5, 2019, has informed about their decision not to participate in the preferential issue as obtaining regulatory approvals by the Bank with respect to certain provision of SEBI ICDR Regulations did not appear feasible within the stipulated timeline. The issue price of the Equity Shares in the aforesaid preferential issue is ₹340.70 per Equity Share, in accordance with Chapter V of the SEBI ICDR Regulations.

CAPITAL STRUCTURE

The Equity Share capital of our Bank as at the date of this Placement Document is set forth below:

(in ₹ million except Equity Share data)

	Aggregate at face value
Authorized Share Capital	
700,000,000 Equity Shares of ₹10 each	7,000.00
Issued, subscribed and paid-up share capital prior to the Issue	
430,740,110 Equity Shares of ₹10 each	4,307.40
Present Issue*	
57,700,000 Equity Shares at a premium of ₹341.00, i.e. at a price per Equity Share of ₹351.00	20,252.70
Issued, subscribed and paid-up share capital after to the Issue*	
488,440,110 Equity Shares	4,884.40
Securities premium account	
- Prior to the Issue	47,509.50
- After the Issue	67,185.20*

The Issue has been authorized by the Board pursuant to a resolution dated April 18, 2019 and by the Shareholders pursuant to a special resolution dated July 9, 2019.

Equity Share capital history of our Bank

History of Equity Share capital of our Bank from incorporation to 1999

Our Bank has been unable to trace the complete set of corporate resolutions and filings in relation to changes in our issued, subscribed and paid-up share capital from the date of incorporation of the Bank till the Financial Year ended March 31, 1999. The history of share capital of our Bank from the date of incorporation of the Bank till the financial year ended March 31, 1999, as below, have been disclosed based on information available with the Bank. See “Risk Factors – Some of our corporate records and regulatory filings, including those relating to allotment of our Equity Shares in the past are not traceable” on page 85.

Date of allotment	Number of Equity Shares	Face value (₹)	Nature of consideration	Nature of allotment
June 14, 1943	550	100.00	Cash	Subscription to Memorandum
June 27, 1943	2,350	100.00	Cash	Allotment of shares
July 17, 1943	1,505	100.00	Cash	Allotment of shares
July 24, 1943	457	100.00	Cash	Allotment of shares
<i>Cumulative issued equity share capital of our Bank as on December 31, 1943</i>				597,500
August 5, 1945	185	100.00	Cash	Allotment of shares
June 13, 1949	3,794	100.00	Cash	Allotment of shares
July 29, 1969	112	100.00	Cash	Conversion of 112 Deferred Shares into Equity Shares
May 10, 1973	26	100.00	Cash	Allotment of shares
June 29, 1973	1	100.00	Cash	Allotment of shares
September 7, 1973	25	100.00	Cash	Allotment of shares
March 2, 1974	611	100.00	Cash	Allotment of shares
March 15, 1974	2,228	100.00	Cash	Allotment of shares
March 15, 1974	5	100.00	Cash	Allotment of shares
June 8, 1974	1,835	100.00	Cash	Allotment of shares
October 17, 1974	204	100.00	Cash	Allotment of shares

Date of allotment	Number of Equity Shares	Face value (₹)	Nature of consideration	Nature of allotment
December 2, 1974	2	100.00	Cash	Allotment of shares
<i>Cumulative issued equity share capital of our Bank as on December 31, 1974</i>	1,512,000			
April 15, 1977	121	100.00	Cash	Allotment of shares
December 14, 1977	145	100.00	Cash	Allotment of shares
December 29, 1977	450	100.00	Cash	Allotment of shares
February 3, 1978	75	100.00	Cash	Allotment of shares
February 26, 1978	45	100.00	Cash	Allotment of shares
March 30, 1978	140	100.00	Cash	Allotment of shares
April 28, 1978	61	100.00	Cash	Allotment of shares
April 29, 1978	25	100.00	Cash	Allotment of shares
July 16, 1978	480	100.00	Cash	Allotment of shares
September 28, 1978	120	100.00	Cash	Allotment of shares
February 9, 1979	185	100.00	Cash	Allotment of shares
April 20, 1979	413	100.00	Cash	Allotment of shares
July 5, 1979	435	100.00	Cash	Allotment of shares
August 17, 1979	682	100.00	Cash	Allotment of shares
November 9, 1979	287	100.00	Cash	Allotment of shares
January 24, 1980	30	100.00	Cash	Allotment of shares
June 27, 1980	150	100.00	Cash	Allotment of shares
September 5, 1980	195	100.00	Cash	Allotment of shares
September 26, 1980	435	100.00	Cash	Allotment of shares
November 28, 1980	375	100.00	Cash	Allotment of shares
January 16, 1981	151	100.00	Cash	Allotment of shares
December 9, 1982	15,724	100.00	Cash	Allotment of shares
December 29, 1982	3466	100.00	Cash	Allotment of shares
December 8, 1983	930	100.00	Cash	Allotment of shares
March 15, 1993	34,563	100.00	Cash	Allotment of shares
May 4, 1993	17,209	100.00	Cash	Allotment of shares
May 14, 1993	3,829	100.00	Cash	Allotment of shares
April 15, 1994	(428)	100.00	Cash	Forfeiture of shares
May 31, 1994	42,130	100.00	Cash	Allotment of shares
July 29, 1994	(2,818)	100.00	Cash	Forfeiture of shares
July 29, 1994	160	100.00	Cash	Revocation of certain forfeitures of shares
<i>Cumulative issued equity share capital of our Bank as on March 31, 1995</i>	13,482,700			
Not available	14,797	100.00	Cash	Allotment of shares
June 24, 1995	(149)	100.00	Cash	Forfeiture of shares
July 10, 1995	20	100.00	Cash	Revocation of certain forfeitures of shares
<i>Cumulative issued equity share capital of our Bank as on March 31, 1996</i>	14,982,600			
March 21, 1998	90,290	100.00	Cash	Allotment of shares
<i>Cumulative issued equity share capital of our Bank as on March 31, 1998</i>	23,946,000			
June 27, 1998	54,345	100.00	Cash	Allotment of shares
June 27, 1998	149	100.00	Cash	Allotment of shares
June 27, 1998	25	100.00	Cash	Allotment of shares

Date of allotment	Number of Equity Shares	Face value (₹)	Nature of consideration	Nature of allotment
Cumulative issued equity share capital of our Bank as on March 31, 1999	29,463,500			

History of Equity Share capital of our Bank from 2000 until date

Date of subscription/issue/ allotment/split	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment
February 11, 2000	356,348	100.00	100.00	Cash	Rights issue
February 11, 2000	100,000	100.00	100.00	Cash	Allotment pursuant to ESPS
February 11, 2000	232,922	100.00	100.00	Cash	Allotment of unsubscribed portion of rights issue
January 25, 2003	470,881	100.00	100.00	Cash	Rights issue
February 19, 2003	482,898	100.00	100.00	Cash	Allotment of unsubscribed portion of rights issue
February 21, 2006	816,938	100.00	100.00	Cash	Rights issue
March 13, 2006	1,120,746	100.00	100.00	Cash	Allotment of unsubscribed portion of rights issue
March 13, 2006	159,900	100.00	100.00	Cash	Preferential allotment
March 31, 2006	55,850	100.00	100.00	Cash	Preferential allotment
November 21, 2006	36,076	100.00	100.00	Cash	Preferential allotment
February 9, 2007	1,095,984	100.00	100.00	Cash	Rights issue
February 14, 2007	279,747	100.00	100.00	Cash	Allotment of unsubscribed portion of rights issue
March 26, 2007	1,541,260	100.00	450.00	Cash	Rights issue
May 10, 2007	3,427,823	100.00	450.00	Cash	Allotment of unsubscribed portion of rights issue
August 20, 2008	Sub-division of each equity share of face value ₹100 into 10 equity shares of our Bank of face value ₹10.				
October 20, 2010	5,338,420	10.00	45.00	Cash	Allotment of unsubscribed portion of rights issue
January 9, 2011	75,812,652	10.00	67.00	Cash	Rights issue
January 28, 2011	22,999,880	10.00	67.00	Cash	Allotment of unsubscribed portion of rights issue
February 25, 2011	4,600,111	10.00	67.00	Cash	Allotment of unsubscribed portion of rights issue
March 9, 2011	1,476,253	10.00	67.00	Cash	Allotment of unsubscribed portion of rights issue
May 28, 2012	334,166	10.00	40.00	Cash	Allotment pursuant to the ESOP Schemes
September 25, 2012	189,092	10.00	40.00 - 46.50	Cash	Allotment pursuant to the ESOP Schemes
November 22, 2012	5,169,604	10.00	102.00	Cash	Allotment of unsubscribed portion of rights issue
December 26, 2012	2,284,453	10.00	40.00 - 46.50	Cash	Allotment pursuant to the ESOP Schemes
February 4, 2013	17,300,000	10.00	110.00	Cash	Preferential allotment
March 26, 2013	1,300,000	10.00	110.00	Cash	Preferential allotment
March 26, 2013	11,400,000	10.00	105.00	Cash	Preferential allotment
April 4, 2013	395,520	10.00	40.00 - 46.50	Cash	Allotment pursuant to the ESOP Schemes
July 9, 2013	1,245,160	10.00	40.00 - 46.50	Cash	Allotment pursuant to the ESOP Schemes
October 8, 2013	825,456	10.00	40.00 - 46.50	Cash	Allotment pursuant to the

Date of subscription/ issue/ allotment/split	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of considerati on	Nature of allotment
					ESOP Schemes
December 30, 2013	1,108,926	10.00	40.00 - 46.50	Cash	Allotment pursuant to the ESOP Schemes
March 27, 2014	15,540,425	10.00	128.10	Cash	Preferential allotment
April 28, 2014	1,021,956	10.00	40.00 - 52.00	Cash	Allotment pursuant to the ESOP Schemes
May 7, 2014	10,109,475	10.00	128.10	Cash	Preferential allotment
June 30, 2014	2,741,655	10.00	40.00 - 52.00	Cash	Allotment pursuant to the ESOP Schemes
October 13, 2014	4,215,369	10.00	40.00 -55.00	Cash	Allotment pursuant to the ESOP Schemes
January 14, 2015	1,522,943	10.00	40.00 - 55.00	Cash	Allotment pursuant to the ESOP Schemes
March 17, 2015	521,880	10.00	46.50 - 55.00	Cash	Allotment pursuant to the ESOP Schemes
March 31, 2015	1,276,154	10.00	40.00 - 55.00	Cash	Allotment pursuant to the ESOP Schemes
June 2, 2015	773,220	10.00	46.50 - 55.00	Cash	Allotment pursuant to the ESOP Schemes
June 25, 2015	526,671	10.00	46.50 - 55.00	Cash	Allotment pursuant to the ESOP Schemes
August 6, 2015	602,599	10.00	46.50 - 76.00	Cash	Allotment pursuant to the ESOP Schemes
September 5, 2015	618,627	10.00	46.50 - 76.00	Cash	Allotment pursuant to the ESOP Schemes
September 23, 2015	1,218,533	10.00	46.50 - 76.00	Cash	Allotment pursuant to the ESOP Schemes
October 31, 2015	8,591,752	10.00	195.00	Cash	Pre-initial public offering preferential allotment
November 6, 2015	434,183	10.00	46.50 -80.00	Cash	Allotment pursuant to the ESOP Schemes
December 5, 2015	209,350	10.00	46.50 - 80.00	Cash	Allotment pursuant to the ESOP Schemes
December 16, 2015	16,408,248	10.00	195.00	Cash	Pre-initial public offering preferential allotment
December 21, 2015	271,402	10.00	46.50 - 80.00	Cash	Allotment pursuant to the ESOP Schemes
February 9, 2016	594,187	10.00	46.50 - 80.00	Cash	Allotment pursuant to the ESOP Schemes
March 5, 2016	314,240	10.00	46.50 - 100.00	Cash	Allotment pursuant to the ESOP Schemes
March 23, 2016	715,488	10.00	46.50 -100.00	Cash	Allotment pursuant to the ESOP Schemes
June 8, 2016	1,962,851	10.00	46.50 -100.00	Cash	Allotment pursuant to the ESOP Schemes
June 20, 2016	1,861,171	10.00	46.50 - 100.00	Cash	Allotment pursuant to the ESOP Schemes
July 9, 2016	4,244,137	10.00	46.50 - 120.00	Cash	Allotment pursuant to the ESOP Schemes
July 20, 2016	12,687	10.00	46.50 - 120.00	Cash	Allotment pursuant to the ESOP Schemes
August 29, 2016	37,000,000	10.00	225.00	Cash	Initial public offering of Equity Shares
October 26, 2016	2,152,555	10.00	46.50 - 120.00	Cash	Allotment pursuant to the ESOP Schemes

Date of subscription/ issue/ allotment/split	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of considerati on	Nature of allotment
November 17, 2016	352,802	10.00	46.50 - 120.00	Cash	Allotment pursuant to the ESOP Schemes
November 28, 2016	259,723	10.00	46.50 - 120.00	Cash	Allotment pursuant to the ESOP Schemes
December 14, 2016	260,486	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
December 30, 2016	300,451	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
January 20, 2017	700,722	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
February 4, 2017	270,052	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
February 23, 2017	329,301	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
March 3, 2017	163,248	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
March 15, 2017	442,759	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
March 24, 2017	162,061	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
May 6, 2017	629,167	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
May 23, 2017	330,720	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
June 2, 2017	284,564	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
June 16, 2017	172,404	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
June 27, 2017	103,807	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
July 17, 2017	2,581,234	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
August 9, 2017	32,621,354	10.00	515.00	Cash	Preferential Issue
August 31, 2017	1,208,709	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
September 11, 2017	468,787	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
September 15, 2017	1,266,127	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
September 27, 2017	719,125	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
October 17, 2017	581,640	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
November 2, 2017	213,571	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
November 16, 2017	260,229	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
December 7, 2017	326,206	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
December 19, 2017	245,974	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
December 29, 2017	324,413	10.00	46.50 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
February 2, 2018	1,175,967	10.00	46.50 – 377.90	Cash	Allotment pursuant to the ESOP Schemes
February 27, 2018	470,599	10.00	46.50 – 382.15	Cash	Allotment pursuant to the

Date of subscription/ issue/ allotment/split	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of considerati on	Nature of allotment
					ESOP Schemes
March 7, 2018	236,675	10.00	46.50 – 382.15	Cash	Allotment pursuant to the ESOP Schemes
March 15, 2018	96,580	10.00	55.00 – 377.90	Cash	Allotment pursuant to the ESOP Schemes
March 22, 2018	146,559	10.00	55.00 – 377.90	Cash	Allotment pursuant to the ESOP Schemes
May 10, 2018	204,354	10.00	46.50 – 377.90	Cash	Allotment pursuant to the ESOP Schemes
May 28, 2018	727,540	10.00	46.50 – 377.90	Cash	Allotment pursuant to the ESOP Schemes
June 14, 2018	50,344	10.00	46.50 – 377.90	Cash	Allotment pursuant to the ESOP Schemes
June 25, 2018	279,640	10.00	46.50 – 377.90	Cash	Allotment pursuant to the ESOP Schemes
July 17, 2018	1,714,387	10.00	55.00 – 507.75	Cash	Allotment pursuant to the ESOP Schemes
August 21, 2018	1,039,303	10.00	46.50 -534.75	Cash	Allotment pursuant to the ESOP Schemes
September 5, 2018	616,439	10.00	55.00 – 507.75	Cash	Allotment pursuant to the ESOP Schemes
October 1, 2018	198,130	10.00	55.00 – 564.45	Cash	Allotment pursuant to the ESOP Schemes
October 23, 2018	779,541	10.00	46.50 – 527.70	Cash	Allotment pursuant to the ESOP Schemes
<i>Equity shares allotted in the one year immediately preceding this Placement Document</i>					
November 6, 2018	32,415	10.00	55.00 – 507.75	Cash	Allotment pursuant to the ESOP Schemes
December 5, 2018	125,251	10.00	55.00 – 507.75	Cash	Allotment pursuant to the ESOP Schemes
January 7, 2019	169,684	10.00	46.50 – 507.75	Cash	Allotment pursuant to the ESOP Schemes
January 28, 2019	232,491	10.00	55.00 - 510.00	Cash	Allotment pursuant to the ESOP Schemes
March 5, 2019	232,364	10.00	55.00 - 510.10	Cash	Allotment pursuant to the ESOP Schemes
March 15, 2019	243,452	10.00	55.00 - 510.10	Cash	Allotment pursuant to the ESOP Schemes
March 27, 2019	396,846	10.00	55.00 - 510.10	Cash	Allotment pursuant to the ESOP Schemes
May 9, 2019	331,434	10.00	55.00 - 544.60	Cash	Allotment pursuant to the ESOP Schemes
May 22, 2019	170,208	10.00	55.00 - 564.45	Cash	Allotment pursuant to the ESOP Schemes
May 30, 2019	35,274	10.00	76.00 – 564.45	Cash	Allotment pursuant to the ESOP Schemes
June 12, 2019	72,173	10.00	55.00 – 564.45	Cash	Allotment pursuant to the ESOP Schemes
June 24, 2019	395,152	10.00	55.00 – 564.45	Cash	Allotment pursuant to the ESOP Schemes
July 19, 2019	1,664,188	10.00	55.00 – 564.45	Cash	Allotment pursuant to the ESOP Schemes
August 7, 2019	645,863	10.00	55.00 – 552.05	Cash	Allotment pursuant to the ESOP Schemes
August 23, 2019	371,244	10.00	55.00 – 507.75	Cash	Allotment pursuant to the ESOP Schemes

Date of subscription/ issue/ allotment/split	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of considerati on	Nature of allotment
September 12, 2019	58,609	10.00	55.00 – 377.90	Cash	Allotment pursuant to the ESOP Schemes
September 30, 2019	134,837	10.00	55.00 – 120.00	Cash	Allotment pursuant to the ESOP Schemes
November 14, 2019	151,400	10.00	55.00-120.00	Cash	Allotment pursuant to the ESOP Schemes

Note: Pursuant to its resolution dated November 30, 2019 read with resolution dated December 1, 2019, the Board has approved a preferential issue by way of private placement of up to (i) 4,402,700 Equity Shares to East Bridge Capital Master Fund I Ltd; (ii) 2,527,140 Equity Shares to FEG Mauritius FPI Limited; (iii) 6,310,530 Equity Shares to Ishana Capital Master Fund; (iv) 6,595,240 Equity Shares to WF Asian Reconnaissance Fund Limited; and (v) subject to seeking clarification cum guidance and/or approval from the Stock Exchanges and/or regulatory authorities including SEBI, 4,402,700 Equity Shares to Bajaj Finance Limited, in accordance with Section 42 of the Companies Act, 2013 and Chapter V of the SEBI ICDR Regulations and subject to approval of the Shareholders at the extra-ordinary general meeting scheduled to be held on December 27, 2019. Subsequently, Bajaj Finance Limited by its letter dated December 5, 2019, has informed about their decision not to participate in the preferential issue as obtaining regulatory approvals by the Bank with respect to certain provision of SEBI ICDR Regulations did not appear feasible within the stipulated timeline. The issue price of the Equity Shares in the aforesaid preferential issue is ₹340.70 per Equity Share, in accordance with Chapter V of the SEBI ICDR Regulations.

Other than as disclosed above, in the last one year preceding the date of this Placement Document, our Bank has not made any allotments of Equity Shares.

Pre-Issue and post-Issue shareholding pattern of our Bank

The pre-Issue shareholding pattern of our Bank as on September 30, 2019 and the post-Issue shareholding pattern of our Bank is set forth below:

S. No.	Category	Pre-Issue		Post-Issue*	
		No. of Equity Shares held	% of Equity Share holding	No. of Equity Shares held	% of Equity Share holding
A	Promoters' holding				
1	Indian				
	Individual	-	-	-	-
	Bodies corporate	-	-	-	-
	Others	-	-	-	-
	Sub-total	-	-	-	-
2	Foreign promoters	-	-	-	-
	Sub-total (A)	-	-	-	-
B	Non-promoters' holding				
1	Institutional investors				
	Indian	95,612,444	22.21	131,728,806	26.97
	Foreign	94,327,986	21.91	115,911,624	23.73
2	Non-institutional Investors				
	Private corporate bodies	44,695,556	10.38	44,695,556	9.15
	Directors and relatives	15,559,091	3.61	15,665,676*	3.21
	Indian public	100,229,674	23.28	100,274,489**	20.53
	Others (including Non-resident Indians (NRIs))	80,163,959	18.62	80,163,959	16.41
	Sub-total (B)	430,588,710	100	488,440,110	100.00
	Total (A+B)	430,588,710	100	488,440,110	100.00

*The table for the post-Issue shareholding pattern of our Bank includes the shareholding of the Bidders on the basis of the Allocation made in the Issue, and reflects the shareholding of all other categories of Shareholders as of September 30, 2019

subject to the below notes.

*Includes 106,585 Equity Shares held by Ranjana Agarwal and her relatives, who was appointed as a Non-Executive Additional Independent Director on November 30, 2019.

** Includes 151,400 Equity Shares issued and allotted to 82 eligible employees on November 14, 2019 pursuant to the ESOP Schemes.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by the Bank, in consultation with the GCBRLMs, to Eligible QIBs only, on a discretionary basis. For details of the names of the proposed Allottees and the percentage of post-Issue capital that may be held by them, see “Proposed Allottees” on page 280.

Employee stock option schemes

As on date of the Placement Document, our Bank has two employee stock option schemes, namely:

- (i) ESOP 2013, in terms of special resolutions of the Shareholders dated March 24, 2014 and January 17, 2017, and resolution of the HRR Committee dated August 30, 2013 and December 16, 2016; and
- (ii) ESOP 2018, in terms of special resolution of the Shareholders dated June 18, 2018 and resolution of the Board of Directors dated April 27, 2018.

The primary objectives of ESOP 2013 is to, *inter alia*, (a) attract critical senior talent with ESOPs upon joining; (b) to utilise ESOPs as a compensation tool at the time of annual performance review; and (c) offer an opportunity of sharing the value created with those employees who have contributed or are expected to contribute to the growth and development of the Bank.

The primary objectives of ESOP 2018 is to, *inter alia*, (a) attract and retain critical senior talent with ESOPs upon joining; (b) to utilise ESOPs as a compensation tool at the time of annual performance review; and (c) offer an opportunity of sharing the value created with those employees who have contributed to the growth and development of the Bank.

Further, our Bank had two employee stock option schemes as below, which have been discontinued with no further options to be granted, except for exercise of options already vested, to the extent applicable:

- (i) ESOP 2010, in terms of special resolution of the Shareholders dated August 25, 2010 and resolution of the HRR Committee dated September 6, 2010; and
- (ii) RESOP 2014, in terms of special resolution of the Shareholders dated March 24, 2014 and resolution of the HRR Committee dated February 18, 2014.

Details with respect to the ESOP Schemes as on September 30, 2019 are set forth below:

Sl. No.	Particulars	Number of Equity Shares/ Options			
		ESOP 2010*	ESOP 2013	RESOP 2014*	ESOP 2018
1.	Total number of options**	Up to 12% of the paid-up capital of the Bank			20,000,000
2.	Total number of options granted	22,937,720	62,012,500	3,160,500	16,306,600
3.	Options vested	-	4,405,807	3,450	982,990
4.	Options exercised	20,406,650	37,249,556	2,544,250	-
5.	Options lapsed or forfeited	2,531,070	11,897,925	612,800	743,710
6.	Total number of options outstanding	-	12,865,019	3,450	15,562,890

*Schemes have been discontinued except for exercise of options already granted

**Options lapsed and forfeited have been added to the pool size and have been considered for the grant

Note: The Stakeholders' Relations Committee at its meeting held on November 14, 2019, has issued and allotted 151,400 Equity Shares to 82 eligible employees under the respective ESOP Schemes, at an issue price ranging between ₹55.00 to ₹120.00 per Equity Share.

Other Confirmations

There will be no change of control of our Bank pursuant to the Issue.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the Fiscals 2019, 2018 and 2017, as per the requirements under Accounting Standard 18 under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rule 2015, as amended, see “*Financial Information*” on page 279.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our Shareholders at their discretion. Our Board may also, from time to time, pay interim dividends. All dividend payments are made in cash to the Shareholders of our Bank. In accordance with SEBI Listing Regulations, our Bank has formulated a dividend distribution policy to regulate the process of dividend declaration and its pay-out.

The details of the dividends declared by our Bank in last three Fiscals are set out below:

Fiscal	Face value per Equity Share(₹)	Dividend per Equity Share (₹)	Dividend on Equity Shares (₹ in million)	Dividend distribution tax (₹ in million)	Rate of dividend (%)
2019	10.00	2.70	1154.83	237.38	27
2018	10.00	2.10	887.55	182.44	21
2017	10.00	1.80	682.75	138.99	18

The amounts paid as dividends in the past are not necessarily indicative of our Bank's dividend policy or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. For details in relation to the risk involved, see "*Risk Factors – Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, capital expenditure, long-term target payout ratios, growth and investment opportunities, current capital ratios, current & prospective financial performance and other macro and micro- economic factors*" on page 88.

For a summary of certain Indian tax consequences of dividend distributions to the Shareholders, see "*Statement of Possible Tax Benefits*" on page 259.

For a description of regulation of dividends by banks, see "*Key Regulations and Policies in India - Declaration of dividend by banks*" on page 172.

INDUSTRY OVERVIEW

The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government of India (the “GoI”) and its various ministries, the Reserve Bank of India, the National Payments Corporation of India and the Indian Banks’ Association, and has not been prepared or independently verified by the Bank, or any of their affiliates or advisers. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. Neither our Bank nor any of the GCBRLMs have independently verified this data and neither our Bank nor any of the GCBRLMs makes any representation regarding the accuracy or completeness of such data.

Statements in this section that are not statements of historical fact constitute “forward-looking statements”. Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to materially differ.

Global Outlook

Global growth lost momentum in 2018 and 2019 in an environment of volatile crude prices, geopolitical tensions, and escalating trade wars. Financial conditions – especially in the emerging market economies– have tightened with capital outflows and asset price volatility triggered by interest rate increases, balance sheet normalization by the Fed, and some evidence of shortages of US dollar liquidity. Across the world, alignment of national regulatory and supervisory architectures with Basel III standards progressed, albeit at varying speeds in different jurisdictions.

According to the International Monetary Fund (the “IMF”), the world economy is projected to grow at 3.0% in 2019 before recovering to 3.4% in 2020. A slightly higher growth rate is projected by the IMF for 2021–24. This global growth pattern reflects a major downturn and projected recovery in a group of emerging market economies. (Source: International Monetary Fund, Economic Outlook, October 2019). The groups of emerging market economies that have driven part of the projected decline in growth in 2019 and account for the bulk of the projected recovery in 2020 include those that have either been under severe strain or have underperformed relative to past averages. (Source: International Monetary Fund, Economic Outlook, October 2019). Although a 3.4% global expansion is still reasonable, the outlook for many countries is very challenging, with considerable uncertainties in the short term, especially as advanced economy growth rates converge toward their modest long-term potential. (Source: Report on Trend and Progress of Banking in India 2017-18, World Economic Outlook, April 2019, World Economic Outlook, October 2019, IMF)

Indian Economy

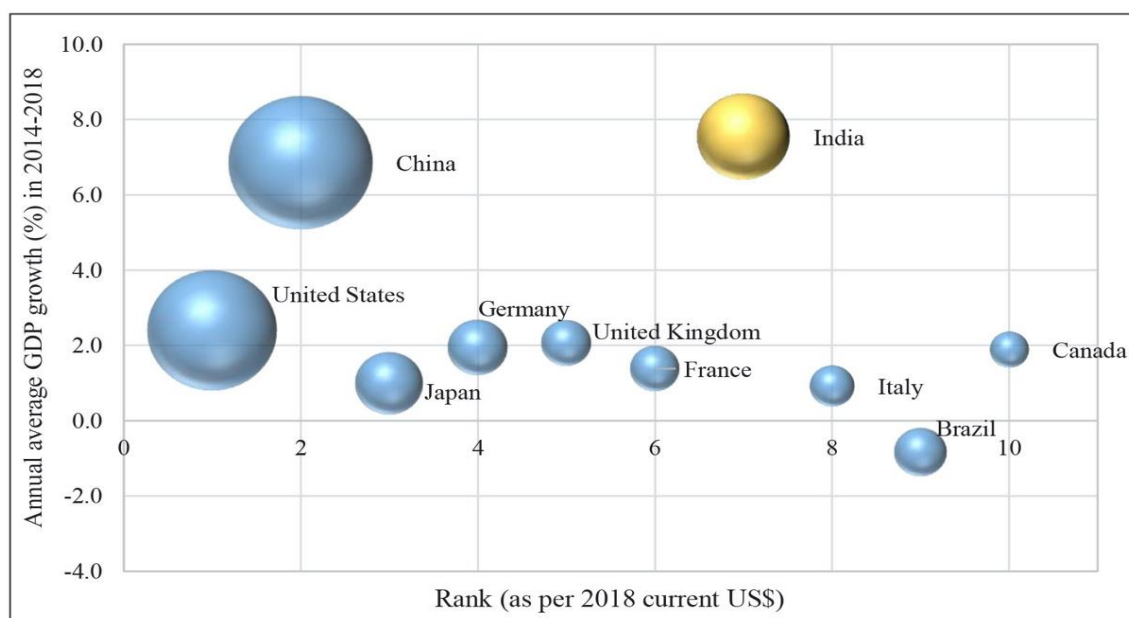
The Indian economy is the third largest economy in the world in terms of GDP at purchasing power parity (PPP) exchange rates, with an estimated GDP, in PPP terms for 2017 of US\$9.47 trillion. (Source: CIA World Factbook, 2019). India has the world's second largest population, estimated at 1,297 million people in July 2018 (Source: CIA World Factbook, 2019), and the second largest labour force, estimated at 521.9 million people in 2017. (Source: “CIA World Factbook”, 2019). India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute. (India Brand Equity Foundation, 2019). India also has one of the youngest populations in the world with a median age of 28.1 years, a high share of working population and rapid urbanisation (2.37% change per annum). (Source: “CIA World Factbook”, 2019).

India is developing into an open-market economy. Economic liberalization measures including industrial deregulation, privatization of state-owned enterprises and reduced controls on foreign trade and investment began in the 1990s and have accelerated India's growth which averaged nearly 7% per annum from 1997 to 2017. (Source: CIA World Factbook, 2019). In recent years, India has become a popular destination for foreign direct investment (“FDI”), owing to its well-developed private corporate sector, large consumer market potential, large well-educated and English-speaking workforce and well-established legal systems. Between April 2000 and June 2019, India has received equity inflows of US\$436.35 billion through FDI. Foreign Portfolio/Institutional Investors have invested around ₹12.92 trillion (US\$184.91 billion) in India between FY02-20. During April-June 2019, Foreign Institutional Investment in India stood at US\$18.42 billion. (India Brand Equity Foundation, 2019).

India's GDP at constant prices is provisionally estimated to be ₹140.78 trillion for Fiscal 2019 showing a growth rate of 6.8% over the first revised estimates of GDP for Fiscal 2018. (Source: Central Statistical Office of India's Ministry of Statistics and Programme Implementation, May 2019). India's GDP at current prices is provisionally estimated to be ₹190.10 trillion for Fiscal 2019 showing a growth rate of 11.2% over the first revised estimates of GDP for Fiscal 2018. (Source: Central Statistical Office of India's Ministry of Statistics and Programme Implementation, May 2019).

The following diagram shows global GDP growth among the top ten economies.

Global comparison among top ten economies



Note: For France and Italy GDP of the year 2018 is the estimated figure of IMF. Size of the circles represents GDP (PPP) at current international dollar terms.

(Source: GoI, Ministry of Finance, Economic Survey 2018-2019).

India's inflation movements have become favourable over the last three fiscal years. The consumer price index inflation has fallen from 4.5% in Fiscal 2017, to 3.6% in Fiscal 2018 and to 3.4% in Fiscal 2019. (Source: RBI Annual Report 2017-18 and RBI Bulletin July 2019).

Overall, the prospects for domestic growth remain positive based on expectations that the current Government, which took office in May 2014 and re-elected in May 2019 with a strong mandate, would bolster the reform process to address the structural and liquidity issues that have hampered growth. The Government appears committed to deficit reduction and fiscal responsibility. This has enhanced the credibility of fiscal policy which it is expected will help to anchor inflation expectations and improve the business environment, including by fostering credibility amongst international investors. The fiscal deficit has been reduced from 4.1% in Fiscal 2015 to an estimated 3.3% estimate for Fiscal 2019 and Fiscal 2020. (Source: RBI Annual Report 2017-18, Union Budget Fiscal 2020).

India continued to be one of the world's fastest growing major economies in Fiscal 2019; however, domestic economic activities were sluggish in the second half of Fiscal 2019 and the first half of Fiscal 2020. In Fiscal 2019, the Indian economy showed positive signs of recovering from the economic impacts of the programme of the Government on demonetisation (which commenced in November 2016) and the introduction of Goods and Services Tax (GST) (implemented on July 1, 2017). However, the crisis related to the performance of Non-Banking Financial Companies (NBFC), which began in August 2018, reduced consumption demand and adversely affected market sentiment in second half of Fiscal 2019 and has continued into Fiscal 2020. As economic activities decelerated in the second half of Fiscal 2019 due to a slowdown in both public and private consumption, GDP growth estimates were revised downwards. The current economic environment appears stable but without any immediate signs of better than modest growth.

Indian Banking and Financial Services Sector

Until the 1990s, the Indian financial system was strictly controlled. Interest rates were administered by the GoI. Formal and informal parameters governed asset allocation and strict controls limited entry into and expansion within the financial sector. Bank profitability was low, non-performing assets ("NPAs") were comparatively high, capital adequacy was diminished, and operational flexibility was hindered. The GoI's economic reform program, which began in 1991, encompassed the financial sector. The first phase of the reform process began with implementation of the recommendations of the Committee on the Financial System, namely the Narasimham Committee I. Following that, reports were submitted in 1997 and 1998 by other committees, such as the second Committee on Banking Sector Reform, namely, the Narasimham Committee II, and the Tarapore Committee on Capital Account Convertibility. This led to the second phase of reforms relating to capital adequacy requirements, asset classification and provisioning, risk management and merger policies. The deregulation of interest rates, the emergence of a liberalized domestic capital market and the entry of new private sector banks have progressively intensified the competition among banks.

Fiscal 2019 was one of the most challenging years for the banking sector according to RBI. Credit growth remained muted asset quality continued to deteriorate, liquidity concerns following NBFC credit squeeze hit banks and stricter provisions and governance issues kept regulatory activities dominant in the sector. (Source: RBI Annual Report, Fiscal 2018-19). According to RBI, banking sector growth stayed lopsided as industrial credit growth continued to remain anaemic. Monetary transmission to the deposit and lending rates of commercial banks was partial and delayed as credit growth continually exceeded deposit growth. (Source: RBI Annual Report, Fiscal 2018-19). The government raised its capital infusion into the sector to expedite the recapitalisation of public sector banks and proposed to merge three state-owned banks. Public sector banks, however, still struggled with inadequate capital buffer and NPA provisioning pressures. While Fiscal 2019 might not have been good for India's overall banking sector, RBI suggest that a foundation for a stronger banking ecosystem had been laid. (Source: RBI Annual Report, Fiscal 2018-19).

The Reserve Bank of India

RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for the Indian financial system, including Indian banks and non-banking finance institutions ("NBFIs"). RBI performs the following important functions:

- acts as the central bank and the monetary authority;
- issues currency;
- manages debt for the central and certain state governments that have entered agreements with it;
- regulates and supervises financial institutions including banking institutions and NBFIs;
- manages the country's foreign exchange reserves;
- manages the capital account of the balance of payments;
- regulates and supervises payment settlement systems;
- operates a grievance redress scheme for bank customers through the banking ombudsmen and formulates policies for fair treatment of banking customers; and
- develops initiatives such as financial inclusion and strengthening of the credit delivery mechanisms to priority sectors and weaker sections, including agricultural entities, small and micro-enterprises and for affordable housing and education.

In addition to these traditional central banking roles, RBI also undertakes certain developmental and promotional roles, such as financial inclusion initiatives and strengthening of the credit delivery mechanisms to priority sectors and weaker sections, including agricultural entities, small and micro-enterprises and for affordable housing and education.

RBI issues guidelines on exposure limits, income recognition, asset classification, provisioning for non-performing and restructured assets, investment valuation and capital adequacy for commercial banks, long-term lending institutions and non-banking financial companies. RBI requires all institutions subject to its regulatory oversight to furnish information relating to their respective businesses to it on a regular basis.

Constituents of the Indian Banking Industry and NBFIs

Banks in India may be categorized as scheduled banks, which are included in the second schedule to the RBI Act 1934, as amended, and non-scheduled banks. Scheduled banks comprise scheduled commercial banks and cooperative banks. Scheduled commercial banks may further be classified as the State Bank of India ("SBI") and

its associates, nationalized banks, private sector banks, foreign banks and regional rural banks. As of June 30, 2018, public sector banks had 90,821 branches, private sector banks had 28,805 branches and foreign banks had 286 branches. (Source: RBI, Report on Trend and Progress of Banking in India 2017-2018). As of July 5, 2019, all scheduled commercial banks had approximately ₹126.75 trillion of deposits. (Source: RBI, Scheduled Banks' Statement of Position in India as of July 5, 2019).

NBFIs consist of various types of financial institutions, of which RBI regulates and supervises three important categories – all India financial institutions (“AIFIs”), non-banking finance companies (“NBFCs”) and stand-alone primary dealers (“PDs”). While AIFIs largely undertake long-term financing in specific sectors, NBFCs specialize in meeting the credit needs of niche areas such as hire purchase, financing of physical assets, financing energy projects, commercial vehicles and infrastructure loans.

Scheduled Commercial Banks

Scheduled commercial banks (“SCBs”) in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. In recent years, they have also focused on increasing long-term financing to sectors like infrastructure. As of November 2019, there were 139 scheduled commercial banks in India, of which 45 were regional rural banks. Scheduled commercial banks are banks that are listed in the second schedule to the RBI Act and are further categorized as public sector banks, private sector banks and foreign banks. As of June 2019, scheduled commercial banks had a presence throughout India with a network of 151,954 branches and approximately 63.2% of these branches were located in rural or semi-urban areas of the country. (Source: RBI: Bank Branch Statistics). A large number of these branches belong to the public sector banks. (Source: RBI Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks September 03, 2019).

Public Sector Banks

Public sector banks (“PSBs”) are scheduled commercial banks with a significant GoI shareholding and make up the largest category in the Indian banking system. As of November 2019, they included the State Bank of India (“SBI”) and 19 nationalized banks. Public sector banks had 88,448 reporting offices and accounted for 62.92% of the outstanding gross bank credit and 58.09% of the aggregate deposits of scheduled commercial banks as of June 30, 2019. (Source: RBI Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, September 03, 2019).

The SBI is the largest bank in India in terms of total assets. In one of the largest consolidations in the Indian banking industry, the SBI merged with its five associate banks and the Bharatiya Mahila Bank, which merger became effective from April 2017, to form a unified entity. As of June 30, 2019, the consolidated SBI had 23,390 branches, (Source: RBI: Bank Branch Statistics) and accounted for 22.38% of aggregate deposits and 20.09% of outstanding gross bank credit of all scheduled commercial banks. (Source: RBI Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, September 03, 2019).

A number of other mergers of public sector banks were either concluded or approved during Fiscals 2019 and 2020. Following these mergers, the number of public sector banks is expected to be 12, down from 27 in Fiscal 2017. See “*Mergers and Consolidations*” below.

Regional Rural Banks

The regional rural banks were established from 1976 to 1987 by the GoI, state governments and sponsoring commercial banks jointly with a view to developing the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural laborers. Regional rural banks are regulated and supervised by the National Bank for Agriculture and Rural Development. As of June 30, 2019, there were 45 regional rural banks, which had 22,235 branches (Source: RBI: Bank Branch Statistics) and accounted for 3.36% of aggregate deposits and 2.87% of gross bank credit outstanding of scheduled commercial banks. (Source: RBI Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, September 03, 2019).

Private Sector Banks

Most large banks in India were nationalized in 1969, resulting in public sector banks making up the largest portion of Indian banking. The GoI's focus on public sector banks was maintained throughout the 1970s and 1980s. In addition, existing private sector banks that showed signs of an eventual default were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to induce competition in the banking

sector, RBI permitted the private sector to enter the banking system. This resulted in the introduction of private sector banks, including our Bank.

As of November 2019, there were a total of 40 private sector banks (comprising 22 private banks, 10 small finance banks, 5 payments banks and 3 local area banks) operating in India. (Source: <https://www.rbi.org.in/>).

Private sector banks have gained increasing significance in the Indian economy over the past decade and have increased their market share within the Indian banking sector in terms of aggregate deposits as well as gross bank credit outstanding of the scheduled commercial banks. In terms of their network of branches, private sector banks had an aggregate 32,825 branches (Source: RBI: Bank Branch Statistics) and accounted for 28.84% of aggregate deposits and 34.16% of gross bank credit outstanding of scheduled commercial banks as of June 30, 2019. (Source: RBI Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, September 03, 2019).

Foreign Banks

In 2009, as part of the liberalization process that accompanied the second phase of the reform process that began in 2005, RBI began permitting foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios. Most foreign banks operate in India through branches of the parent bank. Certain foreign banks also have wholly owned non-banking financial company subsidiaries or joint ventures for both corporate and retail lending of sectors such as agriculture and small-scale industries, following an adequate transition period.

As of November 2019, there were 45 foreign banks operating in India. Foreign banks had a combined total of 318 branches (Source: RBI: Bank Branch Statistics) which accounted for 4.54% of aggregate deposits and 4.18% of outstanding gross bank credit of scheduled commercial banks, as of June 30, 2019. (Source: Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, September 03, 2019).

Cooperative Banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban, semi-urban, and rural areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, which came into effect on September 24, 2004, specifies that all multi-state cooperative banks are under the supervision and regulation of RBI. Accordingly, RBI is currently responsible for the supervision and regulation of urban cooperative societies, state cooperative banks, and district central cooperative banks. The wide network of cooperative banks, both rural and urban, supplements the commercial banking network for deepening financial intermediation by bringing a large number of depositors/borrowers under the formal banking network. As at 29 May 2019, there were a total of 1,972 co-operative banks operating in India. (Source: RBI, 2019)

NBFCs

The primary activities of the non-banking financial companies are providing consumer credit, including automobile finance, home finance and consumer durable products finance, factoring, microfinance, infrastructure finance, wholesale finance products such as bill discounting for small and medium companies and infrastructure finance, and fee-based services such as investment banking and underwriting.

As of March 31, 2019, there were 9,659 NBFCs registered with RBI, of which 88 were Non-Banking Finance Companies-Deposit Taking (NBFCs-Ds) and 263 were Systemically Important Non-Deposit accepting NBFCs (NBFCs-ND-SI). (Source: RBI, Financial Stability Report, June 2019). All NBFC-D and NBFCs-ND-SI are subjected to prudential regulations such as capital adequacy requirements and provisioning norms along with reporting requirements. (Source: RBI, Financial Stability Report, June 2019).

The aggregate balance sheet size of the NBFC sector grew by 20.6% to ₹28.8 trillion during Fiscal 2019 as against an increase of 17.9% to ₹24.5 trillion during Fiscal 2018. (Source: RBI, Financial Stability Report, June 2019). According to RBI, the NBFC sector's net profits increased by 15.3% in Fiscal 2019 as compared to 27.5% in Fiscal 2018. (Source: RBI, Financial Stability Report, June 2019).

GNPAs of the NBFC sector as a percentage of total advances increased from 5.8% in Fiscal 2018 to 6.6% in Fiscal 2019, primarily on account of macro events such as liquidity stress. (Source: RBI, Financial Stability Report, June 2019). The net NPA ratio, however, declined marginally from 3.8% in Fiscal 2018 to 3.7% in Fiscal 2019. (Source: RBI, Financial Stability Report, June 2019).

According to RBI, recent developments in the Indian domestic financial markets have brought the focus on the NBFC sector (including housing finance companies or HFCs) especially with regard to their exposures, quality of assets and asset-liability mismatches (ALM). (Source: RBI, Financial Stability Report, June 2019). RBI explains that the liquidity stress in NBFCs reflected in the September 2018 to December 2018 period was due to an increase in funding costs and also difficulties in market access in some cases. (Source: RBI, Financial Stability Report, June 2019). Despite the dip in confidence, RBI reports that the better performing NBFCs with strong fundamentals were able to manage their liquidity even though their funding costs moved with market sentiments and risk perceptions. (Source: RBI, Financial Stability Report, June 2019).

Commercial Banking Trends

The following table provides a summary of major indicators for the Indian banking sector as of the dates indicated:

	As of March 31,			As of June 30,	CAGR**
	2017	2018	2019	2019	
(units as indicated)					
Aggregate deposits (₹ in billion)	126,725	107,453	114,793	125,587	8.1%
Gross Bank Credit (₹ in billion)	97,155	79,270	86,826	98,184	11.3%
Investments (₹ in billion)*	35,033	32,120	33,185	33,811	2.6%
Total number of branches.	145,582	137,770	140,133	141,756	1.4%
Number of scheduled commercial banks	139	150	149	147	(1.0%)
Number of regional rural banks	45	56	56	53	(2.7%)
Credit deposit ratio (%)	76.7	73.7	75.6	78.2	-
Investment-deposit ratio (%)*	27.6	29.9	28.9	26.9	-

Notes: * as of 29 March 2019

** CAGR Fiscal 2017 to Fiscal 2019

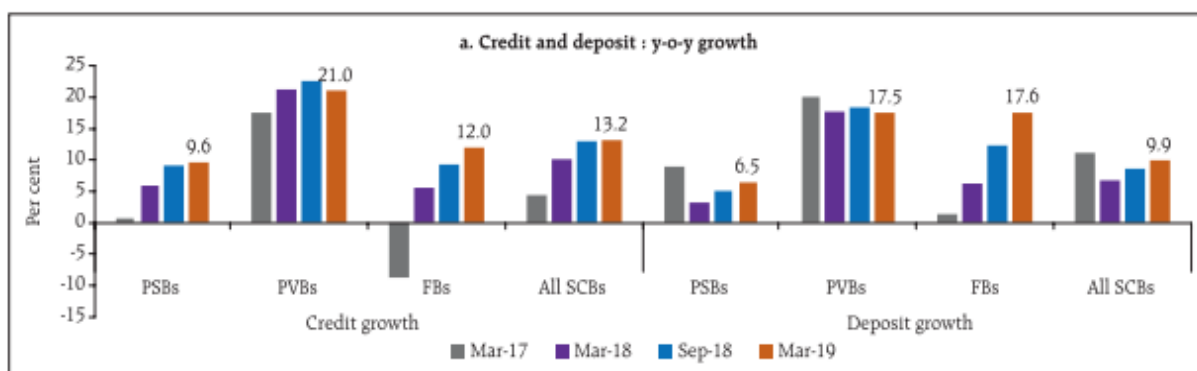
(Source: RBI)

Credit and deposit growth

The consumer credit market in India has undergone a significant transformation over the last decade and has experienced growth due to consumer credit becoming cheaper, more widely available and an increasingly acceptable avenue of funding for consumers. Factors that have contributed to these developments include:

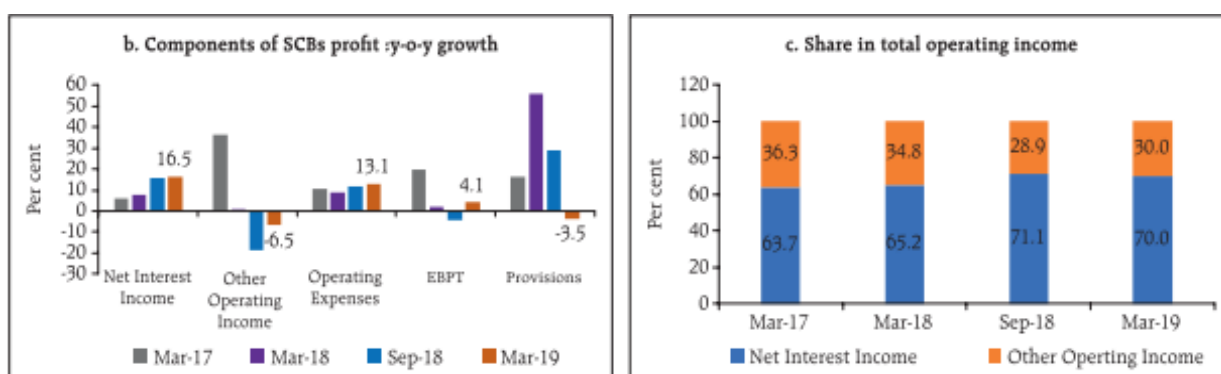
- increased focus by banks and financial institutions on consumer credit, resulting in a market shift towards regulated players from unregulated moneylenders/financiers;
- increasing desire by consumers to acquire assets such as cars, goods and houses on credit;
- a fast-emerging middle class and a growing number of households in a bank's target segment;
- improved terms of credit;
- legislative changes that offer greater protection to lenders against fraud and potential default, increasing the incentive to lend; and
- growth in assignment and securitization arrangements for consumer loans, enabling non-deposit based entities to access wholesale funding and compete in the market, based on the ability to originate, underwrite and service consumer loans.

Aggregate credit growth based on domestic operations on a year-on-year basis improved marginally to 13.2% in March 2019 from 13.1% in September 2018. SCBs' year-on-year deposit growth increased from 8.7% in September 2018 to 9.9% in March 2019 in their domestic operations. (Source: RBI Financial Stability Report, June 2019).

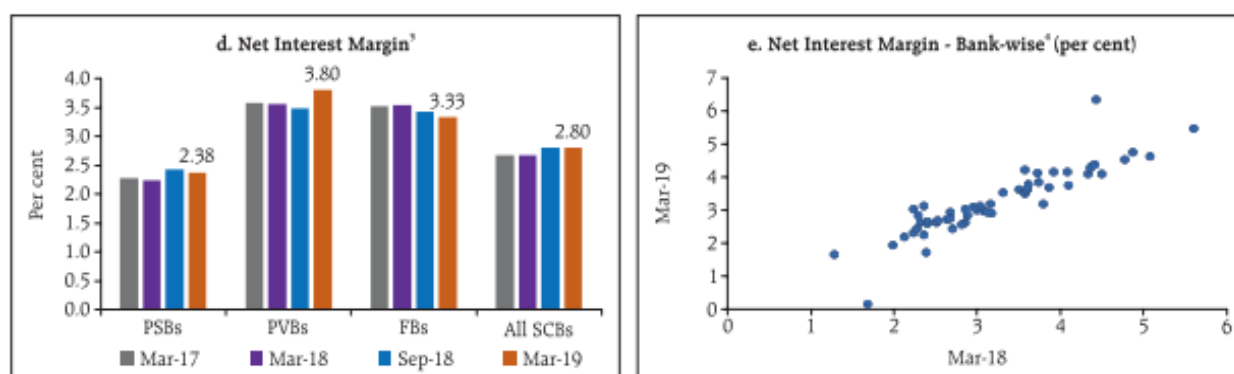


Among bank groups, PSBs registered credit growth on a year-on-year basis of 9.6% in March 2019, while private sector banks' year-on-year credit growth remained strong at 21.0% in March 2019. PSBs' year-on-year basis deposit growth remained sluggish at 6.5% whereas that of private sector banks was 17.5%. Foreign banks' credit and deposit growth also improved year-on-year to 12.0% and 17.6%, respectively, in March 2019. (Source: RBI Financial Stability Report, June 2019).

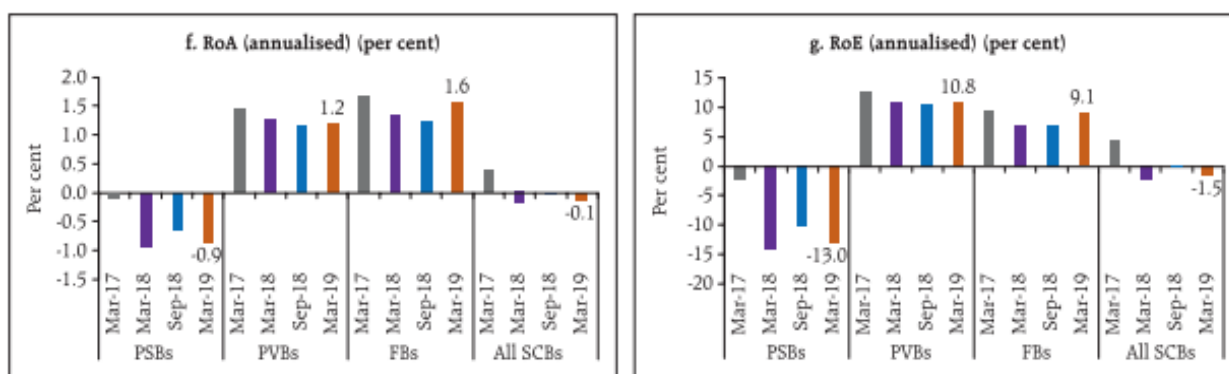
SCBs' net interest income growth improved to 16.5% in March 2019 as compared to 15.9% in September 2018. Despite higher growth in operating expenditure in March 2019 as compared to September 2018, SCBs were able to maintain positive earnings before provisions and taxes ("EBPT") growth. On a year-on-year basis, growth in total provisions of SCBs declined in March 2019. The share of net interest income in total operating income declined in March 2019 as compared to September 2018. (Source: RBI Financial Stability Report, June 2019).



Private sector banks' net interest margin (NIM) improved while that of PSBs and foreign banks declined marginally between September 2018 and March 2019. Bank-wise, the NIMs of 24 banks declined in March 2019 as compared to September 2018. (Source: RBI Financial Stability Report, June 2019).



Aggregate provisions in 2018-19 were about 106% of EBPT thus impacting profitability. PSBs continued to make losses and their profitability ratios remained weak, whereas that of private sector banks and foreign banks improved. (Source: RBI Financial Stability Report, June 2019).



(Source: RBI Financial Stability Report, June 2019).

As of May 24, 2019, gross bank credit deployed by certain scheduled commercial banks, representing approximately 90% of total non-food credit extended by all scheduled commercial banks, was ₹85,167 billion compared with ₹76,365 billion as of May 25, 2018, representing an increase of 11.5%, primarily due to an increase in gross bank credit deployed to retail customers for personal loans and to the services sector of 16.9% and 14.8%, respectively. As of May 25, 2018, gross bank credit deployed was ₹76,365 billion compared with ₹68,848 billion as of May 26, 2017, representing an increase of 10.9% primarily due to an increase in gross bank credit deployed for personal loans and to the services sector of 21.9% and 18.6%, respectively. (Source: RBI Financial Stability Report, June 2019).

Gross bank credit deployed by certain scheduled commercial banks, representing approximately 90% of total non-food credit extended by all scheduled commercial banks, to the industry sector (comprising micro and small enterprises, medium and large enterprises) increased by 23.7% between May 26, 2017 and May 24, 2019. As of May 24, 2019, such advances amounted to ₹28,140 billion, an increase of 6.4% from ₹26,446 billion as of May 25, 2018. Between May 25, 2018 and May 26, 2017 such advances increased 1.5% from ₹26,068 billion to ₹26,446 billion. The vast majority of lending in this segment was to large enterprises, accounting for 83.3% of aggregate advances to the sector as of May 24, 2019. (Source: RBI Financial Stability Report, June 2019).

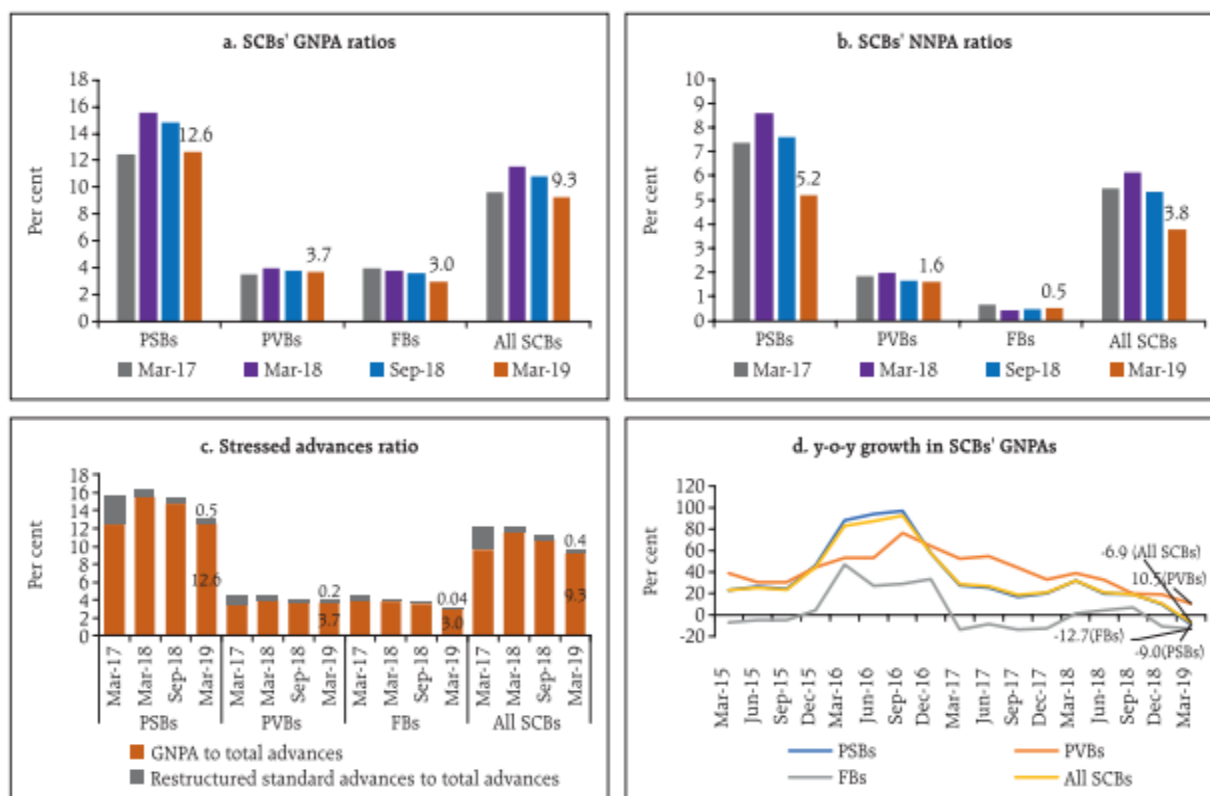
Asset quality

The Indian corporate sector experienced several challenges in recent years following a phase of significant expansion in investment in the infrastructure and industrial sectors during Fiscals 2010 and 2011. These challenges included delays in project implementation, issues assessing raw materials, low demand and global commodity price cycles, which resulted in a decline in the credit quality of corporate borrowers. In addition, in February 2018, RBI issued revised guidelines on the resolution of stressed assets, which resulted in the withdrawal of schemes of strategic debt restructuring, change in ownership outside strategic debt restructuring and the scheme for sustainable structuring of stressed assets. Loans that had been classified under these schemes, which were not implemented, were reclassified as non-performing. As a result, there was a substantial increase in the level of additions to non-performing loans, including slippages from restructured loans into non-performing status between Fiscals 2016 and 2018 for the Indian banking sector, leading to a significant increase in the provisions and contingencies for non-performing assets during that period. These increases in provisions negatively affected the profitability of Indian banks between Fiscals 2016 and 2018.

The increased pace at which NPAs were recognised led to the NPA cycle peaking in March 2018. With most of the NPAs already recognised, the NPA cycle turned around with GNPA ratio declining to 9.3% in March 2019. There was convergence of stressed advances ratio with GNPA ratio across all bank groups. The year-on-year growth in GNPA also decelerated across all bank groups. (Source: RBI Financial Stability Report, June 2019).

RBI Financial Stability Report, June 2019 noted that, with the bulk of India's commercial banks' legacy NPAs already recognized, the NPA cycle seems to have turned around. (Source: RBI, Financial Stability Report, June 2019). According to RBI, the provision coverage ratio (PCR) of all scheduled commercial banks rose sharply to 60.6% in March 2019 from 52.4% in September 2018 and 48.3% in March 2018, increasing the resilience of the banking sector. (Source: RBI, Financial Stability Report, June 2019). RBI reports that macro-stress tests indicate that under the baseline scenario, the GNPA ratio for scheduled commercial banks may decline from 9.3% in March 2019 to 9.0% by March 2020. (Source: RBI, Financial Stability Report, June 2019) The capital to risk (weighted) assets ratio ("**CRAR**") of scheduled commercial banks improved from 13.7% in September 2018 to 14.3% in March 2019. (Source: RBI, Financial Stability Report, June 2019). The Indian banking sector, as a whole, has

maintained its CRAR above the regulatory requirement of 9.0% under Basel III. (Source: RBI, Financial Stability Report, June 2019).

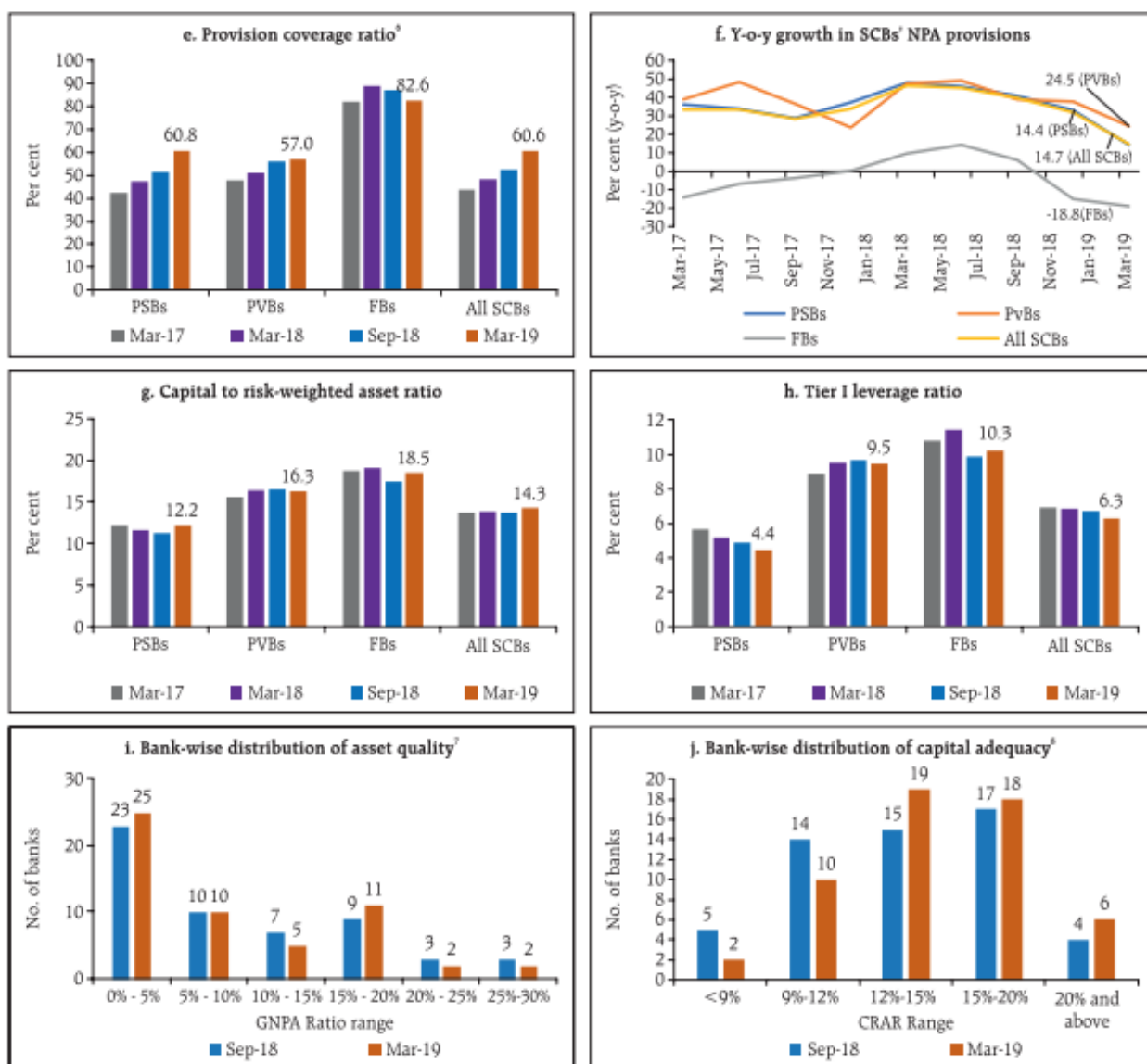


(Source: RBI Financial Stability Report, June 2019)

The provision coverage ratio (“**PCR**”) of all SCBs increased sharply from 52.4% in September 2018 to 60.6% in March 2019. Year-on-year growth in NPA provisions of SCBs was, however, lower in March 2019 at 14.7% as compared to 40% in September 2018 due to the base effect of March 2018. (Source: RBI Financial Stability Report, June 2019).

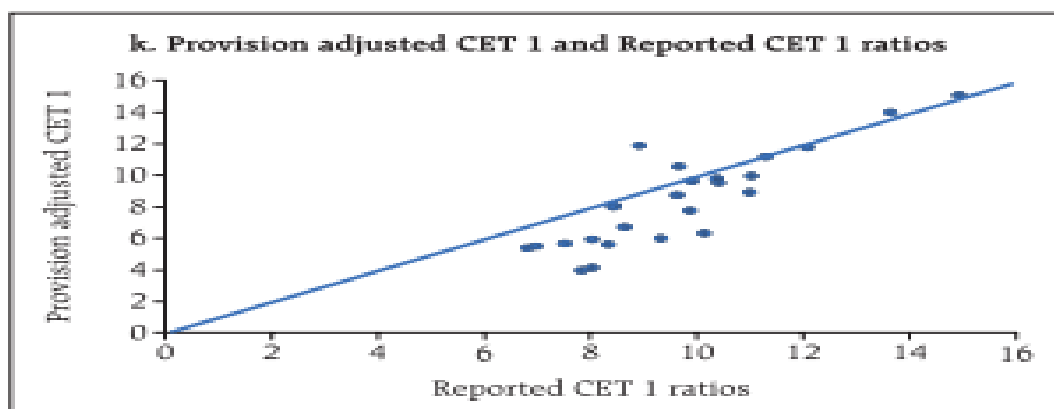
SCBs’ capital to risk-weighted assets ratio (“**CRAR**”) improved from 13.7% in September 2018 to 14.3% in March 2019 after recapitalisation of PSBs. PSBs’ CRAR improved from 11.3% to 12.2% during the period. There was a marginal decline in CRAR of PVBs. (Source: RBI Financial Stability Report, June 2019).

There was also a marginal decline in SCBs’ Tier I leverage ratio between September 2018 and March 2019. Bank-wise distribution of asset quality shows that the number of banks having very high GNPA ratio (more than 20%) came down in March 2019 as compared to September 2018. This implies a broader improvement in asset quality. Bank-wise distribution of capital adequacy indicates that there were more banks having their CRAR at more than 12% in March 2019 as compared to September 2018. (Source: RBI Financial Stability Report, June 2019).



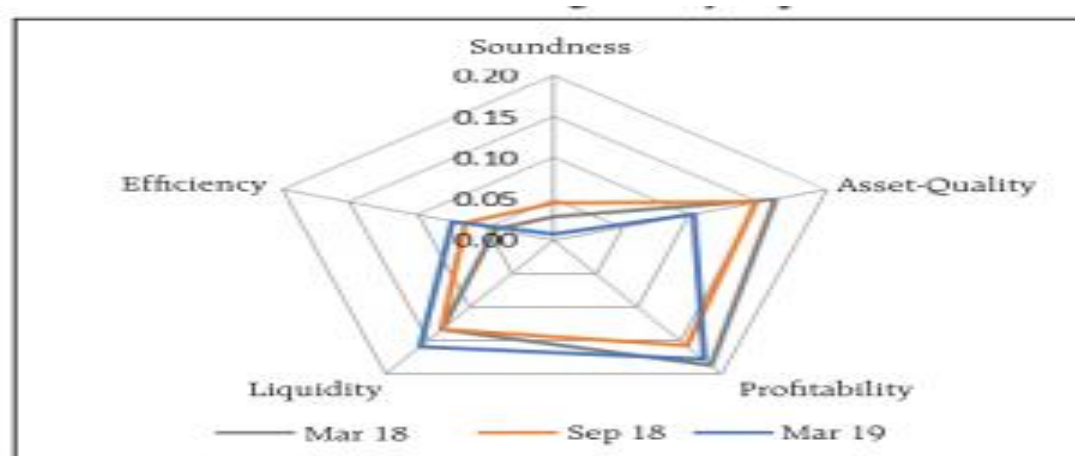
(Source: RBI Financial Stability Report, June 2019)

There was a wide dispersion of capital ratios and the provision coverage ratios observed among SCBs. PSBs, in particular, showed a range of 42% to 74% in PCRs. To make the capital numbers comparable, the required amount of provisions is determined assuming a constant PCR of 70% and suitable adjustments based on actual provisions maintained vis-à-vis calculated provisions were done in CET 1 capital to determine the provision adjusted CET 1 ratio. The results show that the provision adjusted CET 1 ratio for 14 PSBs was lower (with a maximum of about a 4-percentage point drop in the CET 1 ratio) as compared to their reported CET 1 as on end-March 2019. While an analysis of the provisions' shortfall is susceptible to changes based on the assumed PCR level, the relative ordering of banks based on provision adjusted CET 1 will remain unaffected. (Source: RBI Financial Stability Report, June 2019).



Stability, Income and Profitability

The banking stability indicator published by RBI provided a mixed picture as of Fiscal 2019. While banks' asset quality and soundness improved in Fiscal 2019, balance sheet liquidity and profitability still needed improvement. Even so, this represents an improvement from Fiscal 2018, which was marked by deteriorating profitability and asset quality which posed elevated risks to the stability of the banking sector due to plummeting profits after tax.



Note : Away from the centre signifies increase in risk.

Source: Reserve Bank's Supervisory Returns and staff calculations.

Among all scheduled commercial banks, net interest income growth improved to 16.5% in Fiscal 2019 as compared to less than 10% growth in Fiscal 2018 and Fiscal 2017. The net interest margin of private sector banks improved in Fiscal 2019, while the net interest margin of public sector banks and foreign banks declined in Fiscal 2019. (Source: RBI Financial Stability Report, June 2019).

Although operating expenditure grew at a faster pace in Fiscal 2019 as compared to Fiscal 2018, scheduled commercial banks were able to maintain positive earnings before provisions and taxes growth in Fiscal 2019.

Growth in total provisions declined to 3.4% in Fiscal 2019, a 40.5% decrease as compared to Fiscal 2018. Aggregate provisions in Fiscal 2019 were approximately 106% of earnings before provisions and taxes, impacting profitability and leading public sector banks to continue to make losses while private sector banks and foreign banks improved their profitability. (Source: RBI Financial Stability Report, June 2019).

Penetration of the Indian Banking Sector

Private sector banks have increased penetration into the Indian banking sector between Fiscal 2017 and Fiscal 2019 while public sector banks' penetration has declined over the same period. The number of private sector bank branches in India increased by 12.8% in Fiscal 2019, from 29,273 branches as of Fiscal 2018 to 33,031 branches as of Fiscal 2019. Public sector banks (excluding regional rural banks), however, saw a 2.5% decline in the number of branches in Fiscal 2019, from 95,336 branches as of Fiscal 2018 to 92,955 branches as of Fiscal 2019. The

number of private sector bank branches in India increased by 5.9% in Fiscal 2018, from 27,632 branches as of Fiscal 2017 to 29,273 branches as of Fiscal 2018. Public sector banks (excluding regional rural banks), however, saw a 0.9% decline in the number of branches in Fiscal 2018, from 96,244 branches as of Fiscal 2017 to 95,336 branches as of Fiscal 2018. (Source: RBI Financial Stability Report, June 2019).

Shift towards a Digital and Cashless Economy

Following the withdrawal of certain bank notes from circulation in India in November 2016, there was a surge in bank deposits with a commensurate fall in currency in circulation. On a macroeconomic level, this demonetization measure had a dampening effect on inflation with a temporary loss of momentum in the growth of real gross value added, a factor in RBI's decision to revise such growth downwards from 7.6% to 7.1% in Fiscal 2018. Although the impact of demonetization on the Indian economy is unclear, it is ultimately expected to transform the Indian economy in terms of greater intermediation and increasing efficiency gains through the adoption of digital modes of payment.

The GoI is taking steps to promote a cashless economy such as its flagship Digital India program, which has a vision of transforming India into a digitally empowered society and knowledge economy. As part of promoting cashless transactions, various modes of digital payment are available, including:

- Debit cards;
- Credit cards;
- Mobile banking;
- Point of Sale;
- Unified Payment Interface; and
- Forex cards.

The table below sets forth the growth of the digital banking sector by total number of transactions, the amounts spent in such transactions, the number of credit cards and debit cards issued and outstanding and the number of point of sale terminals for the periods indicated:

Growth of the Digital Banking Sectors				
	Fiscal 2017	Fiscal 2018	Fiscal 2019	CAGR (Fiscals 2017-2019) (%)
Number of mobile banking transactions (₹ million)	976.85	1,872.26	6,200.16	85.15
Amount spent in mobile banking transactions (₹'000)	13,104.76	14,738.54	29,583.27	31.18
Credit cards issued and outstanding (₹ million)	27.16	33.80	42.27	15.88
Amount spent using credit cards (₹ trillion)	3.31	4.63	6.08	22.43
Number of credit card transactions (₹ million)	1,093.51	1,412.97	1,772.36	17.47
Debit cards issued and outstanding (₹ million)	729.48	822.35	953.96	9.35
Amount spent using debit cards (₹ trillion)	26.90	33.59	39.04	13.22
Number of debit card transactions (₹ million)	10,962.36	11,945.65	14,273.89	9.20
Point of sale terminals (₹ million)	20.28	34.92	41.32	26.77

(Source: RBI Bankwise ATM/POS/Card statistics).

Digital and cashless transactions in the Indian banking sector increased between Fiscal 2017 and Fiscal 2019 as India moved towards a cashless economy. The increase was particularly pronounced in the mobile banking sector. The number of mobile banking transactions increased by 91.7% from Fiscal 2017 to Fiscal 2018 and by 231.1% from Fiscal 2018 to Fiscal 2019. The aggregate value of mobile banking transactions also saw a more modest increase of 12.5% from Fiscal 2017 to Fiscal 2018 and a more substantial increase of 100.7% from Fiscal 2018 to Fiscal 2019. (Source: RBI Bankwise ATM/POS/Card Statistics)

The number of credit cards issued and outstanding increased steadily between Fiscal 2017 and Fiscal 2019 by 24.4% from Fiscal 2017 to Fiscal 2018 and by 25.1% from Fiscal 2018 to Fiscal 2019. The amount spent using credit cards and the number of credit card transactions also increased by 39.7% and 29.2%, respectively, from Fiscal 2017 to Fiscal 2018 and by 31.4% and 25.4%, respectively, between Fiscal 2018 and Fiscal 2019. (Source: RBI Bankwise ATM/POS/Card Statistics)

The number of debit cards issued and outstanding increased steadily between Fiscal 2017 and Fiscal 2018 by 12.7% from Fiscal 2017 to Fiscal 2018 and by 16.0% from Fiscal 2018 to Fiscal 2019. The amount spent using debit cards and the number of debit card transactions also increased by 24.9% and 9.0%, respectively, from Fiscal 2017 to Fiscal 2018 and by 16.3% and 19.5%, respectively, from Fiscal 2018 to Fiscal 2019. (Source: RBI Bankwise ATM/POS/Card Statistics)

The number of POS terminals also significantly increased between Fiscal 2017 and Fiscal 2019 with a 72.2% increase from Fiscal 2017 to Fiscal 2018 and an 18.3% increase from Fiscal 2018 to Fiscal 2019. The amount spent using unified payment interfaces increased by approximately ten-fold from Fiscal 2017 to Fiscal 2018 and by approximately five-fold from Fiscal 2018 to Fiscal 2019. (Source: RBI Bankwise ATM/POS/Card Statistics)

Mergers and Consolidations

With the entry of foreign banks, competition in the Indian banking sector has intensified. Banks have increasingly looked to consolidations in an effort to derive greater benefits such as enhanced synergy, cost take-outs from economies of scale, organizational efficiency and diversification of risks. In one of the largest consolidations in the Indian banking industry, the SBI merged with its five associate banks and the Bharatiya Mahila Bank. The merger became effective from April 1, 2017. In September 2018, the GoI announced the amalgamation of three public sector banks, Bank of Baroda, Vijaya Bank and Dena Bank. The merger was effective from April 1, 2019.

In Fiscal 2019, the ownership of a public sector bank, IDBI Bank, was acquired by LIC, following which IDBI Bank was reclassified as a private sector bank by RBI.

In Fiscal 2020, the GoI announced several additional mergers of public banks: Canara Bank's merger with Syndicate Bank; United Bank of India's merger with Oriental Bank of Commerce and Punjab National Bank; Andhra Bank's merger with Corporation Bank and Union Bank of India; and Allahabad Bank's merger with Indian Bank.

Following these mergers, the number of public sector banks is expected to be 12, down from 27 in Fiscal 2017. (Source: India's Finance Minister, Nirmala Sitharman's comments August 2019.)

Future Outlook and Key Trends

Going forward, Indian banks will be required move towards higher mandated capital standards, stricter liquidity and leverage ratios and a more cautious approach to risk. This implies that Indian banks will need to improve efficiency even as their costs of doing business increase. They will need to refine their risk management skills for enterprise-wide risk management. In addition, banks need to have in place a fair and differentiated risk pricing of products and services, since capital comes at a cost. This involves costing, a quantitative assessment of revenue streams from each product and service and an efficient transfer-pricing mechanism that would determine capital allocation.

Indian banks will also need to effectively utilize the various measures put in place by RBI and the GoI for the resolution and recovery of bad loans in order to reduce the NPAs of their books. They also have to strengthen their due diligence, credit appraisal and post-sanction loan monitoring systems to minimize and mitigate the problems experienced with NPAs in the past.

Due to the demonetization and digitization push by the GoI, banks will need to develop their digital banking infrastructure to provide mobile and online services to their customers. These services would not only have to facilitate online payments and transactions, but also the creation of new accounts and the checking of existing accounts.

Basel III Implementation

RBI has issued guidelines based on the Basel III reforms on capital regulation to the extent applicable to banks operating in India. These guidelines require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I and Tier II capital.

The RBI Basel III Capital Regulations have been implemented in India in phases since April 1, 2013 and are more stringent than the requirements prescribed by earlier RBI guidelines. The Basel III Guidelines were expected to be fully implemented as of Fiscal 2019; however, RBI has deferred the final phase in of the Basel III Guidelines' capital conservation buffer to Fiscal 2020.

Under the Basel III Guidelines currently RBI requires banks to maintain a minimum capital to risk-weighted asset ratio of 10.875% (including capital conversion buffer) and as of March 31, 2020 banks will be required to maintain a minimum CRAR of 11.50%.

Non-Performing Assets

According to RBI, in Fiscal 2020 the Indian banking sector is expected to build upon the consolidation achieved in Fiscal 2019. Stress tests for credit risk conducted by RBI indicate that under its baseline scenario, scheduled commercial banks' gross NPA ratio may decline further to approximately 9.0% in by Fiscal 2020 from 9.1% as of Fiscal 2019. This could release headroom for provisioning efforts, a turnaround in financial performance and for energizing and broadening the flow of credit to the productive sectors of the Indian economy.

Cashless and Digital Platforms

Digital influence in the Indian banking sector has been growing at a faster pace due to India's rising digital footprint. India's digital lending is expected to grow significantly in the near-future and, in response to this trend, Indian banks will increasingly need to develop their digital banking infrastructure to provide mobile and online services to their customers.

BUSINESS

The following information should be read together with the information contained in the sections titled “Risk Factors,” “Industry Overview,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations of Our Bank” and “Financial Information” on pages 62, 118, 177 and 279, respectively, of this Placement Document.

Our fiscal year ends on March 31. Accordingly, all references to a particular “fiscal year” and “Fiscal” are to the 12-month period ending on March 31 of that year. References to “Half Year” are to the six months ending on September 30 of that year. Unless otherwise specified, all information regarding cost, yield and average balances are based on monthly average balances outstanding during the relevant period.

In this section, unless otherwise stated, references to “we”, “us”, “our”, the “Bank” and “our Bank” and similar terms are to RBL Bank Limited on a standalone basis. Unless otherwise specified, all financial information is presented on a standalone basis.

Overview

We are one of India’s fastest growing private sector banks with an expanding presence across the country. Our Bank has cultivated a customer-centric culture where we use our industry domain knowledge, experience and technology with the goal of satisfying the client’s complete banking needs. We offer a comprehensive range of banking products and services customized to cater to the needs of large corporations, small and medium enterprises (“SMEs”), retail customers and development banking & financial inclusion (low income) customers. We have been expanding our presence across India through a growing network of branches and ATMs and developing our technology-enabled channels like phone banking, internet banking and mobile banking. As of September 30, 2019, we had 346 branches and 394 ATMs spread across 23 Indian states and union territories serving approximately 7.32 million customers.

We have a long history in India, with operations since 1943 when our Bank was incorporated as a small, regional bank in Maharashtra with two branches in Kolhapur and Sangli. Beginning in 2010, we transformed ourselves from a traditional bank into a ‘New Age’ bank. We are now branded as “RBL Bank”, and we believe that we benefit from

- a quality management team and a pool of talented and dedicated employees;
- a strong operating platform supported by a robust modern technology infrastructure;
- a growing customer base as well as expanded and stronger relationships with existing customers;
- a comprehensive product suite across corporate, commercial and retail banking;
- a multi-channel distribution network including new bank branches, BC branches, ATMs and mobile and internet platforms; and
- a strong brand that is backed by extensive marketing and communication plans.

During the past three fiscal years, our business has been fast growing, highlighted as follows:

Our number of customers has increased from 2.80 million in Fiscal 2017 to 6.51 million in Fiscal 2019, our number of branches has increased from 239 in Fiscal 2017 to 324 in Fiscal 2019.

Our total income has grown from ₹44,686.21 million in Fiscal 2017 to ₹77,430.76 million in Fiscal 2019, which represents a compound annual growth rate (CAGR) of 31.63% for the period.

Our other income has increased from ₹7,554.63 million in Fiscal 2017 to ₹14,423.67 million in Fiscal 2019, which represents a CAGR of 38.18% for the period.

Our net profit after tax has increased from ₹4,460.46 million in Fiscal 2017 to ₹8,669.51 million in Fiscal 2019, which represents a CAGR of 39.41% for the period.

Our deposits grew from ₹345,880.91 million at the end of Fiscal 2017 to ₹583,944.16 million at the end of Fiscal 2019, which represents a CAGR of 29.93% for the period.

Our advances (net) grew from ₹294,490.39 million at the end of Fiscal 2017 to ₹543,082.43 million at the end of Fiscal 2019, which represents a CAGR of 35.80% for the period.

We are expanding our branch network across India through a growing network of branches and ATMs. During Fiscal 2019 and the six months ended September 30, 2019, we opened 59 and 22 new branches, respectively, across various states including in the key metro cities. Our distribution network also included 394 ATMs as of September 30, 2019. In addition, we have digital banking channels including mobile banking, internet banking and phone banking/IVR. We have developed micro-payment and branchless banking solutions as well as a business correspondent network to expand our customer reach beyond the traditional branch service area. In 2018, we acquired the remaining outstanding equity interest in RBL Finserve Pvt. Ltd. (“**RBL Finserve**”, formerly known as Swadhaar Finserve Pvt. Ltd.), which is now our wholly-owned subsidiary. As of September 30, 2019, we had 1,156 business correspondent branches (“**BC branches**”), including banking outlets and RBL Finserve BC branches, to provide financial services primarily to underserved parts of the economy including rural customers.

Our business segments consist of corporate and institutional banking (“**C&IB**”), commercial banking (“**CB**”), branch and business banking (“**BBB**”), retail assets, development banking and financial inclusion (“**DB&FI**”) and treasury and financial markets operations. By combining integrated solutions with our capabilities across our businesses we aim to be “the Bank of Choice” for our customers. One of the core tenets assimilated within each of our business segments is to cross-sell the products and solutions of our entire Bank. We believe that this enhances customer loyalty with our Bank and helps improve our overall share of the customer wallet.

We have received a number of awards and recognitions in the recent past, including:

“Best Bank for Microfinance in India” by Asia Money in 2019;

“Best Small Bank” (Business Today Financial Awards) in 2019;

“Most Promising Company of the Year” at the CNBC-AWAAZ CEO Awards in 2018 and the CNBC TV18 India Business Leader Awards in 2017;

“Fastest Growing Small Bank” (Business World Magna Awards) in 2018;

“Private Sector Bank of the Year Category – Silver Award” (Outlook Money Awards) in 2018;

“Best Bank of the Year” (Outlook Money Awards) in 2017;

“Best Growing Small Bank” (Business World Magna Awards) in 2017; and

“Best IT Risk & Cyber Security Initiative” and “Best Payment Initiative” (IBA Banking Technology Awards) in 2017.

Our Strengths

We believe that our strong board, well-capitalized balance sheet and management depth are the pillars that form the foundation for our growth strategy.

We believe that we have the following strengths:

Client focused approach to business resulting in growing brand recognition

We have created a customer-centric culture where we look to satisfy each client’s complete banking needs by tailoring our products and services as required for the client rather than become a product-focused organization. We use our branches, BC branches and our technological and digital banking capabilities to develop and enhance our knowledge of the customer requirements, industry sectors, businesses and local environments. We believe that one of our competitive strengths has been our success in leveraging this understanding to provide valuable

and timely banking and transactional solutions for our customers and effectively cross-selling these products and services to them.

Strong Partnerships forged across our asset and liability business to businesses

We have leveraged strong partnerships across our asset and liability businesses. We have credit card partnerships, business correspondent partnerships, fintech partnerships, technology partnerships and product partnerships (like insurance and wealth management).

In credit cards, we have expanded our product line through key partnerships, and we continue to be a partner of choice for fintech companies, both medium and large. Our key credit card partnerships include Bajaj Finance and BookMyShow. As of September 30, 2019, we had over one million Bajaj Finance - RBL Bank co-branded credit cards in force.

To develop our DB&FI business, we have entered into partnerships and invest in/acquire companies to extend our reach in rural and semi-urban India and unbanked parts of urban and metro India. In 2018, we acquired the remaining outstanding equity interest in RBL Finserve, which is now our wholly-owned subsidiary. RBL Finserve helped us create a 'Bank within the Bank' by maximizing the outreach, creating new financial products for existing clients and enabling cross-sell opportunities. RBL Finserve focuses on our efforts in micro-banking and serving our DB&FI customers. RBL Finserve is fully engaged in offering of products and services to inadequately served sections of rural India including businesses, households and enterprises. RBL Finserve added 533 BC branches to our rural distribution network as of September 30, 2019.

In addition, we have entered into exclusive partnership agreements with select business correspondents to originate client business in underserved rural markets – spanning loans and third party products such as insurance. These partners are helping us establish our BC branches and banking outlets across many states which enable us in providing loans, payments and other banking services across underbanked and unbanked India. Each partnership is tethered to one or more of our branches and helps to extend our coverage area beyond the traditional branch service area. Our partners use our branding to offer our banking services through their branches and we work together to deliver products across a widespread customer base and also cross-sell new products, further deepening these relationships. Further, we have also entered into partnerships with certain entities to offer additional products like insurance and brokerage accounts to our customers.

We also have successfully developed strategic partnerships with major service providers in operations, technology, administration and infrastructure to leverage the economies of scale that these partners bring to our growing platform.

Fast growing credit card business

Our credit cards portfolio continues to grow and has helped increase both our interest and non-interest income. Our Bank had over 1.7 million customers in Fiscal 2019 and 2.29 million customers as of September 30, 2019. The number of our credit cards provided to customers increased by 119% in Fiscal 2019 and 68% in six months ended September 30, 2019, with more than 1.1 million and 0.77 million new customers acquired by us in Fiscal 2019 and six months ended September 30, 2019, respectively.

We have also expanded our product line through key partnerships, including Bajaj Finance and BookMyShow. As of September 30, 2019, we had over one million Bajaj Finance - RBL Bank co-branded credit cards in force. Our credit cards in force and credit card advances as of March 31, 2017, 2018 and 2019 and September 30, 2019 are set out in the table below:

Particulars	As of March 31,			As of September 30,
	2017	2018	2019	2019
Credit cards in force (in millions)	0.28	0.80	1.71	2.29
Credit card advances (in ₹ millions)	8,035.24	22,440.80	52,834.41	80,025.51

Risk management and asset quality focus

We believe that a robust risk management system is one of the key components to our long-term success. Our risk management function is overseen by our Risk Management Committee (RMC), an independent board-level sub-committee that oversees specific policies, frameworks, processes and systems for effective management of various risks and provides appropriate directions from time to time, as required. The risk management function covers credit, information security, market and operational risks. Our policies are continuously reviewed and updated for changes in the regulatory and market environment. Our risk management structure – both people and systems – is subjected to regular update. We have a dedicated risk management department, headed by a Chief Risk Officer (who reports to the RMC) and supported by specialized risk management teams for each function to ensure that we understand specific segmental and business risks and undertake periodic risk management tasks including risk assessment, measurement, control and reporting. The credit approval process functions independently under the supervision of the Chief Credit Officer. The Board has delegated sanctioning authorities to various committees with the apex forum being the Board Investment & Credit Committee (BICC) which is a subcommittee of the Board.

Our Audit Committee, an independent board-level sub-committee of our Board, provides direction to, and monitors the quality of the internal audit function, risk management and control environment, including the adequacy of internal controls through audits. The internal audit function conducts risk-based internal audit of branches as well as credit audits that include reviewing the pre-sanction, post-sanction and monitoring processes of our Bank.

Our risk management process begins with client-selection and screening of customers, thorough documentation and use of systems and technologies such as early warning systems to continuously monitor the health of our portfolio. As a result of our focus on effective risk management, we have been able to maintain our asset quality amidst a challenging macro environment.

We continue to invest in technology with a view to continuously automate processes for early observation of risk signals by monitoring disparate sets of data, both external & internal. We also continue to invest in strengthening of our collection and recovery functions

Modern and scalable IT systems and focus on operational quality and scalability.

We believe that we have built an IT infrastructure that is designed to support our network expansion plans and business growth. The use of information technology is an integral part of our customer-focused approach as it enables our clients to control when, where and how they want to do business with us. We also believe that technology is becoming the last mile connector to our customers as they increasingly opt for alternate delivery channels such as phone banking, mobile banking and internet banking. We strongly emphasize technology in our business as a means of improving the efficiency, reliability and competitiveness of our business operations.

The use of technology also enables us to analyze, address and deliver a seamless customer fulfillment experience. Increasing adoption of technology by customers means that we need to constantly ensure that our systems and processes are geared up to deliver optimal services in a secure environment. We are focused on leveraging technology for client management and creating customer-centric/multi-channel solutions. Our IT deployment strategy is to do quick prototyping, establishing short learning curves and rapidly scaling up. The use of technology enables us to analyze, address and deliver a seamless customer fulfillment experience.

Increasing use of technology means that more and more customers interface with our operational platforms making it increasingly important for us to provide quality service across all customer touchpoints – branches, ATMs, phone banking, internet banking and email channels. We believe that consistent quality, competitive turnaround times and system reliability are core service differentiators. It is essential that all of these operations run with precision, skill and, in some cases simplicity, to ensure customer satisfaction. We have, therefore, equipped our Bank with the technology, operational and support teams to underpin our business segments, branches and other distribution channels.

We have implemented various customer satisfaction measures that enable us to monitor compliance with service-level agreements across our relevant operational units and provide an efficient information platform to support effective decision-making. We arrange regular training and skill development programs for our employees to increase operational efficiencies and customer service conducted by our internal teams or external agencies. As we are a fast growing bank with a rapid expansion of our product offerings, branches and customer base, the

scalability of our operations in a secure framework, while ensuring a high level of quality service, is essential. We believe that our cloud-based IT systems, our operational processes and our experience in opening new branches and developing new products give us an advantage in replicating the same as we grow, with increasingly shorter turnaround times. We believe that the scalability of all operations in a cost-effective manner while maintaining a high standard of services is essential to growing our banking business profitably.

Strong Board of Directors and experienced and professional management team

We have built a strong and independent board of directors. The breadth of experience of our board coupled with their in-depth knowledge of banking operations and management provides the anchor to continue building a robust and sustainable organization. The Board is also focused on building the talent pool of the Bank. This, we believe, allows us to build a solid, scalable and institutionalized banking franchise.

We have a professional management team that has a well-diversified track record of experience in the banking industry. Our senior management has a strong pedigree in the banking and financial services space with many of them having held senior positions with leading banks and insurance companies. This team is responsible for formulating our strategy, managing new business segments, diversifying the business mix, putting in place a strong operating and technology platform, expanding our branch and distribution network and deepening customer relationships. We believe that our management's capabilities, strong reputation, extensive network of industry relationships and considerable experience in financial services and banking will help us to scale up further and build a high quality and pre-eminent franchise in the years to come. For further information, see "*Board of Directors and Senior Management*" on page 210.

Our Vision 2020

Vision 2020

In Fiscal 2017, we launched Vision 2020, our strategy aimed at achieving all-round growth for our Bank.

Vision 2020 included the following goals:

- 30-35% CAGR growth for advances;
- An increase of 0.75-1% every year of the CASA ratio;
- Other income (as a percentage of net total income) should be approximately one-third of net total income;
- For operational efficiency, the cost/income ratio should be 51-52% by 2020; and
- The Return on Assets (RoA) should be approximately 1.50% by 2020.

Since the launch of Vision 2020, we have been progressing steadily on the path to achieve our targets.

- Our advances grew from ₹294,490.39 million at the end of Fiscal 2017 to ₹543,082.43 million at the end of Fiscal 2019, which represents a CAGR of 35.80% for the period.
- Our total income has grown from ₹44,686.21 million in Fiscal 2017 to ₹77,430.76 million in Fiscal 2019, which represents a CAGR of 31.63% for the period.
- In Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, our CASA ratio was 21.98%, 24.32%, 24.98% and 26.45%, respectively.
- Our other income has increased from ₹7,554.63 million in Fiscal 2017 to ₹14,423.67 million in Fiscal 2019, which represents a CAGR of 38.18% for the period. In Fiscal 2017, Fiscal 2018, Fiscal 2019 and the six months ended September 30, 2019, our other income was 38.22%, 37.69%, 36.22% and 35.37%, respectively, of net total income.
- In Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, our cost/income ratio was 53.46%, 53.04%, 51.28% and 51.91%, respectively.

- In Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, our ROA was 1.08%, 1.21%, 1.27% and 0.77%, respectively.

Our Strategy

In addition to the specific goals of Vision 2020, our strategy is to leverage our strengths and guiding principles to continuously adapt and lead within a dynamic and competitive landscape. In particular, we intend to focus on the following differentiating strategies adapting them to the specific needs and requirements of our customers:

Become a “Bank of Choice” by building relationships through trust and respect of our customers

We believe that banking is a complete, tailor-made comprehensive solution designed to address the customer’s needs based on a holistic understanding of their requirements. We believe we have created a customer-centric culture where we look to satisfy the needs of our customers with quality products and services delivered in a timely and responsive manner to enhance the customer experience. We aim to use our deep knowledge of industry sectors and of our clients to tailor valuable banking and transactional solutions for them.

This approach manifests in the way we hire, train and evaluate our people. Moreover, we believe our sales practices, client segmentation, wallet-sizing, and inter-division co-ordination is structured to deliver a holistic solution to the clients based on their needs and requirements. Over the last few years and in the near future we continue to add to our product and service portfolio through internal development and strategic partnerships. Our technology investments to date and increasingly in the future will be benchmarked to deliver client solutions.

We use a customer-centric approach across all our business segments and locations. In order to provide these services across India we will continue to expand our network of branches, BC branches, banking outlets and ATMs suitably. We have also entered into partnerships with certain entities to offer additional products like insurance and brokerage accounts to our customers. We will continue to develop expertise and expand our BBB, Retail Assets and DB&FI segments with the focus on underserved semi-urban and rural areas using our customer knowledge, strategic partnerships and digital banking solutions to build long-term customer relationships.

Continue to increase our CASA base

Achieving a strong and lasting CASA base is one of our core objectives. CASA is an integral part of every business segment’s strategy with a focus on banking the entire wallet or balance sheet of the client. In Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, our CASA ratio was 21.98%, 24.32%, 24.98% and 26.45%, respectively. We believe that customers can keep healthy CASA balances once they start transacting with us across multiple products and services. In this respect, we have developed distinct strategies:

C&IB and CB – We aim to ensure that the clients increasingly undertake their supply chain, non-fund and payments and collections business through our Bank. This requires product and technical capabilities and also a strong understanding of our clients’ businesses and a coordinated approach of multiple internal departments to deliver the complete service experience to the client. Our current technology and product architecture allow us to gain an increasing share of this business. Our C&IB and CB footprint covers key commercial centres across Tier 1 and Tier 2 cities in India, and we expect to continue to add coverage in other key metros, commercial and economic centres.

BBB –The core focus of our BBB strategy is to deal with clients who have a high need of intensive banking operations that is likely to lead to greater current account balances. We develop specific industry solutions that are driven by knowledge of the sector, integrated packaging and seamless delivery. We expect that such specialized and complex measures would lead to greater differentiation for our services and help us in getting a higher share of the clients’ current account flows. The current anchor for our CASA base is being strengthened by expanding distribution network as discussed below.

Retail Assets and DB&FI – Though Retail Assets and DB&FI segments have historically been seen as credit-led, our strategy is to integrate our lending products with savings, insurances and remittances to enable us to capture the entire transactional flows of the client. This has the secondary benefit of helping us keep track of the end-use of loans. This segment needs technology-enabled products and services that are not necessarily dependent on a bank branch or ATM presence. Our distribution network makes us more accessible to this client base.

Scale up our BBB businesses and expand our distribution channels

We see our BBB businesses as the significant provider of CASA and deposits, trade and branch services and a key source of fee income. Though we have made inroads into the segment, we believe that we still have large untapped opportunities in the metro, urban and commercial centres of India. Our focus is to cover them in the short- to medium-term with increasing share in the customer wallet. These businesses require a sharper segmentation of clients, active client tracking strategy to provide customized products and services and a high quality of consistent service delivery architecture through multiple channels. Much of this is predicated on modern technology and a trained human resource base.

Our strategy is to expand our branch, ATM and alternate delivery channels to grow our customer coverage and market share. During Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, we opened 42, 26, 59 and 22 new branches, respectively, with the objective of expanding our presence. As of March 31, 2017, 2018 and 2019 and September 30, 2019, our branch network included 239, 265, 324 and 346 branches, respectively. We also plan to continue to grow and deepen our customer coverage and branch network extensively in key metro and urban cities. We expect to continue expanding our branch network over the next three years. We will continue to expand our branch network in key commercial centres in the country and follow a model of densification in these chosen markets.

Integrated with our plans on distribution expansion is our business correspondence model that enables us to expand our coverage beyond the traditional branch catchment, through our BC branches. These BC branches are the outlets of our partner business correspondents and their employees. In addition, we have micro-ATMs (handheld tablets) used primarily in our DB&FI business in rural and semi-urban areas. We believe our extensive presence and variety of distribution channels increases our ability to acquire and retain customers and enables us to provide better service to our existing customers. In rural areas, we will look to expand our network through BC branches and banking outlets that complement and leverage our partners and to build our brand in rural communities.

With increasing adoption of technology across India, we believe that alternate delivery channels will become increasingly important as customer touchpoints. We consider our digital banking channels (like our internet and mobile banking solutions) as essential platforms to drive our long-term growth. We are working towards acquiring customers directly through digital channels to reduce our cost of customer acquisition. In addition, we will continue to drive innovation and use our digital banking channels to service existing customers so as to improve their banking experience and increase their product and service usage while at the same time reducing our cost of servicing.

Grow our fee based income pools

An important and strategic focus for us is to grow our fee and commission-based incomes across all client segments. This is essential as it not only diversifies our revenue streams but also ensures greater stickiness of customers with our Bank. We believe we can achieve this through the following:

- scalable technology product platform capable of delivering these services in a consistent manner;
- a highly coordinated business team comprising relationship managers, product partners and service delivery partners that have aligned objectives to generate fee income; and
- deep understanding of the client's business and industry to develop appropriate banking solutions.

An important part of our non-interest income has come from the growth of fees generated through our credit card business. We intend to continue to expand our credit card portfolio to help increase both our interest and non-interest income. Our Bank has over 1.7 million customers in Fiscal 2019 and 2.29 million customers as of September 30, 2019. We will look to expand our credit card business by expanding the scope of our existing partnerships and by entering into new strategic partnerships.

Nurture a strong and trusted brand

Although we are a new bank in many ways, we also benefit from a 76-year operating history. Thus, our brand recognizes both our recent innovation and growth but also our long-standing trusted position in the Indian market.

We believe that we are known for the quality service we have provided over the years, for our consistent approach to developing relationships with our customers based on our local experience and for a fresh and modern approach to banking. We have built our brand around the core values of excellence, entrepreneurship, respect, teamwork and professionalism. Our brand and service architecture are designed around the concept of ‘promise what you can deliver’ and ‘deliver what you have promised’. We plan to continue to use advertising and other marketing tools to build brand awareness among our target customers in various locations. We also will continue to promote our brand across print and the internet.

Attract, motivate and develop talented and experienced professionals

We believe one of the keys to our success is the ability to recruit, retain, motivate and develop talented and experienced professionals, particularly as we seek to expand our distribution network and offer new products and services. Our employees are important to us, and we will continue to provide an encouraging work environment and promote career aspirations that can be realized by consistent performance and loyalty to our core values. We intend to continue to focus on the recruitment and cultivation of a high-quality, professional and empowered workforce through (i) the provision of training and development programs for employees to enhance professional knowledge and capabilities, (ii) the enhancement of management and employee incentive programs to align compensation with employee performance, (iii) the creation of an encouraging work atmosphere and (iv) greater employment engagement. We have introduced several leadership programs bank-wide to ensure availability of an integrated pipeline of talent at all levels of our Bank for all employees across our Bank. We expect to continue to conduct in-house training programs, collaborate with external training institutes and education services providers and offer contemporary business and industry practices training to our employees through external programs hosted by reputable training institutes. We have also adopted various employee stock option programs to incentivize and reward superior performance, align employee interests with our Bank, create long-term ownership and commitment. For details in relation to RBL ESOPs, please see the “*Capital Structure*” on page 107.

Continue to pursue partnerships and strategic initiatives

Our strategy is to cultivate mutually beneficial partnerships to extend our footprint beyond the reach offered by our branch network. For instance, to develop our Retail Assets businesses, we intend to continue entering into strategic partnerships (traditional or digital), including by way of strategic equity investments in our partners. In our DB&FI business, we intend to deepen our reach in rural India through our partners and develop strong local relationships.

We also will continue to explore strategic opportunities across our banking businesses that expand our product portfolio, build on our existing distribution capabilities, or give us a presence in complementary markets. We will pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which are expected to strengthen our competitive position as well as drive profitable income and balance sheet growth. For example, in 2018, we acquired the remaining outstanding equity interest in RBL Finserve, which is now our wholly-owned subsidiary. RBL Finserve helps our Bank by increasing its outreach, creating new financial products for existing clients and enabling cross-sell opportunities.

Our strategies and initiatives may be subject to RBI approval and involve various risks. For details, see the section “*Risk Factors—We may pursue inorganic growth initiatives, including by way of equity investments and acquisitions, which could involve a number of risks*” on page 75.

Our Business Segments and Operations

Our business segments consist of

- corporate and institutional banking (C&IB),
- commercial banking (CB),
- branch and business banking (BBB),
- retail assets,
- development banking and financial inclusion (DB&FI) and
- treasury and financial markets operations.

The following table sets forth the composition of our loan assets by business segment as of March 31, 2017, 2018 and 2019 and as of September 30, 2019:

Business segment	At March 31,			At Sept 30,	At March 31,			At Sept 30,
	2017	2018	2019	2019	2017	2018	2019	2019
	(₹ in millions)				(% of total advances)			
C&IB	123,387.37	162,398.23	213,540.49	221,427.32	41.90%	40.33%	39.32%	37.87%
CB	58,663.41	79,098.82	88,751.24	83,282.09	19.92%	19.64%	16.34%	14.24%
Retail Assets	71,220.06	104,337.39	164,677.54	201,380.57	24.18%	25.91%	30.32%	34.44%
DB&FI	41,219.55	56,843.95	76,113.16	78,670.59	14.00%	14.12%	14.02%	13.45%
Total	294,490.39	402,678.39	543,082.43	584,760.57	100.00%	100.00%	100.00%	100.00%

Corporate and institutional banking (C&IB)

Our C&IB business segment caters to the banking needs of enterprises, corporate entities and, particularly, large-sized corporations (*i.e.*, companies with annual revenue of over ₹15,000 million or a gross block in excess of ₹7,500 million). Sub-segments within C&IB have sectoral coverage and include: (a) financial institutions, both multinational and local; (b) Government undertakings that cater to public sector undertakings (PSUs) and Government boards and (c) multinational clients. Also, the C&IB segment includes industry specialised 'product' verticals (like gems and jewellery, real estate and infrastructure) that focus on such sectors and offer their expertise across the bank.

Our aim in this segment is to be a working capital bank for the clients focused on transactional businesses. C&IB products and services include various fund and non-fund based products, including liability products such as current accounts, term deposits and salary accounts; loan products such as term loans, working capital facilities and structured finance; trade financing products such as letter of credit, stand-by letter of credit and guarantees; cash management, and treasury risk management solutions. C&IB also cross-sells various other products and services of our Bank such as corporate salary accounts, credit cards and other retail loan and agri-finance products and also distributes life insurance products, general insurance products and mutual funds to our C&IB customers, their promoters and employees. In addition to regular coverage, the Financial Institutions (FI) team also engages with counterparties to facilitate interbank dealing, interbank trade support arrangements and interbank liquidity generation both onshore and offshore.

As a percentage of total net advances, C&IB advances accounted for 41.90%, 40.33%, 39.32% and 37.87% as of March 31, 2017, 2018 and 2019 and September 30, 2019, respectively.

Commercial banking (CB)

Our CB segment finances the business needs of SMEs (*i.e.*, companies and firms with annual revenue from ₹350 million to ₹2,500 million) and mid-sized companies (*i.e.*, enterprises and companies with annual revenue from ₹2,500 million to ₹15,000 million). The focus of this segment is to serve the banking needs of emerging and fast growing enterprises, sunrise sector businesses and industry segments of the Indian economy such as logistics, e-commerce, consumer services and organized retail. Our CB business has a presence across 11 cities including Mumbai, Delhi & NCR, Kolkata, Bengaluru, Chennai, Hyderabad, Pune, Coimbatore, Ahmedabad, Vadodara and Kolhapur.

Our CB footprint covers key commercial centres across Tier 1 and Tier 2 cities in India, and we expect to continue to add coverage in other key metros, commercial and economic centres. As a percentage of total net advances, CB advances accounted for 19.92%, 19.64%, 16.34% and 14.24% as of March 31, 2017, 2018 and 2019 and September 30, 2019, respectively.

The following table summarizes the key product offerings of our C&IB and CB business segments:

Key C&IB and CB products	Details
Current accounts	Non-interest bearing current accounts for businesses for everyday banking purposes.

Key C&IB and CB products	Details
Cash credit	Cash credit facilities are offered as part of working capital financing solutions.
Term loans	Term loans to companies for investment in fixed assets (<i>e.g.</i> , plant and machinery, buildings, fixtures etc.) payable in installments generally over periods ranging from 1 to 5 years.
Trade finance	Financing for the pre- and post-shipment stages in both foreign currency & Rupee.
Bill collections and receipts	Collecting agent services by obtaining payment on behalf of a seller and remitting it on behalf of a buyer, typically in import or export transactions.
Import/export financing	Pre- and post-shipment finance, forward covers, buyer's credit and finance in foreign currency.
Foreign currency exchange	Exchange of foreign currency for the customers.
Letters of credit	Letters of credit on behalf of our customers, typically for trade facilitation.
Supply chain	Provision to corporate customers and their trading partners (<i>i.e.</i> , suppliers, vendors and dealers) as means to unlock (including electronically) our corporate customers' lines of credit and reduce processing time for discounting of bills for their partners.
Guarantees	Guarantees and indemnities for the liabilities of our customers to enable our customers to acquire goods or equipment, draw down loans, etc. and thereby expand their business activity.
Cash and liquidity management (including cash management solutions)	Cash and liquidity management services including account reconciliation, escrow accounts, controlled disbursement, and collection/receivables and payment/payables management.
RTGS/NEFT	Real Time Gross Settlement (" RTGS "), which allows the transfer of funds from our Bank to another bank on a "real time," meaning without any waiting period, or "gross" basis, meaning transactions are settled on a one-to-one basis without bunching or netting with other transactions, and access to the National Electronic Funds Transfer (" NEFT ") system, which settles transactions in batches at a particular point in time.
Point of sale	Point of sale (" POS ") terminals that accept various credit and debit cards allowing funds to be deposited directly into our customers' accounts.
Structured finance	Assistance with putting together a suite of individual facilities which in aggregate address all or most of the customers' specific needs.
FX, risk management and fixed income products	Helping customers hedge their interest rate risks and access debt capital markets.
Trust accounts	Current and saving accounts to facilitate day-to-day transactions pertaining to trust accounts (PF/gratuity/pension).

Branch and Business Banking (BBB)

BBB combines our retail branch banking business and business banking segments and focuses on the liability side of our retail business. BBB focuses on individual accounts and business accounts and uses our branch network to service both. We offer our BBB services and products to our retail customers through our traditional branch outlets as well as our multi-channel electronic banking system which, as of September 30, 2019, included 394 ATMs, internet banking and phone banking (available 24 hours a day/7 days a week) and account services via mobile phone. We have also set up a dedicated customer contact centre for our customers.

In BBB, we will continue to focus on enhancing our product proposition, sales approach and relationship management to make strongholds in the TASC (Trust, Association, Society and Club) section, to increase our focus on the Bank's diplomatic segment and to increase our focus on the start-ups and emerging enterprises segment through multiple offerings and tailor-made solutions.

Individual Accounts

The following table summarizes our key liability product offerings for individual accounts, most of which are common across business and individual accounts:

Key products	Details
Accounts	
Current accounts: • Business current accounts • Exceed premium current accounts	Several types of current accounts, depending on the amount maintained in the account, into which customers may deposit funds for immediate use. Current accounts are generally interest-free deposits.
Savings accounts: • Prime savings accounts • Advantage savings accounts	Several types of interest-bearing savings accounts, depending on the amount maintained in the account. Under RBI regulations, the interest rate has been deregulated, subject to certain conditions.
Salary accounts for corporate clients	Salary savings accounts to employees of our corporate clients at the same interest rates as our savings accounts but with benefits such as reduced minimum balance requirements and ATM/debit cards.
Deposit Products	
Fixed deposits: • Regular fixed deposits • Tax savings fixed deposits • Recurring fixed deposits	A range of deposit accounts with tenures normally ranging from a minimum of 14 days to a maximum of 10 years. ⁽¹⁾
NRI Banking	
NRI deposits (NRE/NRO/FCNR)	Several deposit accounts to Non-Resident Indians, including deposits in foreign currencies.
Fund transfer	Overseas fund transfer products to Non-Resident Indians.
Insurance	
Insurance products	Third party life insurance, general insurance and health insurance products (including to our credit card customers).
Cards	
ATM cards	Issuance of ATM cards to customers upon request.
Debit cards	Debit cards that may be used for cash-less transactions and to withdraw cash at ATMs in India and abroad.
Payments	
Remittance	Facilitating outward and inward remittances.
Direct and Indirect Tax	Facilitating payments for payment of taxes
Demat	As a depository participant with Central Depository Services (India) Limited, we offer customers a way to manage their holdings in securities and make trades through a demat account. The demat account may be accessed via the internet or at our branches.
Banking Programs & Wealth Management	
Aspire Banking Program	Personal banking program with value added benefits including debit card, platinum credit card, doorstep bank and preferential pricing
Signature Banking	Personal banking program with relationship manager and value added benefits including debit card, platinum credit card, trade, forex and CMS service
Insignia preferred banking	Preferred banking program including relationship managers and specialist bankers.
Other	
Safe deposit lockers	Our lockers are available in different sizes, are protected by advanced security systems and may be nominated to others.

⁽¹⁾ RBI regulations permit banks to accept term deposits for a minimum period of 7 days.

Business Accounts

Our business accounts focus on SME and MSME clients with high volume transaction banking requirements. We offer products and solutions to facilitate domestic and cross-border capital flow transactions, foreign exchange services, cash management (payments and collections) and trade finance products. The following table summarizes our key liability product offerings for business accounts:

Key products	Details
Trade finance	Trade transaction services offered through a dedicated team of domain specialists. Services include handling of export & import collection documents, letters of credit advance and direct payments. We also offer letter of credit issuance and amendment facilities for both inland and foreign trade transactions.
Foreign exchange products	Inward and outward remittance facilities, exclusive travel related services, foreign currency cheques and draft, forward contracts as well as foreign currency accounts.
Customized banking solutions for specific industries and advisory services	Exclusive solutions including customized pricing, niche foreign exchange solutions, prompt trade services as well as improved cash flow through cash management services.
Banking solutions for healthcare and educational institutions, government affiliated and FCRA organizations	Tailor made banking solutions to autonomous bodies and agencies including healthcare and educational institutions, societies, trusts and NGOs.
Others	Payments, cash management services, bancassurance, salary account products and wealth management products.

Retail Assets

Through our retail assets business, we offer a broad range of loan and mortgage products as well as credit cards to meet the needs of individuals and small businesses across India including agriculture. Our product range includes consumer banking loans (including loans and overdrafts against property, loans against gold, loans against deposits, as well as home, personal, auto, educational and small business loans).

The products core to our retail assets business such as credit cards, loan against property and business installment loans continue to expand. With respect to loans to businesses and individuals, secured loans are primarily extended to SMEs based on the cash flows of the business and unsecured loans are offered to individuals and small businesses by assessing their cash flows. Our Bank has also taken initial steps in building an affordable housing segment through strategic partnerships and collaborated with fintech partners for new unsecured products.

Credit Cards business

The Bank's credit cards portfolio continues to grow and deepen the franchise. Our Bank has over 1.7 million customers in Fiscal 2019 and 2.29 million customers as of September 30, 2019. The number of our credit cards provided to customers increased by 119% in Fiscal 2019 and 68% in six months ended September 30, 2019, with more than 1.1 million and 0.77 million new customers acquired by us in Fiscal 2019 and six months ended September 30, 2019, respectively.

We have also expanded our product line through key partnerships, and we continue to be the partner of choice for fintech companies, both medium and large. Our key credit card partnerships include Bajaj Finance and BookMyShow. As of September 30, 2019, we had over one million Bajaj Finance - RBL Bank co-branded credit cards in force.

Our credit cards in force, credit card advances, average retail spend per credit card as of March 31, 2017, 2018 and 2019 and September 30, 2019 are set out in the table below:

Particulars	As of March 31,			As of September 30,
	2017	2018	2019	2019
Credit cards in force (in millions)	0.28	0.80	1.71	2.29
Credit card advances (in ₹ millions)	8,035.24	22,440.80	52,834.41	80,025.51

Our credit card balances include term balances which are balances that are based on equated monthly installment (EMI) repayment, non-term balances which earn interest at the revolving rate of interest and non-term balances which do not earn any interest. Our strategy has been to grow our term balances which are considered safer customers.

Development banking and financial inclusion (DB&FI)

Our DB&FI segment provides financial services to developing and rural parts of India, which have generally not had access to financial products and services. Our Bank strives to address the requirements of financial services in semi urban and rural India by developing an insight into customer needs, understanding the uncertainty and unevenness of cash-flows, and customising products to suit the requirements of each type of DB&FI customer.

Our products include credit facilities to individuals, groups and small businesses, programmed savings, and life, health and general insurance products and money transfer (remittance) services. We primarily provide finance to women borrowers with a view of achieving financial inclusion for women and progressive social change. We believe that typically most of our DB&FI customers begin experiencing banking services through credit and remittance products before moving up the chain of value-added services and more sophisticated products. We also lend to financial intermediaries such as MFIs, affordable housing finance companies and NBFCs engaged in lending to MSMEs.

Our DB&FI segment provides access to basic financial products to underserved rural customers for various income-generating activities through a network of BC branches. Our business correspondent network is set up in a hub-and-spoke framework, with our Bank branches being the hub and the spokes being the business correspondent outlet in the vicinity of customer's village or small town. For more information see “—*Distribution Network*” below on page 147.

In addition, in Fiscal 2019, we acquired the remaining outstanding equity interest in RBL Finserve, which is now our wholly-owned subsidiary. RBL Finserve will focus on our efforts in micro-banking and serving our DB&FI customers.

We have classified 238 BC branches as banking outlets. Through these banking outlets our Bank can reach out to the unbanked population and provide basic banking facilities such as transactions through Micro ATMs, savings account, insurance products and other loan products.

As of September 30, 2019, we had approximately 2.65 million active loan customers whom we service in India. As a percentage of total net advances, DB&FI advances accounted for 14.00%, 14.12%, 14.02% and 13.45% as of March 31, 2017, 2018 and 2019 and September 30, 2019, respectively.

Priority sector lending

RBI requires all scheduled commercial banks operating in India to allocate a minimum of 40% of their adjusted net bank credit (“ANBC”) as of March 31 of the applicable prior year to the “priority sectors”, which include the agricultural sector, education, housing, social infrastructure, export credit, renewable energy, micro, small and medium enterprises, economically weaker sections of the community and others. RBI also specifies sub-allocation requirements, including a minimum of 18% of ANBC to the agricultural sector (with the target of at least 8% of ANBC within the agricultural sector for small and marginal farmers), at least 10% of ANBC to economically weaker sections of the community and at least 7.5% of ANBC to micro enterprises. RBI regulations specify that the above priority sector requirements should be met on the basis of credit equivalent of off-balance sheet exposure rather than ANBC if such off-balance sheet exposure by a bank is higher than its ANBC. The priority sector non-achievement is assessed on a quarterly average basis at the end of the respective year.

If our priority sector lending falls below RBI's directed lending requirements, we are required to fulfill our obligations to RBI by investing in securities specified by RBI and/or in deposits under RBI-specified deposit

schemes of the National Bank for Agriculture and Rural Development (NABARD) and the National Housing Bank. These deposits have a maturity ranging up to seven years and carry interest rates lower than market rates. Our investments outstanding in NABARD RIDF, SIDBI, MUDRA and NHB deposits as of March 31, 2017, 2018 and 2019 and September 30, 2019 were ₹ 177.08 million, ₹ 1,178.04 million, ₹ 2,873.89 million and ₹ 3,662.87 million, respectively.

As of September 30, 2019, our lending to priority sectors constituted 35.22% of our ANBC. Out of our ANBC, 14.70% was lent to the agricultural sector and the remaining 20.52% was lent to other priority sectors, including economically weaker sections of the community, SSIs and Rural Infrastructure Development Fund deposits. Some of our existing businesses, including Retail Assets and DB&FI, qualify as eligible agricultural sector lending under RBI's priority sector lending requirements. Other business segments also contribute towards meeting the priority sector lending targets.

As of March 31, 2017, 2018 and 2019 and September 30, 2019, the total credit extended by us to priority sectors including by way of investments constituted 41.65%, 38.95%, 39.31% and 35.22%, respectively, of our ANBC; the credit extended to the agriculture sector constituted 18.74%, 16.36%, 16.63% and 14.70%, respectively, of our ANBC; and the credit extended to other priority sectors constituted 22.92%, 22.59%, 22.68% and 20.52%, respectively, of our ANBC. Accordingly, we have met the requirements for the lending to priority sectors, the agriculture sector and the weaker sections as of the dates specified.

For further information, please see the section “*Selected Statistical Information–Loan Portfolio–Interest Rate Sensitivity of Advances–Priority Sector Advances Break-up*” on page 52.

Treasury and financial markets operations

Our treasury operation is our interface with the financial markets and consists primarily of advising corporate, institutional and commercial banking clients on domestic and cross-border transactions and risk management of exposures in relation to the clients' balance sheets. Our treasury team provides coverage through our centralized dealing room in Mumbai supported by sales staff in our branches in metros.

Our treasury and financial markets operations segment focuses on day-to-day fund management and asset liability management (“ALM”), interest rate risk and exchange rate risks, augmentation of counter-party lines from banks, mutual funds and insurance companies, effective management of cash and statutory reserves requirements, deployment of our Bank's liquidity in high quality earning securities and managing our interface with professional interbank market. In addition, this segment also manages our cash and statutory reserves, asset-liability gaps, interest rate and exchange rate risks, liquidity positions, investment and trading activities, money market, foreign exchange activities and derivative transactions.

Our interest income on investments of treasury operations was ₹9,814.68 million, ₹9,981.69 million, ₹10,934.45 million and ₹6,792.75 million for Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, respectively. Our non-interest income from our treasury operations, consisting of profit and loss from the sale of investments (net) and foreign exchange transactions, was ₹2,427.23 million, ₹3,176.55 million, ₹2,418.07 million and ₹1,997.42 million for Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, respectively.

Customer services

Our forex and derivative sales unit within the treasury and financial markets segment advises corporate, institutional and commercial banking customers on risk management covering forex and the interest rate risk. Our advisory services include domestic and cross-border transaction flow and risk management of related exposure on clients' balance sheets. Regular engagement with clients and advice provided by our forex and derivative sales teams helped to increase the volumes from large and medium companies and institutional customers.

Investment banking services

Our debt capital markets (DCM) team within the treasury and financial markets segment advises clients on fund raising as well as on managing their capital structures efficiently. The DCM team works closely with other parts of the wholesale banking to identify clients and their needs and offer solutions for standard as well as complex situations. The DCM team works on both domestic as well as cross-border transactions, in the form of bonds, loans, or other capital instruments. The DCM team also underwrites and syndicates risks and is closely engaged

with different sets of onshore and offshore investors. In underwriting business, optimization of balance sheet utilization and returns are the key tasks performed by the DCM team. Our Bank is registered as a Category I merchant banker with SEBI.

Liquidity and treasury management

Our treasury manages our Bank's liquidity position and maintains our regulatory reserve requirements. The treasury department manages our daily inflow and outflow of funds and invests any excess amounts after meeting our outflow requirements in the money markets and other appropriate instruments. The treasury department invests and trades in securities including sovereign debt instruments, keeping in view our Bank's liquidity requirements, market developments, expectations of policy changes and interest rate movements.

Our treasury also invests in non-SLR instruments, such as commercial paper, corporate debentures, and PSU bonds.

As an authorized dealer in foreign currencies, we undertake foreign exchange transactions on behalf of our customers, and we engage in proprietary trading. We are present in the spot and forward forex markets in Rupee and cross currencies and in the derivatives business across various products such as interest rate swaps, currency swaps, USD, Rupee and other foreign currency options.

The treasury department issues certificates of deposits as a part of its ALM, ranging in maturity from seven days to one year, which offers a means of raising resources at a short notice. Our treasury operations fund the balance sheet through both inter-bank deposits and corporate deposits, including those from FIs, mutual funds and insurance companies.

Investments

Our Investment Policy is reviewed and, if necessary, amended with the approval of the Board at periodic intervals in accordance with various guidelines issued by RBI. Its aim is to optimize the average yield on our total investment portfolio of permitted products and ensure liquidity and relatively high-yield within the risk tolerance limits approved by the Board. It also lays down the framework for audit, review and reporting of investment transactions. As of March 31, 2017, 2018 and 2019 and September 30, 2019, the total amount of our investments was ₹134,817.08 million, ₹154,474.99 million, ₹168,403.61 million and ₹197,779.80 million, respectively and the yield on investments was 8.16%, 7.98%, 7.90% and 7.73%, respectively. Yield on investments is defined as interest income from investments as a percentage of the average based on the month-end balances of investments.

Under RBI regulations, we are subject to a CRR requirement. The CRR is a bank's balance held in a current account with RBI calculated as a specified percentage of its net demand and time liabilities, excluding interbank deposits. The CRR currently applicable to banks in India is 4.00% and banks do not earn any interest on those reserves.

In addition, under the Banking Regulation Act, all banks operating in India are required to maintain an SLR. The SLR is a specified percentage of a bank's net demand and time liabilities by way of liquid assets such as cash, gold or approved unencumbered securities. Approved unencumbered securities consist of unencumbered Government securities and other securities as may be approved from time to time by RBI and would earn lower levels of interest as compared to advances to customers or investments made in other securities. In its Statement on Developmental and Regulatory Policies dated December 5, 2018, as a part of a transition to comply with the LCR requirement of 100.00% by January 1, 2019, RBI reduced the SLR by 0.25% every calendar quarter from 19.50% of net demand and time liabilities to 19.25% from January 5, 2019 and eventually to 18% from April 11, 2020.

As of March 31, 2017, 2018 and 2019 and September 30, 2019, government securities constituted, 72.43%, 72.95%, 70.39% and 81.74%, respectively, of our investments.

For further information, see "Selected Statistical Information – Investment Portfolio" on page 48.

Our Credit Ratings

The table below sets forth the ratings that our Bank has been assigned.

Instrument	Rating	Limits in ₹ millions
Basel III compliant Tier II bonds	ICRA AA- hyb (Stable)	8,000
	CARE AA- (Stable) (Re-affirmed dated Oct 3, 2019)	
Certificate of Deposits	ICRA A1+	60,000
Medium term fixed deposit programme	ICRA MAA (Stable)	NA
Short term fixed deposit programme	ICRA A1+	NA

Our Deposits

As of March 31, 2017, 2018 and 2019 and September 30, 2019, we had deposits of ₹345,880.91 million, ₹439,022.64 million, ₹583,944.16 million and ₹628,291.33 million, respectively.

Our depositor base is fairly broad based. As of March 31, 2017, 2018 and 2019 and September 30, 2019, our top 20 depositors constituted 21.41%, 19.27%, 18.41% and 23.39% of our total deposits, respectively. Term deposits have constituted 78.02%, 75.68%, 75.02% and 73.55% of our total deposits as of March 31, 2017, 2018 and 2019 and September 30, 2019, respectively. As of March 31, 2017, 2018 and 2019 and September 30, 2019, savings deposits have constituted 11.13%, 12.16%, 14.12% and 16.06%, respectively, of our total deposits.

We intend to continue to broaden the variety and diversity of mix of our deposit base to increase the stability of our low-cost source of funding. For more information, please see the sub-section titled “Our Strategy” on page 137.

Our current and savings account deposits and the corresponding percentage to total deposits as of March 31, 2017, 2018 and 2019 and September 30, 2019 are set out in the table below:

Particulars	As of March 31,			As of September 30,
	2017	2018	2019	2019
Current account deposits	10.85%	12.16%	10.86%	10.39%
Saving account deposits	11.13%	12.16%	14.12%	16.06%
Total	21.98%	24.32%	24.98%	26.45%

Distribution Network

We use different distribution models in various parts of India to meet different needs of our customers and expect our branches to become a one stop shop for all their banking needs. Such models include: ■ branches in large cities of India with the focus on gaining a larger share of the customers’ financial revenue in addition to gaining a share of the customers’ deposits and ■ branches and BC branches in non-urban (including rural) areas of India. Our distribution network comprises branches, BC branches, banking outlets and non-branch delivery channels, including ATMs, internet, phone and mobile banking channels, which provide access to and market our banking products and services. As of September 30, 2019, we had 346 branches spread across the country.

As an important complement to and extension of our branch network, we have a multi-channel electronic banking system which included 394 ATMs as of September 30, 2019, internet banking, phone banking (available 24 hours a day/7 days a week) and account services via mobile phone. As of September 30, 2019, we had 160 branches in metro areas, 55 branches in urban areas, 76 branches in semi-urban areas and 55 branches in rural areas.

We also provide access to basic financial products to underserved rural customers through our network of BC branches. As of September 30, 2019, we had 1,156 BC branches (including RBL Finserve and our banking outlets discussed below). In addition, in Fiscal 2018, we acquired the remaining outstanding equity interest in RBL Finserve, which is now our wholly-owned subsidiary to focus on our DB&FI customers and micro-banking. As of September 30, 2019, RBL Finserve had 533 BC branches in rural India.

We have classified 238 BC branches as banking outlets. Through these banking outlets our Bank can reach out to the unbanked population and provide basic banking facilities such as transactions through Micro ATMs, savings account, insurance products and other loan products.

Branches and ATMs

The following table sets out a geographic breakdown of our branches and ATM network as of September 30, 2019:

Location	Number of branches	Number of ATMs
Andhra Pradesh	6	6
Bihar	2	1
Chandigarh (UT)	3	2
Chhattisgarh	2	1
Dadra & Nagar Haveli (UT)	1	1
Diu & Daman (UT)	1	1
Delhi	30	34
Goa	8	27
Gujarat	26	21
Haryana	12	19
Himachal Pradesh	2	2
Jammu & Kashmir (UT)	0	1
Karnataka	35	27
Kerala	4	2
Madhya Pradesh	13	12
Maharashtra	116	163
Odisha	2	2
Puducherry (UT)	1	0
Punjab	10	11
Rajasthan	10	7
Tamil Nadu	31	21
Telangana	9	8
Uttar Pradesh	6	14
West Bengal	16	11
Total	346	394

The following table shows distribution of our branches by the areas:

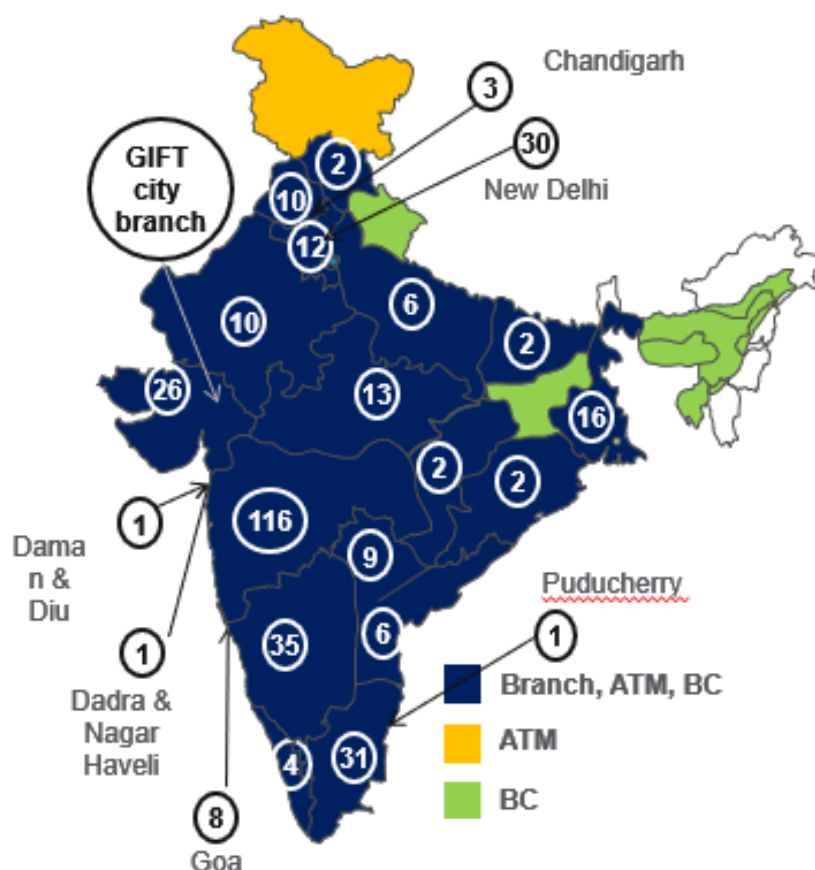
Particulars	As of March 31,			As of September 30,
	2017	2018	2019	2019
Metro	78	92	140	160
Urban	40	43	52	55
Semi-Urban	68	76	77	76
Rural	53	54	55	55
Total	239	265	324	346

The following table shows the growth in the number of our BC branches, outlets and ATMs:

Particulars	As of March 31,		As of September 30,
	2018	2019	2019
RBL - BC branches	495	541	623
RBL Finserve - BC branches ⁽¹⁾	312	452	533
Total BC branches	807	993	1,156
Banking outlets	197	226	238
ATMs	388	341	394

(1) Includes banking outlets

The approximate location of our branches, BC branches and ATM are represented on the map below.



Sales, Marketing and Branding

Our sales and marketing efforts are mainly conducted by our in-house marketing and communications team which is responsible for the in-house product marketing and branding initiatives across all our business segments.

In January 2014, our Bank rebranded itself as “RBL Bank” and launched a new brand identity, including a new name and logo along with various other identity elements, with the aim to present a fresh, contemporary personality which demonstrates our transformation into a modern bank. We use multiple communications mediums like print, outdoors, events, sponsorships, digital channels etc. to reach out to our existing as well as prospective target groups.

Information Technology

The use of information technology is an integral part of our customer-focused approach as it enables our clients to control when, where and how they want to do business with us. We are focused on leveraging technology for client management and creating customer-centric/multi-channel solutions such as internet banking and mobile banking. We strongly emphasize technology in our business as a means of improving the efficiency, reliability and competitiveness of our business operations. Our Bank has a service-oriented architecture and all real-time integrations across solutions are implemented as Web Service. The online integrations are routed through the Enterprise Service Bus (ESB). Our Bank has adopted API Banking and has a basket of APIs that are available for consumption by partners. Access to APIs is granted through a developer portal. This architecture allows our Bank to integrate quickly for new partners.

The infrastructure used within the Bank’s data centre are completely virtualised and runs on an open architecture. This leads to better management and utilisation of available capacity. Our Bank currently has its data centre in Mumbai and a Disaster Recovery Site in Chennai. It is further looking to implement ‘Continuous Availability Architecture’, which will involve multi-site deployment of applications resulting in higher uptime and resilience.

We have made significant progress in cloud adoption. To leverage the power of cloud technology, we have hosted our data centre on a private cloud and created a virtual IT infrastructure to implement new applications. Considering the limitation of availability of bandwidth connection in rural areas, we use low cost desktops with shared central processing units for banking in these areas thus reducing the overall cost and adjusting to the network bandwidth requirements. Our information technology infrastructure is built on a robust architecture consisting of a primary data centre and a disaster recovery set-up in Chennai that links our entire network of branches, regional offices, central processing units and ATMs. All of these locations are centrally connected to our core banking system.

We have revamped our complete IT architecture by deploying the enterprise service bus for interfacing between different applications and, thereby, moving away from point-to-point interface. We have also developed our mobile app using a mobility platform from a reputed global IT service provider and have not adopted the traditional approach of developing native apps on different mobile operating systems available in the market. This assists us in introducing the future mobile apps in the market rapidly.

In tune with the guidelines issued by RBI, we have an IT Strategy Committee to deal with issues arising out of the increased dependency on information technology, such as IT governance, information security, information system audit, IT operations, IT services outsourcing, cyber fraud, business continuity planning, customer awareness programs and legal issues.

Operations

Our operations architecture and framework are built on competitive and control focused operational policies and procedures which cater to diverse and growing business segments. We have made significant investments in instituting our operations platform across key verticals to ensure seamless delivery and execution of our services.

Our centralized operations are structured around our National Operations Centre (NOC) in Mumbai and Regional Processing Centres (RPCs), which collectively support our business growth, improve our ability and efficiency in providing standardized service delivery across geographies and business segments.

Our credit card operations are serviced at our RPC in Okhla (Delhi). We have a payment system at par with the industry offerings such as IMPS, National Automated Clearing House (NACH), corporate payments, escrow services, cheque truncation system (CTS) and door-step banking. In the digital space and alternate banking channels, we provide competitive and innovative technology solutions through internet banking, debit card variants and co-branded pre-paid card initiatives. We established the contact centre operations with a full scale IVR facility to cater to the customer needs across our business segments.

Innovation and process re-engineering are a vital part of our functioning and we continue to improve our efficiency, risk mitigation, productivity and cost benefits through the re-engineering unit, effectively governed outsourcing arrangements and partnerships with other service providers to offer niche services to our clients.

As we are a fast-growing bank, to ensure high service standards and optimum controls with appropriate risk mitigation tools, we hold monthly metrics review calls and conduct focused training and skill development programs for our employees aimed at improving the process of understanding and execution.

We believe that our cloud-based IT systems, our simplified operational processes and our experience in opening new branches and developing new products give us an advantage in replicating the same as we grow, with increasingly shorter turnaround times. We believe that the scalability of all operations in a cost-effective manner while maintaining a high standard of services is essential to growing our banking business profitably.

Customer Service Quality Control

Our Bank has developed the “Service First” platform which functions as an end-to-end tracking system for all requests and complaints and also enables our Bank to define and measure different “turnaround times” across various services rendered to its customers. This platform helps us in understanding the areas of improvement and developing our service strengths, resulting in compliance with regulatory guidelines on customer service.

We have a dedicated central service team coupled with a well-defined grievance redress system to help us address every customer concern effectively and provide quick resolution. Our service offerings are also streamlined to cater to specific customer needs. We employ various service analysis tools and techniques to measure different

client requirements including a new model of lead management and onboarding system. Our analysis tools include a complaints resolution index, loyalty surveys, and client experience measurements. Analysing customer satisfaction related data gives us a view into customer behaviour and customer expectations in respect of our service commitments.

Risk Management

Our Bank operates in a rapidly evolving environment and hence is exposed to various risks that are inherent to the business and environment in which it operates. The goal of risk management is to mitigate the impact of risk and ensure that our Bank takes calculated risks keeping in mind its risk appetite, thereby minimising unexpected outcomes.

At the apex level, the Board of Directors define the Bank's risk appetite, which is then disseminated to various business functions through policies, processes, limits, controls and procedures. The Board of Directors also maintains oversight on the effective management of various risks. Our Bank has a governance framework in place to ensure strict compliance to policies, procedures and controls established to monitor, mitigate and manage these risks. The Bank's risk management framework covers key areas like capital adequacy ratio risk, credit risk, market risk, operational risk, liquidity risk, compliance risk, cyber security risk and all other risks.

Risk management committees

The Risk Management Committee of the Board (RMCB) monitors the risk management function of the Bank. The RMCB prescribes risk management policies, processes, systems and strategies for monitoring and managing the entire gamut of risks faced by the Bank, including credit risk, concentration risk, liquidity risk, interest rate risk, off-balance sheet and operational risks and regulatory and compliance. The RMCB is supported by various executive committees: the Executive Risk Committee (ERC); Management Credit Committee (MCC); Asset Liability Management Committee (ALCO); Product Approval Committee (PAC); the Operational Risk Management Committee (ORMC); the Business Operations & Technology Committee (BOT); Compliance Implementation Committee (CIC) and the Environmental & Social Risk Governance Committee (ESGC).

The Board Investment and Credit Committee (BICC) monitors the Bank's investment performance and reviews investment policy. The committee also approves credit proposals as defined in the Bank's credit policy. The Information Technology Strategy Committee of the Board oversees the overall IT strategy of the Bank, including cyber security risk. This committee prescribes policies and procedures with respect to cyber security and is supported by the Information Security Steering Committee (ISSC).

Details and brief terms of reference of the various executive committees are as follows:

- ERC is responsible for identifying, monitoring and managing both current and emerging risks at the enterprise level, to ensure a holistic view of all risks. This committee reviews the adequacy of the enterprise risk management framework, policies and procedures towards this end.
- MCC is responsible for operationalising the credit policy and implementing credit framework as approved by the Board and RMCB. The committee recommends policies on standards for presentation of credit proposals, financial covenants, ratings, prudential limits on large credit exposures, standards for loan collaterals, etc. MCC also oversees portfolio risk management, loan review mechanism, risk concentrations, pricing of loans, provisioning and other regulatory/legal compliances. The committee also approves credit proposals as defined in the Bank's credit policy.
- ALCO is responsible for managing market risks (including rates risk, forex risk, equity risk and credit risk), liquidity risk, interest rate risk in the banking book, currency risk, funding policy and the pricing of deposits and advances.
- PAC is a cross-functional committee of senior executives to review and approve new product launches. The objective of this committee is to consider all risks in a holistic manner.
- ORMC is a cross-functional committee of senior management that oversees operational risk management across the Bank.

- The BOT oversees all aspects of technology across business, operations and control functions.
- The CIC oversees regulatory compliances.
- The ESGC oversees the implementation of the environmental and social risk management system across the Bank.
- The ISSC oversees implementation of cyber security and information security risk policies, procedures and controls across the Bank.

Risk management policies

The Enterprise Risk Management (ERM) policy of our Bank is based on best practices and provides a summary of its principles regarding risk taking and risk management. The Risk Appetite Framework, Internal Capital Adequacy Assessment Process (ICAAP) and Stress Testing Framework are integral pillars of the Bank's enterprise risk policy.

Our Bank has various policies such as Liquidity Risk & Asset Liability Management (ALM) Policy; Commercial Credit Policy; Retail Assets Credit Policy; Investment Policy; Liquidity and Contingency Plan; FX & Derivatives Policy; Customer Suitability and Appropriateness Policy; Recovery Policy; KYC and AML Policy; Operational Risk Management Policy; Risk-based Internal Audit Policy; Sustainability Policy; Policy on Transfer of Assets through Securitisation and Direct Assignment of Cash Flow, Cyber Security Policy, Information Security Management Policy, etc. These policies prescribe various methods for risk identification, measurement, grading, monitoring, reporting, risk control and mitigation techniques and management of problem loans and credit. They are reviewed annually by the Board.

Risk management system

Our Bank has a robust framework, whereby risk MIS is presented to senior executives and risk committees in the form of dashboards and reports. This aids in the identification, measurement, mitigation and monitoring of risks in all its activities. New products are launched after a detailed analysis of various risks.

Capital adequacy risk

A measure of our capital, the Capital Adequacy Ratio (CAR) shows a percentage of our Bank's weightage to credit exposure. We maintain a strong capital position with the capital ratios well above the thresholds defined by the regulatory authorities. Through continuous and timely capital infusion, we have strengthened our Tier-I capital structure.

We are subjected to the capital adequacy guidelines stipulated by RBI. In line with RBI guidelines under Basel III, we have adopted a Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk while computing its CAR.

As per capital adequacy guidelines under Basel III, we are required to maintain a minimum CAR of 9.00% (10.875% including Capital Conservation Buffer (CB)), with minimum Common Equity Tier I (CET I) CAR of 5.50% (8.00% including CB).

As of March 31, 2017, 2018 and 2019, our CAR was 13.72%, 15.33% and 13.46%, respectively. As of September 30, 2019, our total CAR was 11.88%, our Tier-I CAR was 10.86% and our CET-I CAR was 10.86%.

We have a comprehensive Internal Capital Adequacy Assessment Process (ICAAP), approved by the Board. Under ICAAP, we determine our risk appetite and the adequacy of capital to meet regulatory norms, current and future business needs, including stress scenarios. ICAAP evaluates and documents all risks and substantiates appropriate capital allocation for risks identified under Pillar 1 (*i.e.*, credit, market and operational risk) as well as for risks identified under Pillar 2.

ICAAP enables us to ensure the adequacy of capital for future business growth and various other risks that we are exposed to, so that the minimum capital required is maintained on a continuous basis. We take into account both

quantifiable and non-quantifiable risks while assessing capital requirements. Under ICAAP, we consider the following risks as material and have considered these, among others, while assessing the capital requirements:

- Credit risk;
- Market risk;
- Operational risk;
- Legal risk;
- Compliance risk;
- Interest rate risk in banking book;
- Cyber security risk; and
- Sustainability/environmental and social risk management.

Credit risk

Credit risk is defined as the probability of losses associated with reduction in credit quality of borrowers or counterparties. In a Bank's portfolio, losses may arise due to outright default or due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading settlements, or any other financial transaction. Alternatively, losses occur from reduction in portfolio value due to deterioration in credit quality.

The Bank's credit policies prescribe sanction and monitoring procedures for various categories of loans. Our Bank has separate credit origination and appraisal processes for wholesale and retail segments. Within the wholesale segment, Bank has adopted underwriting standards for different client segments that is based, inter alia, on internal risk ratings, availability of security and other risk parameters. The credit sanctions are provided by experienced credit professionals and/or credit committees with delegated approval authorities, basis detailed appraisal memorandum that takes into account business and financial risks of the proposal. The Retail segment, on the other hand, relies largely on standardised product programmes for credit risk assessments and approvals.

We have in place various policies viz. Lending Policy, Recovery Policy, Policy on Credit Mitigation Techniques and Collateral Management, which facilitate management of credit risk in the Bank. We assess the credit risk at customer, product, enterprise, geography and inter-bank levels. With these separate assessments of each area, sanctions or disbursements are made within the pre-approved parameters for small or large value. Based on the pre-evaluation methods and sanction from respective authorities, credit approvals and follow-ups are reported in time to respective authorities. Our Bank also monitors credit concentration of exposures to a single borrower, group of borrowers, sensitive industry exposures, geography products, among others. The stringent credit framework helps us maintain lower NPA ratios. We also engage in NPA purchases. Our Special Assets Group and related policy seek to ensure that we maximize the overall profitability while reducing risks associated with such purchases.

We have put in place an internal credit rating for the wholesale segment which uses various models, depending on the size of a borrower as well as specialized models for NBFCs, micro-finance institutions (MFIs) and traders. The internal rating system is a step towards migration to the advanced approach for credit risk as per Basel III. The rating system is based on a two dimensional rating framework: borrower rating and facility rating. The borrower rating is determined first and is based on assessment of the industry risk, business risk, management risk and financial risk along with the project risk and conduct of account, if applicable. This rating is calibrated to the probability of default. The facility rating is based on the borrower rating, takes into account security structure and is a combination of probability of default and loss given default. In addition to the internal rating, we require all facilities above ₹50 million, to have an external rating.

For the identification, measurement, mitigation, monitoring and governance of credit risk, we have adopted various policies, including our Risk Management Policy, Commercial Credit Policy and Retail Assets Credit Policy. These policies define exposure norms, underwriting standards, a loan review mechanism, regulatory requirements, negative list and restricted exposures. The policies are reviewed annually or more frequently. Exhaustive credit risk manuals and guidelines detailing the mode of implementation of the policies have also been put into practice. The credit risk policies and manuals are periodically amended to incorporate changes in the environment / market and regulatory guidelines.

Our credit risk management structure consists of the RMCB, the BICC, the MCC, the ECC, the Credit Administration Department and special loan management group.

We actively monitor credit risk, both on and off balance sheet, in accordance with our policies and procedures. For wholesale credit exposures, management of risk is performed through target market definition, robust credit approval process and monitoring and remedial management procedures. Given the granularity of individual exposures, consumer finance credit risk is managed largely on a portfolio basis, across various products and customer segments. This is accomplished at frequent intervals not only to control the exposures but also to control/mitigate the risk to which we are being exposed (measured in terms of risk migration, asset classification, probability of default/exposure at default/loss given default ratios).

All consumer finance products are managed through a loan origination and repayment management system, which results in a significant improvement in the turnaround times for disbursements, Management Information System (MIS) reports and monitoring and quality of the portfolio.

A credit proposal would involve a rigorous credit appraisal process before it is recommended for approval. Assessment is made based on business and financial analysis and credit rating of the proposed borrower, needs analysis of the requested facilities and financial viability of the credit proposal. Once a credit is granted, proper follow-up and review is made on a frequent basis. All funded and non-funded facilities granted to a customer are reviewed at least once a year or at earlier intervals, if considered appropriate. Branch or relationship managers or their designated officers would visit the customer and discuss relevant details of the account and the business reciprocity, including any clarifications on their financial statements if required. In addition, mid-term reviews are performed for accounts which are on the “watch list” or for provisioned accounts, and interim reviews are carried out as appropriate in the event that a borrower requires credit enhancement by way of additional security coverage.

Market risk

Market Risk is defined as the risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices. It is the risk of adverse deviation of the mark to market value of the trading portfolio, due to market movements, during the period required to liquidate the transactions.

Our Bank manages market risk in accordance with the Board-approved investment policy, market risk management policy, foreign exchange & derivatives policy, and customer suitability and appropriateness policy. These policies are part of a well-defined organisational structure for market risk management function and processes, whereby the market risks of our Bank are identified, measured, monitored and controlled within the confines of its risk appetite.

The Market Risk Policy identifies all the risk factors, which arise out of treasury activities across products and risks, such as forex rates, interest rates, credit spreads, and volatilities, among others. Limits have been defined at position, product and portfolio level to ensure that all market risk is measured and monitored according to the risk appetite set by the Board.

The RMCB devises policies and strategies for integrated risk management which includes market risk. At the operational level, the ALCO monitors management of market risk. The ALCO's functions also include balance sheet planning from a risk-return perspective, including the strategic management of interest rate risk and liquidity risk.

The Investment Policy lays down the instruments that are permitted to be held as investments; and also defines prudential limits for various categories of instruments such as debentures & bonds, certificate of deposits, commercial paper, units of mutual funds, equities and venture capital funds, among others.

New products are approved after detailed assessment of various associated risk factors/sensitivities including assessment of operational aspects related to the measurement and monitoring of limits and controls to manage these positions.

We periodically undertake stress tests to highlight our potential vulnerability to certain unlikely but plausible events or movements in financial variables and to provide an indication of the amount of capital required to absorb losses. We monitor and utilize several internal reports and research papers to identify major external risks, and ensure that the risk is identified, assessed, mitigated and reported on a timely basis.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal process, people and systems or external events. Operational risk may arise from a variety of factors, such as unauthorized transactions/decisions, improper documentation, non-adherence to operational and information security procedures, failure of computer system, software or equipment, perpetration of frauds, and execution errors. Operational risk includes legal risk but excludes strategic and reputational risk. Our Bank is exposed to Operational Risk due to its extensive use of technology, exposure to potential errors, frauds, or unforeseen events resulting in unexpected losses in the course of business activities.

To mitigate operational risks, we have put in place extensive internal controls, including restricted access to our computer systems, appropriate segregation of front and back-office operations and strong audit trails.

We have also developed a comprehensive Operational Risk Management Policy aimed at developing a common understanding of operational risks across our Bank. This Policy covers assessment of exposure to operational risks and appropriate actions; techniques and methodologies of improvement of the management and mitigation of operational risks; education and dissemination of knowledge of operational risks among employees; creation of a healthy environment for mitigating operational risk and strengthening the internal control environment by reducing probability and potential impact of losses due to operational risks. The Policy is reviewed annually to make it more responsive to the changing environment. The Operational Risk Management process of our Bank is driven by a strong control culture and sound operating procedures, involving corporate values, attitudes, competencies, internal control culture, effective internal reporting and contingency planning.

Our vigilance system looks into and conducts investigation of acts of misconduct alleged against our employees and recommends appropriate preventive measures.

For the effective management of operational risk, we have constituted the ORMC consisting of senior management personnel. The ORMC which supports the RMCB is responsible for implementing the Operational Risk Management Policy and adopting the best practices. The main functions of the ORMC include monitoring and ensuring appropriateness of operational risk management and recommending suitable control measures for mitigating the same. We have also outlined policies and processes in respect of Information Security; Outsourcing; Business Continuity Planning & IT Disaster Recovery; Records Management, Fraud Control and Customer Service.

We have a strong and robust information security management system with ISO/IEC 27001:2013 standards.

Legal risk

We face significant legal risks in our business due to the uncertainty of the enforceability of the obligations of our customers and counterparties. The legal risk that we may face is higher in new and undeveloped areas of business where the law is often untested by the courts, for instance, in the area of derivatives. We seek to minimize legal risk by using stringent legal documentation, employing procedures designed to ensure that transactions are properly authorized and consulting internal/external legal advisors.

Compliance risk

Compliance risk is the risk that our Bank may suffer in the event of material financial loss or damage to reputation, as a result of failure to comply with laws, regulations, rules, self-regulatory organisational standards and codes of conduct applicable to its activities. Compliance is at the core of our culture and is a key component of risk management discipline. The various regulatory authorities provide a detailed blueprint that defines our roles and responsibilities.

Our Bank has an independent compliance function for effective management of compliance to regulatory guidelines. The Chief Compliance Officer has direct access to the Board of Directors. Our Bank practices zero tolerance to compliance breaches and has also included adherence to regulatory and internal guidelines into the code of conduct, which every employee must sign during onboarding.

Our Bank has also adopted a code for the prevention of insider trading, which is applicable to its Board members and employees, as well as their dependent family members. Under the supervision of the Managing Director and

CEO, the Company Secretary is tasked with the setting forth of policies and procedures and monitoring compliance with the rules related to the disclosure of price sensitive information.

Interest rate risk in banking book

Interest rate risk in banking book represents our exposure to adverse movements in interest rates with regard to its non-trading exposures. Interest rate risk is measured by undertaking a gap analysis as well as a factor sensitivity analysis. We hold assets and liabilities with different maturities and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates in such markets. Interest Rate Risk is managed in accordance to the Board approved Asset Liability Management (ALM) Policy. The policy lays down well-defined organization structure for interest rate risk management functions and processes, whereby the interest rate risks are identified, measured, monitored and controlled.

The organizational structure of our Bank for Interest Rate Risk Management function has the Board of Directors at the apex level that maintains overall oversight of management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes interest rate risk. At operational level, Asset Liability Management Committee (ALCO) monitors management of interest rate risk. The main functions of ALCO include balance sheet planning from a risk return perspective including the strategic management of interest rates and liquidity risks.

Cyber Security Risk

Cyber security or information technology security risk is defined as the potential of loss or harm to the Bank, resulting from breaches to, attacks on, or unauthorised access to the Bank's information systems. This includes computers, networks, hardware, software, switches, routers, mobile devices, applications, websites, data, information, among others.

Cyber security incidents can result in large financial losses, damage to reputation, legal liabilities and regulatory issues. Therefore, mitigating this risk is an integral aspect of enterprise risk management. Our Bank has robust policies, procedures, controls and monitoring tools to manage and mitigate cyber security risk. The framework covers people, processes and technology.

The Board approved policies which govern this risk include the cyber security policy and the information security management policy. Our Bank also has a robust cyber crisis management plan to establish strategic framework and actions to prepare for, respond to, and recover from a cyber-incident, should it occur.

Sustainability/Environment & Social Risk Management (E&S)

RBL Bank is committed to sustainable development; and has embedded it as an integral part of its business practices including risk management. Managing Environmental and Social (E&S) risk is an integral part of its risk management strategy. The system is implemented and overseen by the Environmental and Social Risk Governance (ESG) Committee, which also provides periodic updates to the Board.

The key objectives of the Bank's ESG framework are as follows:

- Setting strategic E&S objectives, such as offering new products that address E&S sustainability;
- Incorporating E&S risk considerations into all financing activities and developing client awareness on this subject;
- Excluding financing clients whose business activities do not meet the Bank's principles — our Bank has adopted the IFC Exclusion List;
- Communicating E&S expectations to all staff, clients and other external stakeholders;
- Committing to improving the overall E&S performance of its portfolio through enhanced risk management;
- Building consistently the Bank employees' capacity to identify E&S risks;
- Developing and delivering financial products and services that enable more sustainable agricultural practices; and results in resource conservation/ enhancement of resource efficiency; and
- Conducting financial inclusion programmes for marginalised, economically weaker and businesswise less attractive sections in various states across the country.

E&S risk assessment is an integral part of the credit appraisal and sanction process. All transactions are screened against the 'exclusion list'. An illustrative list of activities, which our Bank does not fund, includes production or trade in weapons and munitions; production or trade in alcoholic beverages excluding beer and wine; production or trade in tobacco; activities of gambling, casinos and equivalent enterprises, among others.

The transactions are then screened for E&S risks. This begins by risk categorisation, based on inherent risks associated with the business activities of a client. It may be noted that several factors influence the categorization including scale, location, sensitivity and magnitude of impacts.

Stressed Assets management and NPA recovery

We have a specialized Stressed Assets Group and Recovery Group responsible for monitoring distressed accounts as well as management and recovery of NPAs for different business segments. The Stressed Assets Group also considers proposals for re-structuring of the businesses which are viable, but require assistance, for example, in the form of amendment to re-payment terms. Restructured assets (defined as standard restructured assets) as a percentage of gross advances stood at 0.04% as of September 30, 2019. MIS reports for stressed assets and restructured loans are circulated to our Senior Management, RMCB and the Board at regular intervals.

Asset-liability management

Asset and liability management (ALM) focuses on managing the risk in the balance sheet and deals with pricing of assets and liabilities to provide stable and growing earnings while efficiently managing liquidity and earnings risk generated in the banking book. The strategic objective of the ALM process is to ensure that financial products and services are delivered to customers on terms which enable our Bank to earn a growing net interest income at a stable net interest margin, whilst maintaining adequate liquidity, preserving solvency and the reputation of the institution.

We generally fund our customer assets with customer deposits and borrowings in the form of refinance or interbank credit. If the contracted inflows with respect to a particular time period are lower than the contracted outflows with respect to that time period or vice versa, we face an asset-liability mismatch. To manage our funding mismatches, we borrow in the short-term money market. We believe this offers the advantages of lower costs and stable long- term financing.

For statutory liquidity purposes, we maintain a substantial portfolio of liquid government securities. As of March 31, 2018 and 2019 and September 30, 2019, our portfolio of government securities was ₹113,219.58 million, ₹119,426.98 million and ₹162,384.56 million, respectively, which constituted 72.95%, 70.39% and 81.74%, respectively, of our investments. While the market for government securities generally provides adequate liquidity, the interest rates at which funds are available can sometimes be volatile. As of September 30, 2019, the average duration of our investment portfolio was approximately 4.35 years.

Liquidity risk

Liquidity risk is the risk that our Bank faces if it is unable to meet its obligations as they become due. This could be due to reasons, including difficulty in liquidating assets (market liquidity risk) or in obtaining adequate funding (funding liquidity risk). Our Bank lays special emphasis on the management of funding Liquidity Risk, as it is the most potent of risks.

Liquidity risk arises out of maturity mismatch between our assets and liabilities. RBL Bank has a comprehensive Liquidity Risk and ALM policy that incorporates RBI guidelines and industry best practices. Our policy, inter alia, provides for adoption of certain key liquidity ratios used by RBI while undertaking liquidity appraisal for the purpose of supervisory rating of banks. Our Bank maintains Liquidity Coverage Ratio (LCR) as per RBI guidelines and manages liquidity risk through the traditional gap analysis, based on the residual maturity/behavioural pattern of assets and liabilities as prescribed by RBI. Our Bank also monitors mismatches using a duration gap analysis. It monitors prudential (tolerance) limits set for different residual maturity time buckets, large deposits and loans, and various liquidity ratios. Our Bank has also put in place a mechanism of short-term dynamic liquidity and contingency plan as a part of liquidity risk management. Contingency Funding Plan (CFP), approved by the Board sets forth a process of dealing with crisis situations in the event of liquidity crunch or a run on the Bank. A comprehensive set of early warning indicators as well as stress testing and scenario analysis have been designed to forewarn of impending liquidity stress. For further information, please see the section titled "Selected Statistical Information" on page 46.

Internal Inspection and Audit

Our internal audit department is an independent team responsible for independently evaluating adequacy of all internal controls. It is aimed at providing assurance to the Audit Committee on effectiveness of our internal control environment through examination and evaluation of adherence to processes, procedures and regulatory requirements. Our internal audit department recommends quality enhancement measures in operational processes to address process and control gaps based on audit findings. It also undertakes audits of our branches and business units in accordance with the risk-based audit approach, best practices and the audit plan approved by the Audit Committee. The internal audit group also has dedicated teams for conducting audits on various areas, including operations audit, continuous monitoring audit, credit audit and information systems audit. Audit resources are allocated based on an assessment of the various types of skills required for each audit.

In addition, in line with RBI's guidelines, we follow a risk-based internal audit approach, by which each branch is risk assessed, on the basis of which the frequency of audit is determined and audited. The methodology, the risk assessment matrices and the annual audit plan is reviewed and approved by the Audit Committee. Certain activities also get covered under the system of concurrent audit. As part of the internal audit, we also conduct revenue audits and short/surprise inspections. The results of these inspections/audits are also reviewed by the Audit Committee.

Apart from selected branches and credit inspections, concurrent audits are performed at certain branches and support functions such as centralized retail operations and general lending operations supporting wholesale banking, financial markets, trade finance and credit administration units. The scope of concurrent audits includes verification and reporting of any non-adherence to internal controls.

Money Laundering Prevention Measure

We have adopted a policy to manage our compliance with regulatory requirements in relation to “know-your-customer” and anti-money laundering measures. Our Compliance Officer is also responsible for ensuring compliance with the Prevention of Money Laundering Act, 2002 (the “**PML Act**”). We use anti-money laundering software to analyse and monitor transactions and report any suspicious transactions patterns or customer behaviour to aid the compliance with the PML Act and related RBI guidelines.

Our employees must adhere to our code of conduct that provides guidance principles on the responsibilities and obligations of the employees and guides on how they should act when faced with an ethical dilemma or conflict of interest at work. We also have a staff accountability policy which is intended to enhance managerial effectiveness, healthy credit portfolio, and proper operation and to keep the morale of our employees high.

Internal Vigilance

Under RBI's guidelines, we have appointed a Chief Vigilance Officer to head our internal vigilance department responsible for collecting intelligence with respect to corrupt practices, investigation, referring matters to the Managing Director and Chief Executive Officer and taking other preventive steps and measures. Our vigilance department is actively involved in both detective and preventive measures, which are essential for avoiding recurrence of frauds.

We also have a whistle blower policy which seeks to develop a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice or misconduct within the Bank.

Supervision and Reporting

All banks are required to report to RBI on various aspects of their business at various intervals. As with all scheduled commercial banks, RBI annually conducts an on-site inspection which examines all matters addressing our banking operations, portfolio, risk management, internal controls, credit allocation and regulatory compliance, at intervals ranging from one to three years. Based on the findings, we are required to take suitable measures to address any concerns in its operations. During the course of finalizing the inspection, RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, then that observed by RBI. RBI incorporates such findings in its final inspection report and, upon final determination by RBI of the inspection results, we are required to take actions specified therein by RBI to its satisfaction, including, without limitation, requiring us to make provisions, impose internal limits on lending to certain sectors and tighten controls and compliance measures and restricting our lending and investment activities, and the payment of dividends by us.

Employees

As of September 30, 2019, we had 6,831 employees. In Fiscal 2017, Fiscal 2018 and Fiscal 2019 and the six months ended September 30, 2019, business per employee (i.e. the sum of advances and deposits transacted by employee) amounted to ₹130.64 million, ₹158.81 million, ₹192.89 million and ₹177.58 million, respectively.

Our employees include those with wide experience in the areas of risk management, credit analysis, treasury, relationship management, retail products, information technology as well as general banking professionals. In Fiscal 2019, approximately 441 of our employees and officers were members of the Ratnakar Bank Officers Organization and the Ratnakar Bank Employees Union.

In Fiscal 2019, our employees who are members of either one of these two organizations participated in the nation-wide strike organized by the All India Bank Employees Association and All India Bank Officers Association on May 30, 2018, May 31, 2018, December 26, 2018, January 8, 2019 and January 9, 2019 for a total of 5 days. In Fiscal 2020, our employees who are members of All India Bank Employees Association participated in the nation-wide strike organized on October 22, 2019.

Insurance

We maintain ongoing insurance policies in respect of our branches, ATMs and property. These assets are insured against fire, lightning, explosion, riot, strike, flood, typhoon, storms, earthquakes and terrorism, among other perils. We have also taken bankers and stockbroker indemnity insurance policies, burglary and house breaking policy to insure the business premises against theft, riot, strike and malicious damage, all risk insurance policy, credit/debit/ATM card package policy and comprehensive general liability policy. We also have insurance for group mediclaim, deposit and a D&O liability insurance policy in place. We believe that we maintain all material insurance policies commonly required by a bank in India.

Intellectual Property Rights

We own the trademarks to our erstwhile name, “Ratnakar Bank”, diamond logo and Ratnakar Bank logo in certain classes of goods and services and a number of related web domain names. We also own the trademarks of our new corporate logo   and other trademarks, including words in connection with our recent branding efforts such as “RBL Bank DG Loanwala” and “RBL Bank Udhaar” under class 36 provided for under the Trade Marks Act, 1999. Our wordmark for  has also been accepted and advertised in the trademark journal and is pending registration.

Properties

Our Registered Office is located in Kolhapur and is a freehold property of our Bank. Our Corporate Office is located in Mumbai in a leasehold premise. Most of our other offices and branch offices are in leasehold premises across India.

Corporate Social Responsibility (CSR)

We have a CSR Committee of the Board for spearheading our CSR efforts supported by an executive Steering Committee and the working committees. The key objectives of our CSR policy include operating our business in an economically, socially and environmentally sustainable manner by taking up projects that benefit communities at large and thus generate goodwill for our Bank as a positive and socially responsible corporate entity. Thrust areas of our CSR policy include promoting education, health (including preventive healthcare), gender equality, women empowerment and sustainable livelihood. We undertake the CSR initiatives to engage with our community and society at large as well as we believe that this provides a platform for our employees to contribute to and have a high degree of engagement with the Bank’s activities.

KEY REGULATIONS AND POLICIES

The following is an overview of the relevant sector specific laws and regulations which are applicable to our business and operations in India. The information detailed below has been obtained from publications available in the public domain. The description of laws and regulations set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and remain subject to judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Reserve Bank of India Act, 1934

RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with, by such banks and may direct that such banks regard a transaction or class of transactions as a liability. RBI has the power to impose penalties against any person for *inter-alia* failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

Banking Regulation Act, 1949

Commercial banks in India are required to obtain a license from RBI to carry on banking business in India as per Section 22 of the Banking Regulation Act. Such license is granted to a bank subject to compliance with certain conditions including (i) that the bank has the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) bank has adequate capital structure and earnings prospects; (iv) that public interest will be served if such license is granted to the bank; (v) that having regard to the banking facilities available in the proposed principal area of operations of the company, the potential scope for expansion of banks already in existence in the area and other relevant factors the grant of the license would not be prejudicial to the operation and consolidation of the banking system consistent with monetary stability and economic growth; (vi) that the general character of the proposed management of the company will not be prejudicial to the public interest or the interest of its depositors; and (vii) any other condition, the fulfilment of which would, in the opinion of RBI, be necessary to ensure that the carrying on of banking business in India by the company will not be prejudicial to the public interest or the interest of its depositors. RBI may cancel the license if the bank fails to meet the qualifications/ conditions imposed on it or if the bank ceases to carry on banking operations in India. Additionally, RBI has issued various reporting and record-keeping requirements for commercial banks. Further, the appointing, re-appointing or removing of auditor or auditors of the bank requires prior approval of RBI.

We have obtained a banking license from RBI and are regulated and supervised by RBI. RBI requires us to furnish statements, information and certain details relating to our business and it has issued guidelines for commercial banks on recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for non-performing and restructured assets. RBI has set up a board for financial supervision (“BFS”), under the chairmanship of the Governor of RBI. The primary objective of BFS is to undertake consolidated supervision of the financial sector comprising of, *inter-alia*, commercial banks, financial institutions and non-banking finance companies. RBI can direct a special audit in the interest of the depositors or in the public interest.

The Banking Regulation Act confers power on RBI (in consultation with the central government) in the public interest, interest of banking policy and to secure the interest of the depositors of the bank and the banking company, to pass orders to supersede the board of directors of a banking company for a period of up to six months, which period shall not exceed up to 12 months.

When a bank fails to or omits to comply with the provisions of the Banking Regulation Act, RBI may impose fine within prescribed limits on banks and its officers or punish with imprisonment for the term provided in the law, on the basis of the nature of the violation.

The Banking Regulation (Amendment) Act, 2017 had been enacted by the Parliament with a view to give extensive powers to RBI to issue directions to banks for resolution of stressed assets. The amendment introduced

two new sections to the Banking Regulation Act, Section 35AA and Section 35AB which enables RBI to direct banks to commence the insolvency resolution process against the defaulting company under the Insolvency and Bankruptcy Code, 2016 (“IBC”). RBI has also been granted the discretion to set up one or more advisory committees to advise banks on resolution of stressed assets.

Guidelines for ‘on tap’ licensing of universal banks in the private sector

On May 5, 2016, RBI released draft guidelines for the on-tap licensing of universal banks in the private sector seeking feedback, comments and suggestions from banks, non-banking financial institutions, industrial houses, other institutions and the general public. Based on examination of the comments/suggestions received, RBI finalised the new framework for granting licenses for universal banks on a continuous basis and released the Guidelines for “on-tap” Licensing of Universal Banks in the Private Sector on August 1, 2016 (“**On-tap Licensing Guidelines**”). The salient features of On-Tap Licensing Guidelines are as follows: (i) resident individuals and professionals having ten years of experience at a senior level in banking and finance would be eligible to promote universal banks; (ii) entities/groups in the private sector that are “owned and controlled by residents” and have a successful track record for at least ten years, provided if such entity/group has total assets of ₹ 50 billion or more, and the non- financial business of the group does not account for 40% or more in terms of total assets or gross income, would be recognized as eligible promoters; (iii) large industrial or business houses have been permitted to invest in the banks to the extent of up to 10% and shall not have a controlling interest in the bank; (iv) the Non-Operative Financial Holding Company (“**NOFHC**”) is non-mandatory in case of promoters being individuals or standalone promoting/ converting entities who/which do not have other group entities; (v) the NOFHC is required to be at least 51% owned by the promoter/promoter group; (vi) existing specialised activities have been permitted to be continued from a separate entity proposed to be held under the NOFHC subject to prior approval from RBI and subject to it being assured that similar activities are not conducted through the bank as well; (vii) Existing non-banking financial companies (NBFCs), that are ‘controlled by residents’ as defined in FEMA Regulations, as amended from time to time, and that have a successful track record for at least 10 years will be eligible to convert into a bank or promote a new bank.

Regulatory reporting and examination procedures

RBI is empowered under the Banking Regulation Act to call for certain information from a bank as well as to inspect a bank. RBI monitors prudential parameters at periodic basis.

RBI has introduced a system of off-site monitoring and surveillance, with the primary objective of monitoring the financial condition of banks in between two on-site examinations. To this end and to enable off-site monitoring and surveillance by RBI, banks are required to report to RBI on various aspects of their business. This system of off- site monitoring and surveillance has been migrated to a secured Online Returns Filing System (“**ORFS**”) in which data collection and consolidation has been streamlined. RBI also conducts on-site supervision of selected branches with respect of their general operations and foreign exchange related transactions.

RBI also conducts periodical on-site inspections on matters relating to the bank’s portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at intervals ranging from one to three years.

Maintenance of records

The Banking Regulation Act requires banks to maintain books and records in the manner specified therein and file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the Companies Act and the rules thereunder would apply to our Bank as in the case of any company. The “Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016 issued by RBI dated February 25, 2016 as updated from time to time, also provide for certain records to be maintained for a minimum period of five years from the date on which the transaction/ business relationships have ended.

Storage of payment system data

RBI on April 6, 2018 issued a notification on storage of information relating to the payment ecosystem as not all system providers store the payments data in India. In accordance with the notification, all system providers shall ensure that data relating to payment systems operated by them are stored in a system only in India. Data should include the full end-to-end transaction details, information collected, carried, processed as part of the message or payment instruction. For the foreign leg of the transaction, if any, the data can also be stored in the foreign country, if required.

Regulations relating to the opening of branches

Under Section 23 of the Banking Regulation Act, banks are required to obtain the prior approval of RBI to open new branches, in or outside India or to change the existing place of such business, other than a change of existing place within the same city, town or village. Permission is granted based on factors such as overall financial position of the bank, the history of the bank, the general character of its management, the adequacy of its capital structure, its earning prospects and public interest.

RBI issues instructions and guidelines to banks on branch authorization from time to time, including guidelines allowing banking companies to open new branches, banking outlets, closure, shifting of branches/ extension counters/ ATMs etc. In terms of the Guidelines on Opening of new place of business and transfer of existing places of business or Rationalisation of Branch Authorisation Policy issued by RBI dated May 18, 2017 (“**Guidelines**”), domestic scheduled commercial banks may open branches, unless otherwise specifically restricted, in Tier 1 to Tier 6 centres without prior permission from RBI, subject to the conditions laid down by RBI thereunder. RBI has further stipulated that the banks are required to open at least 25 percent of the total number of ‘Banking Outlets’ opened during a financial year in ‘unbanked rural centres’ i.e. Tier 5 and Tier 6. The concept of ‘banking outlets’, among other things, includes satellite offices, part-shifted branches, extension counters, ultra-small branches and specialised branches, subject to their satisfying the conditions set out in the Guidelines. Further, such banks may also shift, merge or close all branches except rural branches and sole semi-urban branches without prior permission from RBI, subject to the conditions laid down by RBI. Rural branches and sole semi-urban branches can also be closed subject to certain conditions. Further, RBI has permitted installation of onsite/offsite ATMs at centres identified by banks, without the need for permission from RBI. Further, banks are required to periodically report details of the branches opened/closed/shifted to RBI.

Capital adequacy requirements

RBI has issued guidelines based on the Basel III reforms on capital regulation on May 2, 2012, to the extent applicable to banks operating in India. The Basel III capital regulation has been implemented from April 1, 2013 in India in a phased manner and will be fully implemented by March 31, 2020. Banks have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations, on an ongoing basis. The below table summarises the capital requirements under Basel III guidelines for banks in India:

Sr. No.	Regulatory Capital	As % of Risk Weighted Assets
1.	Minimum Common Equity Tier I Ratio	5.50%
2.	Capital Conservation Buffer (comprised of Common Equity)	2.50%
3.	Minimum Common Equity Tier I Ratio plus Capital Conservation Buffer (1)+(2)	8.00%
4.	Additional Tier I Capital	1.50%
5.	Minimum Tier I Capital Ratio (1) +(4)	7.00%
6.	Tier II Capital	2.00%
7.	Minimum Total Capital Ratio (MTC) (5)+(6)	9.00%
8.	Minimum Total Capital Ratio plus Capital Conservation Buffer (7)+(2)	11.50%

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. Consequently, in accordance with the master circular on “Basel III Capital Regulations” dated July 1, 2015, Capital Ratios and deductions from Common Equity will be fully phased-in and implemented as on March 31, 2019. In view of the gradual phase-in of regulatory adjustments to the common equity component of Tier I Capital under Basel III, certain specific prescriptions of Basel II capital adequacy framework (e.g. rules relating to deductions from regulatory capital, risk weighting of investments in other financial entities etc.) continued to apply to the remainder of regulatory adjustments not treated in terms of Basel III rules, till March 31, 2017. The phase-in arrangements for capital requirements for banks operating in India are indicated in the following table:

Minimum capital ratios (as % of risk weighted assets)	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Minimum Common Equity Tier I (CET1)	4.50%	5.00%	5.50%	5.50%	5.50%	5.50%	5.50%
Capital conservation buffer (CCB)	-	-	-	0.625%	1.25%	1.875%	2.50%
Minimum CET1+ CCB	4.50%	5.00%	5.50%	6.125%	6.75%	7.375%	8.00%
Minimum Tier I Capital	6.00%	6.50%	7.00%	7.00%	7.00%	7.00%	7.00%
Minimum Total	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Minimum Capital	9.00%	9.00%	9.00%	9.625%	10.25%	10.875%	11.50%
Phase-in of all deductions from CET1# (in %)	20	40	60	80	100	100	100

*The difference between the minimum total capital requirement of 9.00% and the Tier I requirement can be met with Tier II and higher forms of capital.

#The same transition approach will apply to deductions from additional Tier I and Tier II Capital.

However, RBI, vide its notification dated January 10, 2019, has deferred the implementation of the last tranche of 0.625% of capital conservation buffer (“CCB”) from March 31, 2019 to March 31, 2020. Accordingly, minimum capital conservation ratios as applicable from March 31, 2018 (1.875%) will also apply from March 31, 2019 till the CCB attains the level of 2.50% on March 31, 2020. Further, the pre- specified trigger for loss absorption through conversion / write-down of Additional Tier 1 instruments (PNCPS and PDI) shall remain at 5.50% of RWAs and will rise to 6.125% of RWAs on March 31, 2020.

A bank shall comply with the capital adequacy ratio requirements at two levels:

- the consolidated (group) level - capital adequacy ratio requirements, which measure the capital adequacy of a bank based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries / joint ventures / associates etc. except those engaged in insurance and any non-financial activities; and
- the standalone level - capital adequacy ratio requirements, which measure the capital adequacy of a bank based on its standalone capital strength and risk profile.

RBI has thereafter issued revisions to the Master Circular - Basel III Capital Regulations dated July 1, 2015 vide its notifications, namely, (i) Master Circular – Basel III Capital Regulations – Clarification dated January 14, 2016 (bearing number RBI/2015-16/285 DBR.No.BP.BC.71/21.06.201/2015-16) in relation to payment of coupons under criteria for inclusion of perpetual debt instruments in additional tier 1 capital; (ii) Master Circular – Basel III Capital Regulations – Revision dated March 1, 2016 (bearing number RBI/2015-16/331 DBR.No.BP.BC.83/21.06.201/2015-16) in relation to treatment of revaluation reserves, treatment of foreign currency translation reserves, treatment of deferred tax assets, etc.; (iii) Basel III Capital Regulations - Additional Tier 1 Capital dated February 2, 2017 (bearing number RBI/2016-17/222 DBR.BP.BC.No.50/21.06.201/2016-17) in relation to coupon discretion under the criteria for inclusion of perpetual debt instruments in additional tier 1 capital.

Liquidity coverage ratio

In June 9, 2014, RBI issued guidelines in relation to Liquidity Coverage Ratio (“LCR”), liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of the ‘Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools’ in January 7, 2013 and the ‘Liquidity Coverage Ratio Disclosure Standards’ in January 12, 2014 by the Basel Committee which provided enhanced guidance on liquidity, risk governance, measurement, monitoring and reporting to RBI on liquidity positions. The guidelines stipulate that banks were to ensure an LCR of 60% for the calendar year 2015 with effect from January 1, 2015 and were expected to make a transition to an LCR of 100% in January 1, 2019. The LCR measures a bank’s ability to manage and survive for 30 days under a significant stress scenario that combines idiosyncratic as well as market-wide shock situations that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled drawdown of unused credit lines. At least 60% of the net cash outflows in the next 30 days, computed with these assumptions of a stressed scenario, are required to be supported by High Quality Liquid Assets

(“**HQLA**”). Banks were required to maintain HQLA of minimum 90% with effect from January 1, 2018, and the same was increased to 100% with effect from January 1, 2019.

Further, the Basel Committee on Banking Supervision issued the final rules on ‘Net Stable Funding Ratio’ in October 31, 2014 and RBI issued the guidelines on NFSR on May 17, 2018 with the objective to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off- balance sheet activities. RBI has *vide* circular dated November 29, 2018 notified that the NSFR guidelines shall come into effect from April 1, 2020.

Prudential framework for resolution of stressed assets

RBI has, pursuant to its circular dated June 7, 2019 established a new regulatory framework for resolution of stressed assets (“**Revised Framework**”). Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution such as revitalising distressed assets, corporate debt restructuring scheme, flexible structuring of existing long term project loans, strategic debt restructuring (“**SDR**”), change in ownership outside SDR, and scheme for sustainable structuring of stressed assets have been withdrawn. In addition, the guidelines /framework for joint lenders’ forum have also been discontinued. According to the Revised Framework, the lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account.

Under the Revised Framework, RBI has introduced a revised framework for resolution of stressed assets, where banks are required to put in place a board approved policy for resolution of stressed assets. Upon the occurrence of a default, banks are required to, within a period of 30 days from the date of such default (“**Review Period**”), review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. If a resolution plan route is chosen by the lenders during the Review Period, the lenders are required to enter into an inter-creditor agreement to provide rules for finalisation and implementation of the resolution plan and also provide in such inter-creditor agreement that decisions by lenders representing 75% of outstanding facilities and 60% by number shall bind all lenders to the inter-creditor agreement. The resolution plan is to be implemented within 180 days from the end of the Review Period. Depending on the aggregate exposure (including fund based and non-fund based) of the borrower towards the lender, the Review Period is required to commence by a specified date, as set out below:

- (i) ₹20,000 million and above (approx. USD 280,000,000 and above) – June 7, 2019;
- (ii) ₹15,000 million and above (approx. USD 210,000,000 and above) but less than ₹2,000 crore (less than approx. USD 280,000,000) – January 1, 2020; and
- (iii) Less than ₹15,000 million (approx. USD 280,000,000) – To be announced.

The Revised Framework further clarifies that in the event a viable resolution plan in respect of the borrower is not implemented within the aforementioned timelines, all lenders (whether party to the inter-creditor agreement or not) are required to make additional provisions as set out below:

Timeline for implementation of viable resolution plan	Additional provisions to be made as a percentage of total outstanding, if resolution plan not implemented within the timeline
180 days from the end of Review Period	20%
365 days from the commencement of Review Period	15% (i.e. total additional provisioning of 35%)

The Insolvency and Bankruptcy Code, 2016

The IBC was enacted and notified in the Gazette of India on May 28, 2016. The IBC covers individuals, companies, limited liability partnerships, partnership firms, proprietorship firms and other legal entities. The IBC has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The IBC prescribes a time limit of 180 days (extendable by up to a maximum of 90 days) for the insolvency resolution process to be completed (“**Moratorium Period**”) during which period the entity shall be revived. The Insolvency and Bankruptcy (Amendment) Act, 2019 has provided a relief to the creditors wherein it has been stipulated that the corporate insolvency resolution process has to be

mandatorily completed within 330 days from the insolvency commencement date, including the time taken in legal proceedings in relation to such resolution process. During the Moratorium Period, (i) the management of the debtor vests in favour of the resolution professional appointed by National Company Law Tribunal (“NCLT”); (ii) no assets of the debtor can be transferred, encumbered; (iii) there can no enforcement of security interest; (iv) no fresh proceedings can be initiated against the debtor and the continuation of pending proceedings are prohibited. The resolution professional shall invite and verify claims of all creditors of the debtor and constitute a committee of creditors comprising of all creditors whose claims are verified and accepted. Thereafter a resolution plan is prepared for the revival of the entity which shall be approved by majority of the committee of creditors which is then sanctioned by the NCLT. In the event no resolution plan is approved by committee of creditor or the NCLT rejects the resolution plan for non-compliance, the NCLT directs the liquidation of the debtor. The Central Government vide notification dated November 15, 2019 has notified the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 relating to insolvency proceedings for personal guarantors to corporate debtors, under the IBC. This will enable initiation of insolvency proceedings against the corporate debtor and the personal guarantor simultaneously thus resulting in better recovery for creditors from insolvency proceedings.

The Recovery of Debts and Bankruptcy Act, 1993 as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (“RDB Act”)

The RDB Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹10 lakhs or such other amount exceeding ₹1 lakh, as may be specified by the Central Government. The RDB Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court of India or a high court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including *inter- alia* recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank; appointment of receivers and/or commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDB Act.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (“SARFAESI Act”)

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by RBI or any other applicable regulatory authority. The secured creditors must serve a 60-days’ notice on the borrower demanding repayment of the amount due and specifying the borrower’s assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-days’ notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹ 100,000, agricultural land and any case where the amount due is less than 20% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach a debt recovery tribunal

or the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act as well as a debt recovery tribunal.

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default. The Prudential Norms issued by RBI describe the process to be followed for sales of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

Priority sector lending

The Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2016 (“**Master Direction**”) dated July 7, 2016 sets out the broad policy in relation to priority sector lending. In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) micro, small and medium enterprises; (iii) export credit; (iv) education; (v) housing; (vi) social infrastructure; (vii) renewable energy and (viii) others. Further, it also prescribes the details of eligible activities under the aforesaid categories. Under the Master Direction, the priority sector lending targets are linked to adjusted net bank credit (“**ANBC**”) or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on the corresponding date of the preceding year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher. It also prescribed sub-targets for small and marginal farmers, micro-enterprises and weaker sections.

Exposure norms

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, RBI advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed credit exposure limits for banks in respect of their lending to individual borrowers and to all borrowers belonging to a single group. In addition, banks are also required to observe certain statutory and regulatory exposure limits in respect of advances against / investments in shares, convertible debentures / bonds, units of equity-oriented mutual funds and all exposures to venture capital funds (“**VCFs**”).

RBI pursuant to Master Circular on Exposure Norms dated July 1, 2015 has prescribed exposure ceiling for a single borrower as 15% of capital funds and group exposure limit as 40% of capital funds comprising of Tier I and Tier II capital. Relaxations are permitted in exceptional circumstances, with the approval of their boards or lending to infrastructure sector or lending to oil companies who have been issued oil bonds by Government of India. The total exposure (both lending and investment) to a single NBFC, NBFC-AFC (Asset Financing Companies) and infrastructure finance companies should not exceed 10%, 15% and 15% respectively, of the bank’s capital funds as per its last audited balance sheet. The limit may be increased by another 5% provided that the excess exposure is on account of funds on-lent to the infrastructure sector.

Section 19(2) of the Banking Regulation Act, 1949, restricts a banking company from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves, whichever is less, except as provided in sub-section (1) of Section 19 of the Act.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on March 31 of the previous year. Within this overall ceiling, the bank’s direct investment in shares, convertible bonds/debentures, units of equity oriented mutual funds and all exposures to VCFs (both registered and unregistered) should not exceed 20% of its net worth on both standalone and consolidated basis.

On August 25, 2016, RBI released guidelines on ‘Enhancing Credit Supply for Large Borrowers through Market Mechanism’ with the objective of mitigating the risk posed to the banking system on account of large aggregate lending to a single corporate. As per the framework, exposure to corporate with large borrowing from banking system beyond the prescribed limit would attract additional provisions and higher risk weights.

On December 1, 2016, RBI released guidelines on Large Exposures Framework to align the exposure norms for Indian banks with the Basel Committee on Banking Supervision standards. From April 1, 2019, exposure limits to single and group borrowers will be 20% and 25% of our Tier 1 Capital funds as against the current norm of 15% and 40% of the Total Capital funds Limits. On June 3, 2019, RBI amended these guidelines. As per the framework, the sum of all exposure values of a bank to a counterparty or a group of connected counterparties is defined as a 'Large Exposure (LE)', if it is equal to or above 10 percent of the bank's eligible capital base (i.e., Tier 1 capital) and the bank is required to report their LE to the Reserve Bank of India (RBI) and Department of Banking Supervision, Central Office, (DBS, CO). Further, exposure limits to single and group borrowers will be 20% and 25% of our Tier 1 Capital funds respectively. Exposure limits to single and group NBFC's will be 15% and 25% of our Tier 1 Capital funds respectively. However, by way of a circular dated September 12, 2019 RBI mandated that banks' exposure to a single NBFC (excluding gold loan companies) will be restricted to 20 percent of that banks' eligible capital base. Banks' finance to NBFCs predominantly engaged in lending against gold will continue to be governed by limits prescribed in circular dated May 18, 2012.

Central Repository of Information on Large Credits

RBI has vide its circular dated May 22, 2014, set up the Central Repository of Information on Large Credits ("CRILC") to collect, store and disseminate data on all borrowers' credit exposures including 'special mention accounts' (SMA 0, 1 and 2) having aggregate fund-based and non-fund based exposure of ₹50 million and above. The CRILC is designed entirely for supervisory purposes and its focus is on the reporting entity's exposure to the borrower (as individual and/or as a group) under various heads, such as bank's exposure to a large borrower; the borrower's current account balance; bank's written-off accounts; and identification of non-co-operative borrowers, among others. RBI has, pursuant to its circular dated June 7, 2019 established a new regulatory framework for resolution of stressed assets ("**Revised Framework**"). The CRILC-Main Report shall be submitted on a monthly basis. In addition, as per revised framework, the lenders shall submit a weekly report of instances of default by all borrowers (with aggregate exposure of 50 million and above) by close of business on every Friday, or the preceding working day if Friday happens to be a holiday

Short-selling of Government securities

As per the Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks dated July 1, 2015, banks and primary dealers are allowed to undertake short sale of Government dated securities, subject to the short position being covered within a maximum period of three months, including the day of trade and in accordance with the conditions prescribed, therein. Further, such short positions shall be covered only by outright purchase of an equivalent amount of the same security or through a long position in the 'when issued' market or allotment in primary auction.

A comprehensive review of the existing directions/circulars on 'Short Sale' transactions has been carried out and the revised directions, Secondary Market Transactions in Government Securities – Short Selling (Directions) were issued. The Directions came into effect from July 26, 2018.

The Directions define a short sale as a sale of a security one does not own. Banks may treat sale of a security held in the investment portfolio as a short sale and follow the process laid down in the Directions. These transactions shall be referred to as 'notional' short sales. For the purpose of these Directions, short sale would include 'notional' short sale.

The maximum amount of a security (face value) that can be short sold shall be as follows:

- for Liquid Securities – 2% of the total outstanding stock of each security, or, ₹5.00 billion, whichever is higher;
- for other securities – 1% of the total outstanding stock of each security, or, ₹2.50 billion, whichever is higher.

Regulations relating to interest rates on deposits and advances

RBI has issued Reserve Bank of India - Interest rate on Deposits Directions, 2016 dated March 3, 2016(updated as of February 22, 2019). Scheduled commercial banks are required to pay interest on deposits of money (other than current account deposits accepted by them or renewed by them in their domestic, ordinary non-resident (NRO), non-resident (external) accounts (NRE) and foreign currency (non-resident) accounts (banks) scheme

deposit account), subject to certain conditions prescribed in the directions. Further, certain additional restrictions have been prescribed to determine interest rates for savings deposits and term deposits. Additionally, interest rates offered by banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee term deposits.

Deposit insurance

Demand and time deposits of up to ₹100,000 accepted by Indian banks (other than primary co-operative societies) have to be mandatorily insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of RBI. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a half yearly basis. The cost of the insurance premium cannot be passed on to the customer and is borne entirely by the bank.

Prevention of Money Laundering Act, 2002 (“PMLA”)

In order to prevent money laundering activities, the Government enacted the PMLA which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in regard to preservation and reporting of customer account information.

RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of Section 12 of the PMLA.

Regulations relating to Know Your Customer (“KYC”) and anti-money laundering

RBI issued the Reserve Bank of India (Know Your Customer (KYC) Directions, 2016 on February 25, 2016, which was updated on August 9, 2019, prescribing the guidelines for KYC and anti-money laundering procedures. Banks are required to formulate a KYC policy which shall include (i) customer acceptance policy, (ii) customer identification procedures, (iii) monitoring of transactions and (iv) risk management. In relation to each of the above, the master direction also specifies minimum procedures required to be followed by banks. Banks are not permitted to make payment of cheques/drafts/pay orders/banker's cheques, if they are presented beyond the period of three months from the date of such instrument. Banks have been advised to ensure that systems and procedures are in place to control financial frauds, identify money laundering and suspicious activities and monitor high value cash transactions. Such monitoring includes cross border transactions. Further, banks have also been advised to ensure that adequate policies are formulated and adopted in relation to KYC and Anti Money Laundering.

Regulations relating to maintenance of statutory reserves

A bank is required to maintain, on a daily basis, Cash Reserve Ratio (“CRR”), which is a specified percentage of its Net Demand and Time Liabilities (“NDTL”), excluding interbank deposits, by way of a balance in a current account with RBI. At present the required CRR is 4%. RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and the minimum daily maintenance of the CRR should be 90% effective from the fortnight beginning April 16, 2016. RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day and if the shortfall continues further, the penal interest charged shall be increased to a rate of 5% above the bank rate in respect of each subsequent day, during which the default continues. In case of default in the maintenance of CRR, on average basis during the fortnight, penal interest will be recovered as envisaged under Section 42(3) of the RBI Act.

In addition to the CRR, a bank is required to maintain Statutory Liquidity Ratio (“SLR”), a specified percentage of its NDTL, by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. RBI requires banks to maintain SLR, which shall be reduced every quarter by 25 basis points from 19.50% of their net demand and time liability as follows:

- (i) 18.50% from October 12, 2019;
- (ii) 18.25% from January 4, 2020;
- (iii) 18% from April 11, 2020.

Further, in December 21, 2011, RBI had permitted banks to avail funds from RBI on an overnight basis, under the Marginal Standing Facility, against their excess SLR holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated SLR, up to 1% of their respective NDTL outstanding at the end of the second preceding fortnight.

Further, Section 17(1) of the Banking Regulation Act and RBI circular dated September 20, 2006 requires every banking company to create a reserve fund to which it must transfer not less than 20% of the profits of each year before declaring dividends. If there is an appropriation from this account, the bank is required to report the same to RBI within 21 days, explaining the circumstances leading to such appropriation.

Regulations relating to authorised dealers for foreign exchange and cross-border business transactions

The foreign exchange and cross border transactions undertaken by banks, both on its own account and also on behalf of customers, are subject to the provisions of FEMA and rules/ regulations/ directions and notifications issued thereunder. The bank should monitor all non-resident accounts and cross border transactions to prevent money laundering. RBI may impose penalty for contravention of Foreign Exchange Management Act and rules/ regulations/ notifications issued there under, or for contravention of any conditions, subject to which an authorisation is issued by RBI.

The Master Direction on Risk Management and Interbank Dealings, dated July 5, 2016 states that all categories of overseas foreign currency borrowings of AD Category I banks, including existing external commercial borrowings and loans or overdrafts from their head office, overseas branches and correspondents outside India, international/ multilateral financial institutions or any other entity as permitted by RBI and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 100% of their unimpaired Tier I capital or \$10 million (or its equivalent), whichever is higher. Overseas borrowings for the purpose of financing export credit, subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital, capital funds raised/augmented by the issue of innovative perpetual debt instruments and any other overseas borrowings with the specific approval of RBI would continue to be outside the limit of 100%.

Secrecy obligations

A bank's obligations relating to maintaining secrecy arise out of Section 13 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and common law principles governing its relationship with its customers. Subject to certain exceptions, a bank cannot disclose any information to third parties. Further, RBI may, in the public interest, publish the information obtained from the bank.

Ownership restriction

Under the current policy, the total foreign ownership in a private sector bank cannot exceed 74% (49% under the automatic route and above 49% and up to 74% under the government approval route) of the paid-up capital. At all times, at least 26% of the paid-up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank. The foreign investment limits and sub-limits and also computation of foreign investment in the private sector banks shall be as specified in the FDI policy of the Government of India and FEM Non-Debt Rules as amended from time to time.

Further, SEBI, through a circular dated April 5, 2018, put in place a system for monitoring foreign investment limits in listed Indian companies SEBI has through a circular dated November 5, 2019 issued Operational Guidelines for FPIs and Designated Depository Participants wherein it has been provided that each listed Indian company shall have to appoint any one depository as its designated depository to facilitate the monitoring of the foreign investment limits.

The Banking Regulation Act requires any person to seek prior approval of RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid-up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, RBI may, by passing an order, restrict any person holding more than 5% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not 'fit and proper' by RBI. Pursuant to Section 12(2) of the Banking Regulation Act, 1949, RBI has, on July

21, 2016, notified that no shareholder in a bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank.

In this regard, RBI has issued master directions for prior approval for acquisition of shares or voting rights in private sector banks in November 19, 2015 (the “**Master Directions for Acquisitions**”). The Master Directions for Acquisitions are applicable to the existing and proposed “major shareholders” of the private sector banks and all private sector banks including local area banks, licensed to operate in India by RBI, except urban co-operative banks, foreign banks and banks licensed under specific statutes. The Master Directions for Acquisitions define a “major shareholder” as a shareholder having/ likely to have an “aggregate holding” to the extent of 5% or more of the paid-up share capital of the bank or 5% or more of the total voting rights of the concerned bank. The term “aggregate holding” has been defined as the total holding including through “acquisition” and shares or compulsorily convertible preference shares/ debentures/ bonds or voting rights held by the applicant, his relatives, associate enterprises and persons acting in concert with him in the concerned bank. The aggregate shareholding will also include optionally convertible preference shares/ bonds/ debentures if the option of conversion is proposed to be exercised.

Every person desirous of undertaking such acquisition shall seek prior approval of the Reserve Bank of India as per the procedure set out in the Master Directions for Acquisitions. However, prior approval of the Reserve Bank of India will not be required for fresh acquisition by existing major shareholders of private sector banks, which consequently would lead the aggregate shareholding of such shareholders of up to 10% of the shares or voting rights provided that the major shareholder furnishes the details of the source of funds for such incremental acquisition to the concerned bank before such acquisition and obtains ‘no objection’ from the concerned bank. However, prior approval will be required if the incremental acquisition results in excess of 10% of shares or voting rights in the private bank. It is the responsibility of the concerned bank to ensure that all its major shareholders are ‘fit and proper’ and every bank shall make continuous monitoring arrangements to ensure that the major shareholders continue to be ‘fit and proper’ as per the Master Directions for Acquisitions.

Master Direction – Ownership in Private Sector banks, Directions, 2016

RBI, by a notification dated April 1, 2005 and amended as on May 17, 2018, issued master directions for ownership in private sector banks in May 12, 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, shareholders are now categorized as natural persons (individuals) and legal persons (entities/ institutions) for the purposes of ownership limits in the longer run. Legal Persons are further categorized as non-financial and financial institutions, and among financial institutions, diversified and non-diversified financial institutions shall have separate limits for shareholding.

The limits for shareholding are as follows: (i) in the case of individuals and non-financial entities (other than promoters/promoter group), the limit shall be 10% of the paid-up capital, however, in case of promoters being individuals and non-financial entities in existing banks, the shareholding shall be 15%, (ii) for entities in the financial sector, other than regulated or diversified or listed, the limit shall be at 15%, (iii) in case of ‘regulated, well diversified, listed entities from the financial sector’ and shareholding by supranational institutions or public sector undertaking or Government, a limit of 40% is prescribed, and (iv) higher stake/ strategic investment by promoters/non-promoters through capital infusion by domestic or foreign entities/ institution shall be permitted on a case to case basis under circumstances such as relinquishment by existing promoters, rehabilitation / restructuring of problem / weak banks / entrenchment of existing promoters or in the interest of the bank or in the interest of consolidation in the banking sector, etc.

Any such person who has been permitted by RBI to have higher shareholding than the limits specified, shall be required to bring down the shareholding to the level as specified in the matrix, within 12 years from the date of such higher shareholding being permitted, unless RBI has advised in writing to the contrary.

The directions further prescribe that banks (including foreign banks having branch presence in India) shall not acquire any fresh stake in a bank’s equity shares, if by such acquisition, the investing bank’s holding is 10% or more in the investee bank’s equity capital. However, RBI may permit a higher level of shareholding by a bank in exceptional cases such as, restructuring of problem / weak banks or in the interest of consolidation in the banking sector, etc.

Master Direction – Issue and Pricing of shares by Private Sector Banks, Directions, 2016

The Reserve Bank of India issued master directions for issue and pricing of shares by private sector banks in April 21, 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, “private sector banks” have been defined as banks licensed to operate in India under Banking Regulation Act, 1949, other than urban co-operative banks, foreign banks and banks licensed under specific statutes. Under the directions, a private sector bank, both listed and unlisted, has general permission for issue of shares through, *inter-alia*, public issue or private placement, subject to compliance with applicable laws including FEMA and other foreign investment related laws, provisions of the Companies Act, and the relevant SEBI guidelines, the RBI master directions dated November 19, 2015. The specific regulatory limits permitted to the shareholders or the promoters / promoter group shall not be breached on account of fresh subscription, own entitlement, renouncement of rights or otherwise. Upon completion of the allotment of shares, complete details of the issue shall be reported to RBI viz. date of issue, details of the type of issue, issue size, details of pricing, number and names of allottees, post allotment shareholding position etc.

Downstream investment by banks

In accordance with Rule 23 of Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, downstream investments made by a banking company, as defined in section 5(c) of the Banking Regulation Act, incorporated in India, which is owned or controlled by non-residents/non-resident entity, under corporate debt restructuring, or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment. However, their 'strategic downstream investment' shall count towards indirect foreign investment. For this purpose, 'strategic downstream investments' would mean investment by these banking companies in their subsidiaries, joint ventures and associates.

Guidelines for merger and amalgamation of private sector banks

The Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016 dated April 21, 2016 relate to: (i) an amalgamation of two banking companies; and (ii) an amalgamation of a NBFC with a banking company. In case of an amalgamation of two banking companies, the draft scheme of amalgamation must be approved by the board and the requisite majority of shareholders of each of the banking companies. Additionally, such approved draft scheme must also be submitted to RBI for sanction.

Where an NBFC is proposed to be amalgamated into a banking company, the banking company should obtain the approval of the board of the banking company and NBFC and RBI before it is submitted to the relevant National Company Law Tribunal for approval.

Regulation of financial services provided by banks

The Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated May 26, 2016 as amended on September 25, 2017 require banks to comply with certain restrictions while undertaking financial services including in relation to risk mitigation measures, limits on investment that can be made by banks in companies undertaking financial services. The directions also provide for specific regulations for certain financial services such as, *inter alia*, setting of an infrastructure debt fund, underwriting activities, mutual fund business, insurance. The regulation also covers norms regarding banks relationship with its subsidiaries along with maintaining “arm's length” relationship with the subsidiary sponsored by it.

Guidelines on management of intra-group transactions and exposures

RBI issued the Guidelines on Management of Intra-Group Transactions and Exposures on February 11, 2014. Pursuant to the said guidelines, RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. These guidelines also require that all intra-group transactions to be at “arms-length”.

The objective of these guidelines is to ensure that banks engage in intra-group transactions and exposures in safe and sound manner in order to contain concentration and contagion risks arising out of such transactions.

Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure

RBI issued a circular relating to Capital and Provisioning Requirements for Exposures to entities with Unhedged Foreign Currency Exposure on January 15, 2014. Pursuant to these guidelines, RBI has introduced incremental

provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures. The circular also lays down the method of calculating the incremental provisioning and capital requirements. The banks will be required to calculate the incremental provisioning and capital requirements at least on a quarterly basis. This framework became fully effective from April 1, 2014.

Revised Prompt Corrective Action (PCA) framework for banks

RBI vide its circular dated April 13, 2017 has reviewed and revised the Prompt Corrective Action (PCA) framework for banks, which is effective from April 1, 2017. The PCA framework sets out certain 'risk thresholds', the breach of which would mandate the relevant bank to implement certain mandatory and discretionary actions. The 'risk thresholds' take into consideration the capital adequacy ratio, net non-performing advances ratio, return on assets and the leverage ratio of the relevant bank.

Appointment and Remuneration of the Chairman, the Managing Director and Other Directors

Banks require the prior approval of RBI to appoint their Chairman and Managing Director and any other whole time or executive directors and to fix their remuneration. RBI is empowered to remove the appointee on the grounds of public interest or the interest of depositors or to ensure the proper management of the bank. Further, RBI may order meetings of the board of directors of banks to discuss any matter in relation to the bank, appoint observers to these meetings and in general may make changes to the management as it may deem necessary and can also order the convening of a general meeting of the company to elect new directors.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters and has gone through various amendments to provide for revised procedures for redressal of grievances by a complainant under the scheme and to broaden the scope of complaints addressed by the Banking Ombudsman.

Declaration of dividend by banks

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company may pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organisation expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off.

Further, in May 4, 2005, RBI issued guidelines on 'Declaration of Dividends by Banks', which prescribed certain conditions for declaration of dividends by banks. Further, the Master Circular on Basel III Capital Regulations as amended and updated from time to time, also regulates the distribution of dividends by banks".

Consolidated Supervision Guidelines

In 2003, RBI issued guidelines for consolidated accounting and consolidated supervision for banks. These guidelines became effective on August 1, 2003. The principal features of these guidelines are:

- Consolidated financial statements: Banks are required to annually prepare consolidated financial statements intended for public disclosure.
- Consolidated prudential returns: Banks are required to submit to RBI, at periodic intervals, consolidated prudential returns for supervisory assessment of risks which may be transmitted to the financial institutions by other group members, excluding insurance subsidiaries.
- Banks are required to apply prudential regulations like capital adequacy, large exposures and liquidity gaps on group-wide basis.

Regulations relating to lending

The provisions of the Banking Regulation Act govern the making of loans by banks in India. RBI issues directions covering the lending activities of banks. Some of the major guidelines of RBI, which are now in effect, are as follows:

- RBI has prescribed norms for banks' lending to non-bank financial companies and the financing of public sector disinvestment;
- RBI has prescribed norms for banks' lending to its directors and related parties/entities. Further there are norms regarding lending to senior officials of the bank and its relatives
- RBI introduced the "base rate" in place of the BPLR with effect from July 1, 2010. The base rate shall include all those elements of the lending rates that are common across all the categories of borrowers.
- All floating rate rupee loans sanctioned and renewed between July 1, 2010 and March 31, 2016 shall be priced with reference to the Base Rate which will be the internal benchmark for such purposes.
- All floating rate rupee loans sanctioned and renewed with effect from April 1, 2016 shall be priced with reference to the Marginal Cost of Funds based Lending Rate which will be the internal benchmark for such purposes.
- With a view to providing banks greater operational flexibility, RBI has allowed banks to review the Base Rate methodology after three years from date of its finalization instead of the current periodicity of five years. Accordingly, banks may change their Base Rate methodology after completion of prescribed period with the approval of their board of directors/ALCO. Banks will, however, not be allowed to change their methodology during the review cycle; and
- Section 21A of the Banking Regulation Act provides that the rate of interest charged by a bank shall not be reopened by any court on the ground that the rate of interest charged by a bank is excessive. The Banking Regulation Act provides for protection to banks for interest rates charged by them.
- RBI issued a circular dated September 4, 2019, making it mandatory for banks to link all new floating rate personal or retail loans and floating rate loans to micro, small and medium enterprises ("MSMEs") to an external benchmark effective October 1, 2019. The banks are free to choose one of the several benchmarks indicated in the circular. The banks are also free to choose their spread over the benchmark rate, subject to the condition that the credit risk premium may undergo change only when borrower's credit assessment undergoes a substantial change, as agreed upon in the loan contract.

Marginal Cost of Funds based Lending Rate (MCLR)

Pursuant to the notification issued by RBI dated December 17, 2015, all rupee loans sanctioned and credit limits renewed with effect from April 1, 2016 are to be priced with reference to the MCLR which is the internal benchmark for such purposes. MCLR comprise of: (a) marginal cost of funds; (b) negative carry on account of CRR; (c) operating costs and; (d) tenor premium.

In terms of the notification, the board of directors of the banks is required to adopt a policy delineating the components of spread charged to a customer. Actual lending rates are to be determined by adding the components of spread to the MCLR. Further, no lending below the MCLR of a particular maturity for all loans linked to that benchmark is permitted. The aforementioned notification provides exemption to certain loans from being linked to MCLR as the benchmark for determining interest rate. Further, the aforementioned notification also provides for review of MCLR, reset of interest rates, treatment of interest rates linked to base rate charged to existing borrowers and mandates all the banks to move to the MCLR based pricing from April 1, 2016.

Classification and Reporting of Fraud Cases

RBI issued a master direction on July 1, 2016 which was updated as on July 3, 2017, on the classification and reporting of fraud cases. The fraud cases have been classified into misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, unauthorised credit facilities extended for reward or for illegal gratification, negligence and cash shortages, cheating and forgery, fraudulent transactions involving foreign exchange and any other type of fraud not coming under the specific heads as above. Cash shortages resulting from negligence and fraudulent forex transactions involving irregularities / violation of regulations have also to be reported as fraud if the intention to cheat/defraud is suspected or proved. Information relating to frauds for the quarters ending June, September and December may be placed before the audit committee of the board of directors during the month following the quarter to which it pertains. Banks are also required to conduct an annual review of the frauds and place a note before the board of directors for information. The reviews for the year-ended March

may be put up to the board of directors before the end of the next quarter i.e. for the quarter ended June 30 and such reviews need not be sent to RBI. These may be preserved for verification by the Reserve Bank's inspecting officers. Additionally, banks have to constitute a special committee for monitoring and follow up of cases of frauds involving amounts of ₹10 million and above exclusively. Such committee is required to meet and review as and when a fraud involving an amount of ₹10 million and above comes to light. Pursuant to the RBI notification dated July 3, 2017, RBI, has *inter alia*, increased the limits in relation to flash reporting to RBI of fraud cases to ₹50 million as against the earlier limit of ₹10 million and above.

Prohibition on dealing in virtual currency

On April 6, 2018, RBI prohibited RBI regulated entities from dealing in, settling or facilitating virtual currencies. A window of three months from the date of the circular was provided to such entities to exit any relationship with virtual currency providers.

Scheme to set up IFSC Banking Units (IBUs)

RBI has formulated a scheme for the setting up of International Financial Services Centres ("IFSC") Banking Units ("IBUs") by banks in IFSCs. IBUs are permitted to engage in banking business in foreign currency and can undertake transactions with non-resident entities other than individual/ retail customers/ HNIs. The minimum capital requirement for these banking units would be \$20 million. The minimum capital requirement, including for the exposures of the IBU, shall be maintained on an on-going basis at the parent level as per regulations in the home country. Funds raised by the banking units, including borrowings in foreign currency, would have to be from persons not resident in India. Deployment of funds can be with both persons resident in India as well as not resident in India. Liabilities of these units would be exempted from cash reserve ratio and the statutory liquidity ratio. The banking units will have to maintain the minimum regulatory capital as prescribed by RBI and prudential norms applicable to overseas branches of Indian banks would apply to these banking units. The banking units would operate and maintain their balance sheet only in foreign currency and will not be allowed to deal in Indian rupees, except having a special rupee account for administrative expenses. The loans and advances of these banking units would not be included for priority sector lending requirements. IBUs are not allowed to open any current or savings accounts.

Liquidity Adjustment Facility

Liquidity Adjustment Facility ("LAF") is a facility extended by RBI to scheduled commercial banks (excluding Regional Rural Banks) and primary dealers to avail of liquidity in case of requirement or park excess funds with RBI in case of excess liquidity on an overnight basis against government securities as collateral. Therefore, LAF enables liquidity management on a day to day basis. The operations of LAF are conducted by way of repurchasing agreements with RBI being the counter-party to all the transactions. The interest rate in LAF is fixed by RBI from time to time. LAF is an important tool of monetary policy.

Moratorium, reconstruction and amalgamation of banks

As per Section 37 of the Banking Regulation Act 1949, a high court may, upon the application by a banking company which is temporarily unable to meet its obligations, make an order staying the commencement or continuance of all actions and proceedings against a bank for a fixed period of time on such terms and conditions as it shall think fit and proper, and may from time to time extend it for a total moratorium period not exceeding six months. The said application is required to be accompanied by a report by RBI that, in its opinion, the said banking company will be able to pay its debts if the application is granted. Further, as per Section 45 of the Banking Regulation Act 1949, RBI may also make an application to the central government for an order of moratorium. During the said moratorium, RBI may prepare a scheme for the reconstruction of a banking company or for the amalgamation of the banking company with any other banking institution if it is satisfied that it is necessary: a) in public interest; b) in interests of depositors; c) to secure the proper management of the banking company; d) in interests of the banking system of the country as a whole. RBI may make modifications to the draft scheme pursuant to receipt of suggestions and objections from the banking company, the transferee bank or any other banking company concerned in the amalgamation, and from any members, depositors or other creditors of each of the banks concerned. The central government may sanction the scheme with or without such modifications.

Submission of credit information

According to the Credit Information (Companies) Regulation Act, 2005 (“**CICRA**”), a “credit institution” means a banking company and every credit institution shall become a member of at least one Credit Information Company (“**CIC**”). A CIC, may, by notice in writing, require its members to furnish such credit information as it may deem necessary. Further, RBI, through its notification dated January 15, 2015, has directed that: a) all credit institutions shall become members of all CICs and submit data, including historical data, to them, b) credit institutions shall keep the credit information collected/ maintained by them, updated regularly on a monthly basis or at such shorter intervals as may be mutually agreed upon between the credit institution and the CIC under the CICRA.

Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances dated July 1, 2015 (“Prudential Norms”)

The principal features of RBI guidelines are set forth below:

The assets of a bank are classified as: (i) standard assets; or (ii) Non-Performing Assets (“**NPA**s”). A standard asset (“**Standard Asset**”) is a financial asset that continues to generate income for a bank. Under the prudential norms, an NPA is one that ceases to generate income for a bank. A loan or an advance becomes an NPA if: (i) the interest and / or installment of principal remains overdue for a period of more than 90 days in respect to a term loan; (ii) the account remains out-of-order for a period of more than 90 days in respect of an overdraft or cash credit; (iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted; (iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, in case of crop loans; (v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops, in case of crop loans; (vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization issued by RBI on February 1, 2006; or (vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. An account is treated as “out-of-order” if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit or drawing power, but there are no credits continuously for 90 days as on the date of the balance sheet or the credits are not adequate to cover the interest debited during the same period, such accounts are to be treated as “out-of-order”. Any amount due to our Bank under any credit facility is ‘overdue’ if it is not paid on the due date fixed by the Bank.

RBI, pursuant to its “Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances” (“**Prudential Norms**”) issued on July 1, 2015, has classified NPAs as (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets. These guidelines specify provisioning requirements specific to the classification of the assets, this has been further revised by way of a notification dated December 28, 2016. On February 26, 2014, RBI had introduced further sub categories of an asset before it is classified as an NPA. This classification of an asset is designated as an SMA-0, SMA-1 or SMA-2 depending on the period for which amounts due have remained unpaid. Banks are required to report credit information, including classification of an account as SMA to CRILC on all borrowers having aggregate exposure of ₹ 50 million and above. As per RBI Circular dated, June 7, 2019 the CRILC-Main Report will now be required to be submitted on a monthly basis effective April 1, 2018. In addition, the lenders shall report to CRILC, all borrower entities in default (with aggregate exposure of ₹50 million and above), on a weekly basis, at the close of business on every Friday, or the preceding working day if Friday happens to be a holiday. The first such weekly report was required to be submitted for the week ending February 23, 2018. Additionally, banks are required to put in place a policy approved by its board of directors for making provisions for standard assets at rates higher than the regulatory minimum, based on evaluation of risk and stress in various sectors.

In July 13, 2005, RBI issued guidelines on sales and purchases of NPAs between banks, financial institutions and NBFCs. These guidelines require that the board of directors of a bank must establish a policy for purchases and sales of NPAs. These guidelines were further modified in February 26, 2014 whereby banks have been permitted to sell their NPAs to other banks / FIs / NBFCs (excluding asset reconstruction companies) without any initial holding period. However, if the purchasing bank wishes to resell the non-performing financial asset, it should have been held in its books at least for a period of 12 months before it is sold.

RBI has also issued a separate set of prudential guidelines on restructuring of advances by banks in relation to the norms/ conditions, which must be fulfilled in order to maintain the category of the restructured account as a 'standard asset'. The earlier guidelines issued by RBI on restructuring of advances specified that "standard" advances should be re-classified as "sub-standard" immediately on restructuring.

Master Regulations and Guidelines of SEBI

SEBI was established in 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992 to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market including all related matters. We are subject to regulations prescribed by SEBI in respect of capital issuances as well as some of our activities, including acting as agent for collecting subscriptions to public offerings of securities made by other Indian companies, underwriting, custodial, depository participant, and investment banking and because our Equity Shares are listed on Indian stock exchanges. These regulations provide for registering with SEBI the functions, responsibilities and the code of conduct applicable for each of these activities.

Other laws

In addition to the above, our Bank is also required to comply with the provisions of the Companies Act and rules framed thereunder and other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations. Our Bank is also amenable to various central and state tax and labour laws.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on our Audited Standalone Financial Statements and our Condensed Standalone Interim Financial Statements, including the schedules and notes thereto and the reports thereon, which appear in the "Financial Statements". This discussion should be read together with "Selected Financial Information of the Bank", "Selected Statistical Information", "Business", "Risk Factors" and "Financial Statements". Unless otherwise specified, all financial information is presented on a standalone basis. Our Condensed Standalone Interim Financial Statements are not necessarily indicative of results that may be expected for the full fiscal year or any future reporting period.

We prepare our financial statements in accordance with Indian GAAP. The financial statements reflect applicable statutory requirements, regulatory guidelines and accounting practices in India. These requirements, guidelines and practices change from time to time and, in accordance with Indian GAAP, adjustments to reflect such changes are made on a prospective basis and the financial statements for earlier periods are not restated. For the purposes of a comparative analysis in the discussion below, previous years' figures have been reclassified wherever necessary. In addition, the segments reported below are based on segments used for internal management reporting which are different to those used in the financial statements which are mandated by Indian GAAP.

Our fiscal year ends on March 31. Accordingly, all references to a particular "fiscal year" and "Fiscal" are to the 12-month period ending on March 31 of that year. References to "Half Year" are to the six months ending on September 30 of that year. Unless otherwise specified, all information regarding cost, yield and average balances are based on monthly average balances outstanding during the relevant period.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the section "Forward-Looking Statements", the section "Risk Factors" and elsewhere in this Placement Document.

In this Management's Discussion and Analysis of Financial Condition and Results of Operations section, unless otherwise stated, references to "we", "us", "our", the "Bank" and "our Bank" and similar terms are to RBL Bank Limited on a standalone basis.

Overview

We are one of India's fastest growing private sector banks with an expanding presence across the country. Our Bank has cultivated a customer-centric culture where we use our industry domain knowledge, experience and technology with the goal of satisfying the client's complete banking needs. We offer a comprehensive range of banking products and services customized to cater to the needs of large corporations, SMEs, retail customers and development banking & financial inclusion (low income) customers. We have been expanding our presence across India through a growing network of branches and ATMs and developing our technology-enabled channels like phone banking, internet banking and mobile banking. As of September 30, 2019, we had 346 interconnected branches and 394 interconnected ATMs spread across 23 Indian states and union territories serving approximately 7.32 million customers.

Our business segments consist of corporate and institutional banking ("C&IB"), commercial banking ("CB"), branch and business banking ("BBB"), retail assets, development banking and financial inclusion ("DB&FI") and treasury and financial markets operations.

The table below sets forth certain key operational and financial information and data about our Bank for the years ended March 31, 2017, 2018 and 2019 and the six months ended September 30, 2018 and 2019.

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(₹ in millions)

	For the period ending, and as of,				
	March 31,			September 31,	
	2017	2018	2019	2018	2019
Number of branches / extension counters	239	265	324	268	346
Total advances (Net)	294,490.39	402,678.39	543,082.43	458,726.62	584,760.57
Total assets	486,747.71	618,507.55	803,588.19	671,564.76	876,777.29
Total deposits	345,880.91	439,022.64	583,944.16	477,900.93	628,291.33
CASA Ratio (%) ⁽¹⁾	21.98	24.32	24.98	24.51	26.45
Net Interest Margin (%)	3.21	3.70	4.05	3.98	4.34
Capital Adequacy Ratio (CAR) % ⁽²⁾	13.72	15.33	13.46	13.12	11.88
Cost to Income Ratio% ⁽³⁾	53.46	53.04	51.28	51.16	51.91
Net profit	4,460.46	6,350.88	8,669.51	3,945.75	3,213.66
Gross NPA% (as % of Gross advances)	1.20	1.40	1.38	1.40	2.60
Net NPA% (as % of Net advances)	0.64	0.78	0.69	0.74	1.56
Return on Asset% ⁽⁴⁾	1.08	1.21	1.27	1.26	0.77
Provision coverage%	59.58	57.57	65.30	61.45	58.45

(1) CASA ratio is determined as the sum of demand deposits and saving deposits divided by total deposits.

(2) CAR has been computed as per Basel III framework.

(3) Cost to Income Ratio is computed as the percentage of operating expenses to net total income which is defined as the sum of interest income and other income less interest expense.

(4) Return on Asset is arrived as a percentage of Net profit to Average Total Assets (from Average Balance Sheet).

Our acquisition of RBL Finserve and Consolidated Results

RBL Finserve Private Limited (“**RBL Finserve**”, formerly known as Swadhaar Finserve Private Limited) is the Bank’s wholly-owned subsidiary.

RBL Finserve was acquired in a series of transactions. During Fiscal 2017, our Bank acquired 30.00% of RBL Finserve and it was classified as an associate with effect from May 13, 2016. During Fiscal 2018, our Bank increased its holding in RBL Finserve from 30.00% to 60.48%, following which it became a “Subsidiary” of our Bank with effect from November 8, 2017. During Fiscal 2019, our Bank increased its holding in RBL Finserve from 60.48% to 100%, following which the company became a “wholly-owned subsidiary” of our Bank with effect from June 28, 2018.

RBL Finserve acts as a dedicated business correspondent for our Bank and is instrumental in driving our growth in the microfinance and MSME segments. It provides multiple loans, savings and insurance products to economically weaker households and small businesses. RBL Finserve added 533 BC branches to our rural distribution network as of September 30, 2019.

In Fiscal 2018, Fiscal 2019 and the Half Year Fiscal 2020, RBL Finserve had revenue of ₹1,090.40 million, ₹1,934.06 million and ₹1,339.24 million, respectively, and loss after tax of ₹121.42 million, ₹55.86 million and ₹25.11 million, respectively.

This section is prepared on a standalone basis and, unless otherwise specified, all financial information is presented on a standalone basis for RBL Limited. We prepare consolidated accounts of RBL Limited and its subsidiary RBL Finserve, which are available in the section entitled “*Financial Information*” on page 279.

Factors affecting our Financial Results

The majority of our income comprises of interest earned on loans and credit facilities to clients, interest earned on investments and fee income. Our major expenses comprise interest expense on deposits, borrowings and loans from banks and financial institutions, operating expenses and provisions and contingencies.

Our financial results are influenced by macroeconomic factors, including growth and inflation in the Indian economy. We are also vulnerable to interest rate volatility, credit quality of the loan and investment book and changes in banking regulation and fiscal policy. Our results will also depend on our ability to attract new customers and additional business volumes from existing and new customers. Our business is subject to various other risks and uncertainties, including those discussed in “*Risk Factors*” on page 62.

The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our liquidity, capital resources and results of operations.

Managing our growth

Our Bank has a 76-year operating history, but we have undertaken a transformational journey over the past decade of reshaping a traditional bank into a new modern banking business with a clear growth strategy since Fiscal 2017 called “Vision 2020”. As part of our Vision 2020 strategy, we have invested substantially in various initiatives, including:

- strengthening our board and management team;
- developing our business lines including acquisition of new customers;
- enhancing our distribution network including growing our branch and ATM network as well as internet and mobile banking;
- introducing several new products and services;
- increasing our presence in 'Mass Banking' through internal efforts, partnerships and acquisitions;
- integrating acquired businesses like RBL Finserve;
- developing our human resource capabilities;
- developing IT systems and operational capabilities to manage our business and growth; and
- developing our capital base including our Shareholder base and other funding sources.

During the past three fiscal years, our total income has grown substantially from ₹44,686.21 million in Fiscal 2017 to ₹77,430.76 million in Fiscal 2019, which represents a compound annual growth rate (CAGR) of 31.63% for the period. Our interest expense has increased from ₹24,918.24 million in Fiscal 2017 to ₹37,612.28 million in Fiscal 2019, which represents a CAGR of 22.86% for the period. While our business has grown, our operating expenses have also increased from ₹10,563.86 million in Fiscal 2017 to ₹20,420.16 million in Fiscal 2019, which represents a CAGR of 39.03% for the period. The significant growth in income and expenses as well as significant balance sheet growth during the past three fiscal years may not be indicative of our future performance or future growth. Accordingly, our results of operations, cash flows and financial condition for any prior periods may not be an indication of our future financial performance and condition. The business and future prospects of our Bank should be considered in light of the risks, uncertainties and challenges that we may face as we develop into a modern bank operating in a fast growing and competitive financial services industry in India.

The Indian economy and the credit environment

As a bank with businesses operating principally in the domestic Indian market, our financial condition and results of operations are influenced by the general economic conditions prevailing in India. A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. India's GDP at constant prices is provisionally estimated to be ₹140.78 trillion for Fiscal 2019 showing a growth rate of 6.8% over the first revised estimates of GDP for Fiscal 2018. (Source: Central Statistical Office of India's Ministry of Statistics and Programme Implementation, May 2019). India's GDP at current prices is provisionally estimated to be ₹190.10 trillion for Fiscal 2019 showing a growth rate of 11.2% over the first revised estimates of GDP for Fiscal 2018. (Source: Central Statistical Office of India's Ministry of Statistics and Programme Implementation, May 2019).

India's inflation movements have become favourable over the last three fiscal years. The consumer price index inflation has fallen from 4.5% in Fiscal 2017, to 3.6% in Fiscal 2018 and to 3.4% in Fiscal 2019. (Source: RBI Annual Report 2017-18 and RBI Bulletin July 2019). Overall, the prospects for domestic growth remain positive based on expectations that the current Government, which took office in May 2014 and re-elected in May 2019 with a strong mandate, would bolster the reform process to address the structural and liquidity issues that have hampered growth. The Government appears to be firmly committed to deficit reduction and fiscal responsibility. This has enhanced the credibility of fiscal policy which it is expected will help to anchor inflation expectations and improve the business environment, including by fostering credibility amongst international investors. The fiscal deficit has been reduced from 4.1% in Fiscal 2015 to a provisional 3.5% in Fiscal 2018 and a 3.3% estimate for Fiscal 2019. (Source: RBI Annual Report 2017-18).

Notwithstanding, there is no assurance that India's growth will not slow down or that inflation will not increase in the future. In periods of high rates of inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our results of operations. Inflation may also have a bearing on the overall interest rates which may adversely affect our net interest income.

The crisis related to the performance of Non-Banking Financial Companies (NBFC), which began in August 2018, reduced consumption demand and adversely affected market sentiment in second half of Fiscal 2019 and

has continued into Fiscal 2020. As economic activities decelerated in the second half of Fiscal 2019 due to a slowdown in both public and private consumption, GDP growth estimates were revised downwards. The current economic environment appears stable but without any immediate signs of the economy achieving better than modest growth.

Standard and Poor's, Moody's Investors Services Limited ("**Moody's**") and Fitch Ratings, Inc. may lower their sovereign ratings for India or the outlook on such ratings, which would also impact our own ratings. On November 8, 2019, Moody's downgraded India's credit outlook to "negative" from "stable".

Further, in light of the increasing linkage of the Indian economy to other global economies, the Indian economy will be increasingly influenced by economic and market conditions in other countries. As a result, a recession in the United States and other countries in the developed world and a slowdown in economic growth in major emerging markets like China could have an adverse impact on economic growth in India. A slowdown in the pace of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business.

As India imports a substantial portion of its crude oil requirement, any sharp increases or volatility in oil prices and the pass-through of such increases to Indian consumers could have a material negative impact on the Indian economy and the Indian banking and financial system in particular, including through a rise in inflation and market interest rates and a higher trade deficit. Continued high oil prices or further increases in oil prices could affect the Indian economy and the Indian banking and financial system.

Various factors beyond our control, like a rise in unemployment, prolonged recessionary conditions in the world economy, a sharp and sustained rise in the interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies could have an adverse impact on the quality of our loan portfolio.

Changes in interest rates

Our results of operations depend to a great extent on our net interest income. Net interest income represents the excess of interest earned from interest-earning assets (such as performing loans and investments) over the interest paid on interest-bearing customer deposits and borrowings. Changes in interest rates affect the interest rates we charge on our interest-earning assets and that we pay on our interest-bearing liabilities. In the event of rising interest rates on our interest bearing liabilities, borrowers may be unwilling to pay us correspondingly higher interest rates on their borrowings. A fall in interest rates would have the opposite impact. Interest rate sensitivity also depends on the duration of the assets and liabilities run by our Bank and depending on movement of interest rates our net interest earnings could get adversely impacted. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, any or all of which may change favourably or unfavourably.

In addition, yields on government and other approved investments, as well as yields on our other interest earning assets, are dependent on interest rates. In case of a sharp and sustained increase in interest rates, we could be adversely affected by the decline in the market value of our government securities portfolio and other fixed income securities. A fall in interest rates, on the other hand, would enhance the market value of our government securities portfolio and other fixed income securities.

If the interest rates that we must pay to our depositors and lenders rise faster relative to the interest rates we charge to our borrowers, our net interest income may decrease. Changes in interest rates could also lead to the risk of an adverse impact on the financial performance of our Bank if there is a resultant increase in non-performing assets due to increased interest burden or there could be large scale pre-payment of loans or pre-mature withdrawal of deposits.

With effect from October 1, 2019, RBI has made it mandatory for banks to reference floating rate advances for retail loans and loans to micro and small enterprise borrowers to certain external benchmarks. This change in the methodology for calculating the cost of funds may lead to lower lending rates, and more frequent revisions in lending rates due to the prescribed monthly review of cost of funds. This may impact the yield on our interest-earning assets, our net interest income and our net interest margin.

The following table sets forth the bank rate, the reverse repo rate and the repo rate as of the dates set forth in the table.

	bank rate	Reverse Repo Rate	Repo Rate
As of March 31, 2017	6.75%	5.75%	6.25%
As of March 31, 2018	6.25%	5.75%	6.00%
As of September 30, 2018	6.75%	6.25%	6.50%
As of March 31, 2019	6.50%	6.00%	6.25%
As of September 30, 2019	5.65%	5.15%	5.40%

Source: Reserve Bank of India

Repo Rate: Repo rate is the rate at which RBI lends money to commercial banks and other eligible money market participants in the event of any shortfall of funds. Repo rate is used by monetary authorities for transmission of monetary actions into the economy.

Reverse Repo Rate: Reverse repo rate is the rate at which RBI borrows money from commercial banks and other eligible money market participants within the country.

Ability to grow our non-interest income

Our ability to improve profitability will depend, among other factors, on our success in increasing fee income from existing and new customers. In Fiscal 2017, Fiscal 2018, Fiscal 2019 and the Half Year Fiscal 2020, our other income was ₹7,554.63 million, ₹10,681.88 million, ₹14,423.67 million and ₹9,227.42 million, respectively. The share of our non-interest income (other income) was 38.22% of our net total income (defined as the sum of the interest income and other income less interest expense) in Fiscal 2017, 37.69% in Fiscal 2018 and 36.22% in Fiscal 2019. Our non-interest income was 35.37% of our net total income in the Half Year Fiscal 2020.

In order to continue to grow non-interest income, we generate revenues from our growing credit card business. In addition, we provide foreign exchange and trade and transaction services; distribute third-party investment products, such as insurance products and mutual funds. We have entered into agreements with certain insurance companies to distribute life and general insurance policies. We also market mutual fund products. Our integrated branch and electronic banking network and our increasingly diversified product and service portfolio have enabled us to develop our fee- and commission-based business.

Our credit cards portfolio continues to grow and has helped increase our non-interest income. Our Bank has over 1.7 million customers as of March 31, 2019 and 2.29 million customers as of September 30, 2019. We have expanded our credit card product line through key partnerships. Our key credit card partnerships include Bajaj Finance and BookMyShow.

Notwithstanding, we may not be able to continue to generate or maintain the growth of our fee income. If we are unable to successfully diversify our products and services while managing the attendant risks and challenges, returns on our non-interest fee-based products and services may be less than anticipated.

Our ability to control costs

As we continue to scale up our business operations, our ability to control and optimize costs is paramount to improving the profitability of the Bank. We believe that we have created a business, technology and operations infrastructure for a larger sized bank and therefore expect to leverage the same with growing scale of business so as to improve the profitability of the Bank.

As interest expenditure is one of the main costs, we have formulated strategies to improve our CASA balances and are making continuous efforts to reduce our cost of deposits and cost of borrowings by reviewing the asset liability mismatches through our Asset Liability Management Committee (ALCO) by suitably adjusting the interest rates where possible.

We also continually seek to improve our operating efficiencies. Streamlining manpower is an important driver of our cost control strategy as it brings in operational efficiency, improves the level of control and reduces overall costs relative to income. Simplifying reporting lines, consolidation of roles centralization of operations and core processes and higher productivity has allowed us to grow the business with greater efficiency in manpower

utilization. We also seek to use other methods to reduce operational costs, such as rationalizing and consolidating our property portfolio, renegotiating and rationalizing rates with vendors and service providers, and rationalizing and streamlining of the workforce as well as re-engineering the processes to avoid multiplicity and duplications. In addition, as a part of our cost optimization initiatives, we continue to improve automation of our services, leverage technology to optimize the cost, reducing number of hand-offs and increasing digital banking.

We continue, however, to face many challenges in controlling our costs as we continue to increase our distribution network, add new products/services and increase our business volumes. Our ability to leverage our infrastructure is key to improving our profitability. Our employee costs for the unionized work force are linked to industry level wage negotiations and certain elements of costs are linked to inflation rates in the country. These costs could increase at a faster pace causing an adverse impact on our profitability. Our results of operations, accordingly, will depend largely on our success of cost control efforts as our Bank continues to grow.

Availability of cost-effective funding sources

Our ability to meet demand for new loans and lower our cost of funding will depend on our ability to continue to broad-base our deposit profile, grow our low-cost deposit book, attract and retain new customers, our continued access to term deposits from the retail, corporate and inter-bank market, our continued access to various refinance facilities from refinance institutions and ability to arrange foreign currency funding for various customer needs. Our debt service costs and cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the inter-bank markets. Internal factors that will impact our cost of funds include changes in our credit ratings, available credit limits and our ability to mobilize low-cost deposits, particularly through our retail focused banking branches.

Ability to manage credit, market and operational risk

The credit quality of our loan portfolio is a key driver of our results of operations, as quality loans help reduce the risk of losses from loan impairment. Our non-performing assets net of provisions (“**Net NPAs**”) were ₹1,899.36 million, ₹3,125.61 million, ₹3,727.44 million and ₹9,123.12 million as of March 31, 2017, 2018 and 2019 and September 30, 2019, respectively, while our gross non-performing assets (“**Gross NPAs**”) were ₹3,568.35 million, ₹5,667.32 million, ₹7,546.23 million and ₹15,390.99 million, respectively, as of the same dates. As of March 31, 2017, 2018 and 2019 and September 30, 2019, the Bank’s Gross NPAs represented 1.20%, 1.40%, 1.38% and 2.60% of the Bank’s total gross advances, respectively, and Net NPAs represented 0.64%, 0.78%, 0.69% and 1.56% of the Bank’s net advances, respectively. Our standard restructured advances were ₹192.40 million, NIL, ₹102.32 million and ₹170.84 million as of March 31, 2017, 2018 and 2019 and September 30, 2019, respectively.

Various factors, such as changes in the economic conditions of the Indian and global economy, changes in the interest rate environment, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies, rise in unemployment may affect our ability to continue to effectively manage the level of our NPAs and have an impact on the quality of our loan portfolio. The inability of the borrowers to repay loans may translate into mounting NPAs. In addition to the above, under the directed lending norms of RBI, we are required to extend 40% of our adjusted net bank credit as at the end of previous fiscal year to certain eligible sectors, which are categorized as ‘priority sector lending’ which could expose our Bank to higher credit risks. In addition, in consortium lending with other banks, we are dependent on others to manage credit risk and the levels of NPAs associated therewith.

Our ability to manage market risk could have an impact on our profitability. Our Bank defines Market Risk as the risk of losses in trading book due to movements in market variables such as interest rates, credit spreads, foreign exchange rates, commodity prices and equity prices. The Bank’s exposure to market risk arises from investment in trading book (AFS & HFT category), the foreign exchange positions, and other derivative positions. Under market risk management, liquidity risk, interest rate risk, equity price risk and foreign exchange risk are monitored and managed. Market risk carried by our Bank is identified, measured, monitored and controlled within the stipulated risk appetite of the Bank. Similarly, our Bank runs interest rate risk on banking book as well which is monitored and controlled through limits. Large market movements, however, could lead to a significant adverse impact on the profitability of the Bank.

Further, our ability to manage operational risk could also have an impact on the profitability of the Bank. We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk. Our Bank faces Operational Risk due to its exposure

to potential errors, frauds, or unforeseen catastrophes resulting in unexpected losses in the course of business activities. Our Operational Risk Management process is driven by operating procedures, internal control processes, internal reporting and contingency planning. However, any occurrence of large operational risk event could lead to significant adverse impact on our profitability.

Laws, Rules, Regulations, Guidelines and Norms Applicable to the Banking Industry

Our operations are regulated and subject to detailed supervision by RBI. Accordingly, we are subject generally to changes in Indian law, as well as to changes in regulation and government policies and accounting principles relevant to the banking industry. Any changes in the laws, rules, regulations, guidelines or norms applicable to the banking industry, whether favourable or unfavourable to us, could materially impact our business, results of operations and financial condition.

Changes in reserve requirements (which are designed to strengthen the Indian banking sector but also has the effect of reducing liquidity and availability of credit), evolving requirements to lend to certain priority sectors, pricing and capital adequacy requirements would affect how we conduct business and have a material effect on the composition of our asset portfolio and our profitability. For example, in its Statement on Developmental and Regulatory Policies dated December 5, 2018, as a part of a transition to comply with the LCR requirement of 100.00% by January 1, 2019, RBI reduced the SLR by 0.25% every calendar quarter from 19.50% of net demand and time liabilities to 19.25% from January 5, 2019 and eventually to 18% from April 11, 2020. Please see the section titled “*Key Regulations and Policies*” on page 160 for details on recent changes in the laws and regulations applicable to the banking industry.

Similarly, change in regulations by other regulators could have impact on the revenue potential of the Bank. For instance, change in fee/commission structure on selling insurance products or distribution of mutual fund by the regulators could impact the revenue potential of the Bank.

Priority sector lending requirements

RBI mandates all banks that are operating in India to direct a certain portion of their lending to specified “Priority Sectors” such as agriculture, MSEs, housing and education, and has specified a target for domestic banks as a percentage of their previous fiscal year’s ANBC. For further details, see “*Key Regulations and Policies*” on page 160. RBI regulations specify that priority sector requirements should be met on the basis of the credit equivalent of off-balance sheet exposure rather than ANBC, if such off-balance sheet exposure by a bank is higher than its ANBC. For the Fiscal 2017, Fiscal 2018 and Fiscal 2019, our priority sector lending accounted for 41.65%, 38.95% and 39.31%, respectively, of our ANBC. These percentages comprise our direct lending to priority sectors and the purchase of PSLCs in lieu of the lending, as permitted by RBI. In the case of any shortfall by us in meeting priority sector lending requirements, we would subsequently be required to place the difference between the required lending level and our actual priority sector lending in an account with the National Bank for Agriculture and Rural Development under the Rural Infrastructure Development Fund Scheme, or with other financial institutions specified by RBI, from which we would earn lower levels of interest compared to advances made to the priority sector.

Further, subsequent deposits placed by banks on account of non-achievement of priority sector lending targets or sub-targets are not eligible for classification as indirect finance to agriculture or MSEs, as the case may be. Moreover, RBI is required to take into account any shortfall in meeting specific priority sector lending targets, at the time of granting any approvals sought by a bank, from time to time.

Any inability to meet the priority sector lending requirements requires us to increase our lending to relatively more risky segments, which may result in an increase in NPAs.

Capital adequacy requirements

According to the terms and conditions of our banking license, RBI requires us to maintain a minimum CRAR of 10.875% (including capital conservation buffer) and as of March 31, 2020 we will be required to maintain a minimum CRAR of 11.50%. In addition, RBI issued the RBI Basel III Capital Regulations on May 2, 2012 pursuant to our Bank for International Settlement’s Basel III international regulatory framework and was implemented on April 1, 2013. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries

and changes in the structure of non-equity instruments eligible for inclusion in Tier I capital. The RBI Basel III Capital Regulations also set out elements of regulatory capital and the scope of the capital adequacy framework, including disclosure requirements of components of capital and risk coverage. The transitional arrangements for the implementation of Basel III capital regulations in India began on April 1, 2013 and the guidelines are required to be fully implemented by March 31, 2020. Pursuant to the notification by RBI dated January 10, 2019, RBI deferred the implementation of the last tranche of 0.625% of capital conservation buffer from March 31, 2019 to March 31, 2020. In accordance with the Basel III capital regulations, we are required to maintain a minimum CET-I capital ratio of 5.50%, a minimum Tier I CRAR of 7.00% and a capital conservation buffer of 2.50% of its risk weighted assets.

As of September 30, 2019, our capital adequacy ratio was 11.88% as per Basel III comprising of Common Equity Tier I capital of ₹72,712.42 million (CRAR – CET I capital of 10.86%) and Tier II capital of ₹6,852.19 million (CRAR – Tier II capital of 1.02%). As of March 31, 2019, our capital adequacy ratio was 13.46% as per Basel III comprising of Common Equity Tier I capital of ₹72,101.42 million (CRAR – CET I capital of 12.10%) and Tier II capital of ₹8,138.13 million (CRAR – Tier II capital of 1.36%).

Although we currently exceed the applicable capital adequacy requirements, certain adverse developments could affect our ability to satisfy these requirements in the future, including deterioration in our asset quality, decline in the value of our investments and our inability to meet any regulatory requirements or changes. The regulatory minimum CET1, including capital conservation buffer, will be 8% as on March 31, 2020.

RBI may increase the applicable risk weight for different asset classes from time to time. In addition, with the approval of RBI, banks in India may migrate to advanced approaches for calculating risk-based capital requirements in the medium term. If we fail to meet capital adequacy requirements, RBI may take certain actions, including restricting our lending and investment activities, and the payment of dividends by it.

Further, continued compliance requirements with Basel III or other capital adequacy requirements imposed by RBI may result in the incurrence of substantial compliance and monitoring costs. Moreover, if the Basel Committee releases additional or more stringent guidance on capital adequacy norms which are given the effect of law in India in the future, we may be required to raise or maintain additional capital which might not be available at attractive prices or rates or at all.

Liquidity requirements.

The Basel Committee published a guidance report titled ‘Principles for Sound Liquidity Risk Management and Supervision’ in September 2008 to address the deficiencies that were witnessed in liquidity risk management during the recent global financial crisis. This was followed by the publication of ‘Basel III: International framework for liquidity risk measurement, standards and monitoring’ in December 2010 which introduced two minimum global regulatory standards, namely the LCR and the NSFR and a set of monitoring tools. The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high-quality liquid assets to survive an acute stress scenario lasting for 30 days. The NSFR promotes resilience over longer-term time horizons by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing structural basis.

In June 2014, RBI issued guidelines in relation to LCR, liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of “Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools” in January 2013 and the “Liquidity Coverage Ratio Disclosure Standards” in January 2014 by the Basel Committee on Banking Supervision. The LCR is intended to ensure that banks maintain an adequate level of HQLAs to survive an acute stress scenario lasting for 30 days. Pursuant to the guidelines, banks are required to maintain an LCR of 60.00%, 70.00%, 80.00%, 90.00% and 100.00% with effect from January 1, 2015, January 1, 2016, January 1, 2017, January 1, 2018 and January 1, 2019, respectively. Such requirement to maintain HQLA has adversely affected our profitability and any increase in the requirement will further adversely affect our profitability.

RBI issued the guidelines on NSFR on May 17, 2018 with the objective to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. RBI, pursuant to the circular dated November 29, 2018, decided that the NSFR guidelines shall come into effect from April 1, 2020. For compliance towards NSFR norms, we may have to borrow long term to fund long-term assets resulting in an increase in interest expense.

Components of Income and Expenditure Income

The principal components of our income and expenditure are explained below.

Income

Our income consists of interest earned and other income.

Interest earned includes interest and discounts on advances/bills, income on investments, interest on balances with RBI and other inter-bank counterparties and other interest income. Our investment portfolio consists primarily of dated central government and state government securities, treasury bills, corporate debentures, bonds, commercial papers, security receipts, pass-through certificates, equity shares and mutual fund units. We meet our SLR requirements through investments in dated central government, treasury bills and other approved securities. Our interest income is affected by fluctuations in interest rates as well as the volume of activity. Interest rates are highly sensitive to many external factors beyond our control, including growth rates in the economy, inflation, money supply, the RBI's monetary policies, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

Our other income consists principally of fee-based income, net profit or losses on sale of investments, net profits or losses on foreign exchange transactions, net profits or losses on the sale of land, buildings and other assets and miscellaneous income, which includes recovery from written-off accounts, income from customer account transactions, ATM usage fees and other service fees, debt syndication fees, locker rent, cards revenue and incidental charges. Fee-based income includes fees and charges for services such as credit cards, remittance services, documentary credits, letters of credit and issuance of guarantees and service charges and processing fees on customer advances. Fee-based income also includes income from commissions on sale of third party products, such as insurance and mutual funds. We also earn fee-based income from foreign exchange transactions for customers as well as brokerage income.

Expenditure

Our expenditure consists of interest expended, operating expenses and provisions and contingencies.

Our interest expended consists of the interest paid on deposits and borrowings, including borrowings from RBI and other inter-bank counterparties/financial institutions. Our interest expended is affected by fluctuations in interest rates, our deposit mix, proportion of borrowings and business volumes. Our non-interest expenditure consists principally of operating expenses, which includes payments to and provisions for employees, rent, taxes and lighting, printing and stationery, depreciation on fixed assets, directors' and auditors' fees, law charges, repairs and maintenance, insurance, postage and telecommunications, advertising and publicity, and other expenses. Provisioning for standard (performing) assets, non-performing assets, depreciation on investments, and credit card reward points are included in provisions and contingencies. We separately account for provision for tax, which includes provision for (current) income tax and wealth tax and provision for deferred tax.

Key Non-GAAP and Financial Performance Indicators

In evaluating our business, we consider and use non-GAAP financial measures and key performance indicators that are presented, as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures and key performance indicators is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with Indian GAAP. We present these non-GAAP financial measures and key performance indicators because they are used by our management to evaluate our operating performance and formulate business plans. They are also used industry-wide as performance benchmarks.

These indicators are presented in tables in the section "*Selected Statistical Information*" on page 46. Our net interest income represents interest income over interest expense. Net interest margin for any given period represents the ratio of net interest income to the average of interest-earning assets. We calculate (1) the yield on average of interest earning assets, (2) the cost of funds and (3) the spread. Our yield on interest earning asset is interest income divided by average interest earning assets. Our cost of funds is interest expended divided by average interest bearing liabilities, expressed as a percentage. Our spread is yield on average of interest earning assets less cost of funds.

These non-GAAP financial measures are not defined under Indian GAAP and are not presented in accordance with Indian GAAP. The non-GAAP financial measures and key performance indicators have limitations as analytical tools. Further, these non-GAAP financial measures and key performance indicators may differ from the similar information used by other companies, including peer companies, and therefore their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to profit before tax, net earned premiums, incurred claims, operating profit (loss) or any other measure of performance or as an indicator of our business, results of operations, financial condition and liquidity position.

Significant Accounting Policies

Our Financial Statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of our Bank used in the preparation of these Financial Statements conform to Indian GAAP, the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.

The presentation of our Financial Statements in conformity with Indian GAAP requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported results of operations during the years ended on the date of Financial Statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

No changes have been made to the accounting policies of our Bank in last three fiscal years. Our significant accounting policies are fully described under the notes to our Financial Statements in the section "*Financial Information*" on page 279.

Our significant accounting policies are summarized below.

1. Advances

(a) Accounting and Classification

Advances are stated net of bills rediscounted and provisions made in respect of Non-Performing Advances ('NPA'). The premium paid on acquisition of portfolio is included in advances and is amortized over the economic life of the portfolio. Advances are classified as Performing and NPA based on the relevant RBI guidelines.

(b) Provisioning

Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed from time to time. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines.

In accordance with the RBI guidelines, our Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio including provision for borrowers having un-hedged foreign currency exposures, provisions on loans to specific borrowers in specific stressed sectors and also for credit exposures considered at current marked to market values of interest rate and foreign exchange derivative contracts. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

Further to the provisions 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 provision is held in respect of that country where the net funded exposure is one percent or more of the total assets.

Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognized in the profit and loss account, as credit to 'Miscellaneous Income' under the head 'Other Income' or provision for NPAs, respectively.

2. Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') and Financial Benchmark India Private Limited ('FBIL') guidelines, prescribed in this regard from time to time.

(a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments, which our Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. Our Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the Financial Statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures and f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to prudential norms for Classification, valuations and Operation of Investment Portfolio by Banks, prescribed from time to time.

(b) Valuation

Investments classified as HTM are carried at amortized cost. Any premium paid on acquisition, over the face value, is amortized over the remaining maturity of the instrument, by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary, in the value of investments classified under HTM has taken place, appropriate provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per the relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation are aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded / quoted price available on the recognized stock exchanges, subsidiary general ledger account transactions are valued as per the price list of RBI or prices declared by FBIL as applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), the bank considers yields / mark-up rates (reflecting associate credit risk) declared by the FBIL/FIMMDA.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹1/- as per the RBI guidelines.

Quoted Mutual Fund units are valued as per the stock exchange quotations and un-quoted mutual fund units are valued at last available re-purchase price or Net Asset Value ('NAV') where re-purchase price is not available.

Units of Venture Capital Funds ('VCF') held under AFS category are valued using the ('NAV') shown by VCF as per the Financial statements. The VCFs are valued based on the audited financials. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1/- per VCF.

Security Receipts ('SR') issued by the asset reconstruction companies are valued in accordance with the guidelines prescribed by RBI. Accordingly, SRs are valued at NAV provided by the issuing asset reconstruction company.

Investments received in lieu of restructured advances under Strategic Debt Restructuring (SDR) / Sustainable Structuring of Stressed Assets (S4A) schemes are valued in accordance with the RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by our Bank under SDR / S4A schemes is provided as per RBI guidelines.

Pass Through Certificates (PTC) excluding Priority Sector-PTCs are valued using FBIL GOI par yield and FIMMDA credit spreads as applicable to NBFC category, based on the credit rating & tenor of the respective PTC instruments. PSL-PTCs are valued at book value.

(c) Disposal of investments:

Profit / Loss on sale of investments under the aforesaid three categories are recognized in the Statement of Profit and Loss. Cost of investments is based on the weighted average cost method. The profit from sale of investment under HTM category, net of taxes and transfers to statutory reserve, is appropriated from Statement of Profit and Loss, to “Capital Reserve”, in accordance with the RBI guidelines.

(d) Transfer between categories

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.

b) Transfer from HTM to AFS/HFT is made at acquisition price / amortized cost if originally placed in HTM at par or at a discount and at amortized cost if originally placed in HTM at a premium.

c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

(e) Repurchase transactions

Repurchase ('Repo') and reverse repurchase ('Reverse Repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of our Bank and our Bank would continue to accrue the coupon/discount on the security during the repo period. Also, our Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted for as interest expense and income on reverse repo transactions are accounted for as interest income.

(f) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

3. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by 'Foreign Exchange Dealers' Association of India'(FEDAI) and the resultant exchange differences are recognized in the Profit and Loss account. Income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.

Outstanding forward exchange contracts (other than deposit and placement swaps) and spot contracts outstanding at the Balance Sheet date are re-valued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI, are re-valued at the forward exchange rates implied by the swap curves in respective currencies. The resulting profits or losses are recognized in the Profit and Loss Account as per the regulations stipulated by RBI / FEDAI and is included in 'Other assets' or 'Other liabilities' as the case may be.

Foreign exchange swaps “linked” to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortized over the period of the swap and the same is recognized in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, letters of credit, bank guarantees and acceptances and endorsements outstanding as at the Balance Sheet date denominated in foreign currencies are translated at year-end rates notified by FEDAI.

The financial statements of IBU which are in the nature of non-integral overseas operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange during the

period and (b) All assets and liabilities are translated at closing rate as on Balance Sheet date. The exchange difference arising out of year end translation is debited or credited as “Foreign Currency Translation Reserve” forming part of “Reserves and Surplus”.

4. Derivative transactions

Derivative transactions comprise interest rate swaps, cross currency swaps and currency futures and currency options.

The interest rate and currency swaps are marked to market using appropriate interest rates/exchange rates. Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange/clearing corporation. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in ‘Other assets’ or ‘Other liabilities’ as the case may be. The notional value of these swaps / futures contract is recorded as contingent liability. Margin money deposited with the exchange in respect of the futures contracts is included in ‘Other assets’.

Option premium paid or received is recognized in the Profit and Loss Account on expiry of the option. Option contracts are marked to market on every reporting date.

Outstanding derivative transactions designated as “Hedges” are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument.

Pursuant to the RBI guidelines, any receivable under a derivative contract with a counterparty which remains overdue for more than 90 days, mark-to-market gains on any other derivative contract with the same counterparty, is reversed through profit and loss account.

5. Bullion

Our Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. Our Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

Our Bank also deals in bullion on a borrowing and lending basis and the interest paid / received thereon is classified as interest expense / income respectively.

6. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Premises acquired up to March 31, 1998 have been re-valued by the management and are stated at such re-valued figure. The appreciation on revaluation is credited to ‘Premises Revaluation Reserve’ Account. On disposal of re-valued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the revaluation gain is transferred from Premises Revaluation Reserve to the credit of depreciation in the Profit and Loss account.

Depreciation is provided as per straight-line method from the date put to use over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account up to the date of sale. Assets costing less than ₹5,000 are fully depreciated in the year of purchase. If the management’s estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management’s estimate of the useful life/remaining useful life. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

The estimated useful lives of the fixed assets in years are given below:

Category	Estimated useful life (in years)
Premises	50 years
Desktop computers and printers, Laptops	3 years

Category	Estimated useful life (in years)
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	5 years
Purchased and developed Software	5 years
Vehicles	5 years
Office equipment, Locker cabinets, Strong room	6.67 years
ATMs	7 years
Furniture, fittings and work of art	10 years

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

At each Balance Sheet date, our Bank assesses impairment on assets. If any such indication exists, our Bank estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

7. *Employee benefits*

Provident Fund

The Bank's contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the Profit and Loss account. Our Bank makes contributions to a fund administered by trustees.

Gratuity and Pension

Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial valuation as at the Balance Sheet date as per the Projected Unit Credit method as computed by an independent actuary. Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account.

National Pension Scheme

Our Bank contributes 10.0% of the total basic salary of certain employees to National Pension Scheme (NPS), a defined contribution plan, which is managed and administered by pension fund management companies. Our Bank also gives an option to its employees allowing them to receive the amount in lieu of such contributions along with their monthly salary during their employment. The amounts so contributed/paid by our Bank to the NPS or to employee during the year are recognized in the profit and loss account.

Compensated Absences

Our Bank provides for compensated absence liability of its employees who are eligible for encashment of accumulated leave and sick leave, which is a long-term benefit scheme, based on actuarial valuation of the compensated absences liability at the balance sheet date, carried out by an independent actuary. Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account.

Employee Stock Option Plans

Our Bank accounts for Employee Stock Option plans in accordance with the Guidance note on Employee Share Based Payments issued by The Institute of Chartered Accountants of India ('ICAI'). Our Bank has applied intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which value of the underlying shares as determined by an independent valuer (prior to the listing of the equity shares on the stock exchanges) or the market price on the date of the grant, as the case may be, exceeds the exercise price of the options. Compensation cost so determined is amortized over the vesting period of the option granted.

8. Revenue Recognition

- (a) Interest income is recognized on accrual basis, except in the case of interest on loans categorised as NPA and on loan accounts which are restructured by our Bank under SDR or S4A scheme of RBI, in which case it is recognized on realisation.
- (b) Recoveries in respect of past due loan accounts classified as NPA are appropriated towards overdue principal and thereafter towards interest and charges.
- (c) Income on discounted instruments is recognized over the tenure of the instrument on a constant yield basis.
- (d) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- (e) Loan processing fee is accounted for upfront when it becomes due.
- (f) Fees received on sale of Priority Sector Lending Certificates (PSLC) is considered as Miscellaneous Income, while the fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by RBI. The fees income or expense is amortized on a straight line basis over the tenor of the certificate.
- (g) Arrangership or syndication fee is accounted for on completion of the agreed service and when the right to receive is established.
- (h) Interest income on investments in PTCs and loans bought out through the direct assignment route is recognized on accrual basis, at their contractual rate.
- (i) j) All other fees are accounted for as and when they become due.

9. Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognized as an expense on straight-line basis over the lease period.

Our Bank has not undertaken any finance leases.

10. Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty (supported by convincing evidence of future taxable income) 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.

11. Provisions and contingencies

Our Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the Financial Statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

12. *Provision for reward points on credit cards*

Our Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable redemption of credit card reward points and cost per point. Actuarial gains/losses arising during the year are recognized in the Profit and Loss account.

13. *Earnings per share (EPS)*

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

14. *Share issue expenses*

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

15. *Cash and Cash Equivalents*

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

16. *Impairment of assets*

Our 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.

17. *Non- Banking Assets acquired in satisfaction of claims*

Non-banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

18. *Accounting for proposed dividend*

As per AS-4 – ‘Contingencies and events occurring after the Balance sheet date’, our Bank is not required to create provision for dividend proposed / declared after the Balance Sheet date unless a statute requires otherwise.

19. *Corporate Social Responsibility*

Expenditures towards corporate social responsibility, in accordance with Companies Act, 2013, are recognized in the Profit and Loss account.

Summary of Our Financial Results

We use a variety of indicators to measure our performance. These indicators are presented in the tables in the section titled “*Selected Statistical Information*” on page 46. Our net interest income represents interest income over interest expense. Net interest margin for any given period represents the ratio of net interest income to the average of interest-earning assets. We calculate (1) the yield on average of interest earning assets, (2) the cost of funds and (3) the spread. Our yield on interest earning asset is interest income divided by average interest earning assets. Our cost of funds is interest expended divided by average interest bearing liabilities, expressed as a percentage. Our spread is the yield on average of interest earning assets less cost of funds.

Results of Operations

The table below sets forth a summary of our financial results containing significant items of our income and expenditure for Fiscal 2017, 2018 and 2019.

(₹ in millions)

Particulars	Fiscal 2017		Fiscal 2018		Fiscal 2019	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
Income						
Interest Earned	37,131.58	83.09	45,075.66	80.84	63,007.09	81.37
Other Income	7,554.63	16.91	10,681.88	19.16	14,423.67	18.63
Total Income	44,686.21	100.00	55,757.54	100.00	77,430.76	100.00
Expenditure						
Interest Expended	24,918.24	55.76	27,412.81	49.16	37,612.28	48.58
Operating Expenses	10,563.86	23.64	15,034.09	26.96	20,420.16	26.37
Total Expenditure	35,482.10	79.40	42,446.90	76.13	58,032.44	74.95
Provisions and Contingencies (other than provision for tax)	2,389.23	5.35	3,645.17	6.54	6,406.80	8.27
Provision for Tax	2,354.42	5.27	3,314.59	5.94	4,322.01	5.58
Net Profit/(Loss)	4,460.46	9.98	6,350.88	11.39	8,669.51	11.20

The table below sets forth a summary of our Condensed Standalone Interim Financial Statements containing significant items of our income and expenditure for the six months ended September 30, 2018 and 2019. Our financial statements for the Half Year Fiscal 2020 and Half Year Fiscal 2019 are unaudited and have been reviewed in accordance with the Standard on Review Engagement 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India.

(₹ in millions)

Particulars	Half Year Fiscal 2019		Half Year Fiscal 2020	
	Amount	% of Total Income	Amount	% of Total Income
Income				
Interest Earned	28,276.48	81.10	41,488.19	81.81
Other Income	6,590.83	18.90	9,227.42	18.19
Total Income	34,867.31	100.00	50,715.61	100.00
Expenditure				
Interest Expended	16,819.79	48.24	24,628.07	48.56
Operating Expenses	9,233.81	26.48	13,541.30	26.70
Total Expenditure	26,053.60	74.72	38,169.37	75.26
Provisions and Contingencies (other than provision for tax)	2,800.31	8.03	7,464.80	14.72
Provision for Tax	2,067.65	5.93	1,867.78	3.68
Net Profit/(Loss)	3,945.75	11.32	3,213.66	6.34

Results for the Half Year Fiscal 2020 compared with the Half Year Fiscal 2019

Our financial statements for the Half Year Fiscal 2020 and Half Year Fiscal 2019 are unaudited and have been reviewed in accordance with the Standard on Review Engagement 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India.

Income

Our total income increased by 45.45% from ₹34,867.31 million in the Half Year 2019 to ₹50,715.61 million in the Half Year 2020. This was mainly due to an increase in interest from advances from ₹22,507.81 million in the Half Year 2019 to ₹33,388.54 million in the Half Year 2020, an increase in interest income on investments from ₹5,222.15 million in the Half Year 2019 to ₹6,792.75 million in the Half Year 2020 and an increase in other income (which includes fee income) from ₹6,590.83 million in the Half Year 2019 to ₹9,227.42 million in the Half Year 2020. The most significant item of our income in the Half Year 2020 and the Half Year 2019 was interest earned from advances.

Average advances of our Bank increased by 34.03% from ₹422,942.31 million in the Half Year 2019 to ₹566,862.82 million in the Half Year 2020. Average investments increased by 30.42% from ₹ 134,362.79 million in the Half Year 2019 to ₹ 175,231.50 million in the Half Year 2020.

Net Interest Income

The following table sets forth the main components of the Bank's net interest income for the periods indicated.

(₹ in millions)			
Particulars	Half Year Fiscal 2019	Half Year Fiscal 2020	% Change
Interest income:			
Interest/discount on advances/bills	22,507.81	33,388.54	48.34%
Income on investments	5,222.15	6,792.75	30.08%
Interest on balance with RBI and other interbank funds	417.97	982.23	135.00%
Others	128.55	324.67	152.56%
Total interest income	28,276.48	41,488.19	46.72%
Interest expense:			
Interest on deposits	14,569.74	20,620.35	41.53%
Interest on RBI/inter-bank borrowings	794.85	1,040.20	30.87%
Others	1,455.20	2,967.52	103.93%
Total interest expense	16,819.79	24,628.07	46.42%
Net interest income	11,456.69	16,860.12	47.16%

Average assets (monthly average of total interest and non-interest bearing assets) of our Bank increased by 33.55% from ₹ 625,832.27 million in the Half Year 2019 to ₹ 835,827.13 million in the Half Year 2020. Average interest earning assets increased by 34.92% from ₹ 574,779.26 million in the Half Year 2019 to ₹ 775,502.44 million in the Half Year 2020.

Net interest income increased by 47.16% from ₹11,456.69 million in the Half Year 2019 to ₹16,860.12 million in the Half Year 2020. The net interest margin increased from 3.98% in the Half Year 2019 to 4.34% in the Half Year 2020.

Interest Income

Our interest income increased by 46.72% from ₹28,276.48 million in the Half Year 2019 to ₹41,488.19 million in the Half Year 2020.

Our interest income from advances increased by 48.34% from ₹22,507.81million in the Half Year 2019 to ₹33,388.54 million in the Half Year 2020. This was mainly due to an increase of 34.03% in average advances from ₹422,942.31 million in the Half Year 2019 to ₹566,862.82 million in the Half Year 2020. Our average yield on advances increased from 10.61% in the Half Year 2019 to 11.75% in the Half Year 2020. This was primarily due to business mix.

Our income on investments increased by 30.08% from ₹5,222.15 million in the Half Year 2019 to ₹6,792.75 million in the Half Year 2020. This was primarily due to an increase in average investments by 30.42% from ₹ 134,362.79 million in the Half Year 2019 to ₹ 175,231.50 million in the Half Year 2020. Our yield on investments marginally decreased from 7.75% in the Half Year 2019 to 7.73% in the Half Year 2020.

Our interest on balances with RBI and other inter-bank funds increased by 135.00% from ₹417.97 million in the Half Year 2019 to ₹982.23 million in the Half Year 2020. This increase was primarily due to increase in money

market lending and inter-bank deposits in the Half Year 2020.

Other interest income increased by 152.56% from ₹128.55 million in the Half Year 2019 to ₹324.67 million in the Half Year 2020. This increase was primarily due to an increase in RIDF investments and collateralised-backed lending obligations during the Half Year 2020.

Interest Expense

Our interest expense increased by 46.42% from ₹16,819.79 million in the Half Year 2019 to ₹24,628.07 million in the Half Year 2020. The increase in interest expense was primarily due to an increase of 38.39% in average interest bearing liabilities from ₹ 488,296.54 million in the Half Year 2019 to ₹ 675,752.78 million in the Half Year 2020 while average cost of funds increased from 6.87% in the Half Year 2019 to 7.27% in the Half Year 2020.

Our interest on deposits increased by 41.53% from ₹14,569.74 million in the Half Year 2019 to ₹20,620.35 million in the Half Year 2020. This was primarily due to an increase in average deposits (excluding current account) from ₹ 401,937.93 million to ₹ 544,332.65 million. The cost of interest bearing deposits increased from 7.23% in the Half Year 2019 to 7.56% in the Half Year 2020.

Interest on RBI and inter-bank borrowings increased by 30.87% from ₹794.85 million in the Half Year 2019 to ₹1,040.20 million in the Half Year 2020. Further, other interest expenditure increased by 103.93% from ₹1,455.20 million in the Half Year 2019 to ₹2,967.52 million in the Half Year 2020. This was primarily due to increase in total average borrowings by 52.18% from ₹86,358.61 million to ₹131,420.13 million.

For the reasons described above, our net interest income increased by 47.16% from ₹11,456.69 million in the Half Year 2019 to ₹16,860.12 million in the Half Year 2020.

Other Income

Our other income increased by 40.00% from ₹6,590.83 million in the Half Year 2019 to ₹9,227.42 million in the Half Year 2020.

The following table sets forth the components of our non-interest income for the periods indicated.

(₹ in millions)			
Particulars	Half Year Fiscal 2019	Half Year Fiscal 2020	% Change
Commission, exchange and brokerage	5,320.77	6,974.16	31.07%
Profit/(Loss) on sale of investments (net)	331.12	1,226.86	270.51%
Profit (Loss) on sale of land, buildings and other assets (net)	(0.32)	1.87	-
Profit/(Loss) on exchange transactions (net)	804.86	770.56	-4.26%
Miscellaneous income	134.40	253.97	88.97%
Total other income	6,590.83	9,227.42	40.00%

Our commission, exchange and brokerage income in the Half Year 2020 increased by 31.07% from ₹5,320.77 million in the Half Year 2019 to ₹6,974.16 million in the Half Year 2020. This was primarily due to increase in credit card fee income.

Our profit on sales of investments in the Half Year 2020 increased by 270.51% from ₹331.12 million in the Half Year 2019 to ₹1,226.86 million in the Half Year 2020. This was primarily due to the softer interest rate environment leading to higher value of the investment portfolio in Half Year 2020 as compared to Half Year 2019.

Our profit on exchange transactions in the Half Year 2020 decreased by 4.26% from ₹804.86 million in the Half Year 2019 to ₹770.56 million in the Half Year 2020. This was primarily due to decrease in foreign exchange turnover.

Other miscellaneous income increased by 88.97% from ₹134.40 million in the Half Year 2019 to ₹253.97 million in the Half Year 2020. This was due to higher recoveries from written-off accounts during the Half Year 2020.

Operating expenses

The following table sets forth the main components of the operating expenses for the periods indicated.

(₹ in millions)			
Particulars	Half Year Fiscal 2019	Half Year Fiscal 2020	% Change
Payments to and provisions for employees	3,039.11	3,806.00	25.23%
Rent, taxes and lighting	709.02	880.30	24.16%
Printing and stationery	55.75	105.74	89.67%
Advertisement and publicity	86.36	151.85	75.83%
Depreciation on banks property	542.43	649.85	19.80%
Directors' fees, allowances and expenses	8.99	13.15	46.27%
Auditors' fees and expenses (including branch auditors' fees and expenses)	7.48	9.00	20.32%
Law charges	45.19	49.94	10.51%
Postage, telegrams, telephones, etc.	110.52	167.79	51.82%
Repairs and maintenance	38.47	195.82	409.02%
Insurance	294.95	385.51	30.70%
Other operating expenditure	4,295.54	7,126.35	65.90%
Total Operating Expenses	9,233.81	13,541.30	46.65%

Our operating expenses increased by 46.65% from ₹9,233.81 million in the Half Year 2019 to ₹13,541.30 million in the Half Year 2020. This was mainly due to an increase in employee costs; an increase in depreciation; advertisement and publicity expenses; other operating expenditure (which includes expenses such as outsourcing expenses, commission expenses, professional fees, travel expenses); rent, taxes and lighting costs; and insurance costs.

There was a 25.23% increase in expenses related to payments and provisions for employees from ₹3,039.11 million in the Half Year 2019 to ₹3,806.00 million in the Half Year 2020. This was mainly due to an increase in number of employees by 1,263 (22.68% growth in the Half Year 2020 over the Half Year 2019) and salary revisions of employees.

Rent, taxes and lighting expenses increased by 24.16% from ₹709.02 million in the Half Year 2019 to ₹880.30 million in the Half Year 2020. Our expenses on printing and stationery increased by 89.67% from ₹55.75 million in the Half Year 2019 to ₹105.74 million in the Half Year 2020. These increases were mainly due to the opening of new branches and administrative offices during the Half Year 2020.

Advertisement and publicity expenses increased by 75.83% from ₹86.36 million in the Half Year 2019 to ₹151.85 million in the Half Year 2020 primarily due to increased spending on branding and advertisements during Half Year 2020.

Depreciation increased by 19.80% from ₹542.43 million in the Half Year 2019 to ₹649.85 million in the Half Year 2020. This was mainly due to capitalization of fixed assets in branches and administrative offices as well as information technology systems.

Our expenses on law charges increased by 10.51% from ₹45.19 million in the Half Year 2019 to ₹49.94 million in the Half Year 2020. This was mainly due to higher legal costs on credit and recovery matters.

Postage, telegrams, telephones expenses increased by 51.82% from ₹110.52 million in the Half Year 2019 to ₹167.79 million in the Half Year 2020.

Repairs and maintenance expenses increased from ₹38.47 million in the Half Year 2019 to ₹195.82 million in the Half Year 2020 primarily due to one-off charges.

Insurance related expenses increased by 30.70% from ₹294.95 million in the Half Year 2019 to ₹385.51 million in the Half Year 2020. This was mainly due to an increase in deposit insurance in line with increase in deposits and employee related insurance with an increase in overall headcount of the Bank.

Other operating expenditure increased by 65.90% from ₹4,295.54 million in the Half Year 2019 to ₹7,126.35 million in the Half Year 2020. This was due to the increased scale of our retail assets business.

Provisions and contingencies (other than provision for tax)

Provisions and contingencies (other than provision for tax) increased by 166.57% from ₹2,800.31 million in the Half Year 2019 to ₹7,464.80 million in the Half Year 2020. This was mainly due to increase in provision for non-performing advances by ₹5,389.71 million, standard assets provision decreased by ₹155.75 million and provision for investments decrease by ₹475.22 million. Our provision coverage ratio decreased from 61.45% as at September 30, 2018 to 58.45% as at September 30, 2019. Our gross NPA ratio increased from 1.40% as at September 30, 2018 to 2.60% as at September 30, 2019, and our net NPA ratio increased from 0.74% as at September 30, 2018 to 1.56% as at September 30, 2019.

Provision for tax (including deferred tax)

Provision for tax decreased by 9.67% from ₹2,067.65 million in the Half Year 2019 to ₹1,867.78 million in the Half Year 2020. This was mainly due to lower profit before tax and reduced tax rate.

Net profit

As a result of the factors mentioned above, in particular the increase in our provisions and contingencies, our net profits decreased by 18.55% from ₹3,945.75 million in the Half Year 2019 to ₹3,213.66 million in the Half Year 2020.

Results for Fiscal 2019 compared with Fiscal 2018

Income

Our total income increased by 38.87% from ₹55,757.54 million in Fiscal 2018 to ₹77,430.76 million in Fiscal 2019. This was mainly due to an increase in interest from advances from ₹34,308.97 million in Fiscal 2018 to ₹50,498.26 million in Fiscal 2019, an increase in interest income on investments from ₹9,981.69 million in Fiscal 2018 to ₹10,934.45 million in Fiscal 2019 and an increase in other income (which includes fee income) from ₹10,681.88 million in Fiscal 2018 to ₹14,423.67 million in Fiscal 2019. The most significant item of our income in Fiscal 2019 and Fiscal 2018 was interest earned from advances.

Average advances of our Bank increased by 36.55% from ₹338,624.47 million in Fiscal 2018 to ₹462,401.64 million in Fiscal 2019. Average investments increased by 10.72% from ₹ 125,034.64 million in Fiscal 2018 to ₹ 138,435.39 million in Fiscal 2019.

Net Interest Income

The following table sets forth the main components of the Bank's net interest income for the periods indicated.

(₹ in millions)			
Particulars	Fiscal 2018	Fiscal 2019	% Change
Interest Income:			
Interest/discount on advances/bills	34,308.97	50,498.26	47.19%
Income on investments	9,981.69	10,934.45	9.55%
Interest on balance with RBI and other interbank funds	701.49	1,112.39	58.58%
Others	83.51	461.99	453.22%
Total interest income	45,075.66	63,007.09	39.78%
Interest Expense:			
Interest on deposits	23,409.70	32,440.70	38.58%
Interest on RBI/inter-bank borrowings	840.84	1,811.62	115.45%
Others	3,162.27	3,359.96	6.25%
Total interest expense	27,412.81	37,612.28	37.21%
Net interest income	17,662.85	25,394.81	43.78%

Average assets (monthly average of total interest and non-interest bearing assets) of our Bank increased by 30.22% from ₹ 523,655.25 million in Fiscal 2018 to ₹ 681,878.98 million in Fiscal 2019. Average interest earning assets increased by 31.30% from ₹ 477,044.94 million in Fiscal 2018 to ₹ 626,339.15 million in Fiscal 2019.

Net interest income increased by 43.78% from ₹17,662.85 million in Fiscal 2018 to ₹25,394.81 million in Fiscal 2019. The net interest margin increased from 3.70% in Fiscal 2018 to 4.05% in Fiscal 2019.

Interest Income

Our interest income increased by 39.78% from ₹45,075.66 million in Fiscal 2018 to ₹63,007.09 million in Fiscal 2019.

Our interest income from advances increased by 47.19% from ₹34,308.97 million in Fiscal 2018 to ₹50,498.26 million in Fiscal 2019. This was mainly due to an increase of 36.55% in average advances from ₹338,624.47 million in Fiscal 2018 to ₹462,401.64 million in Fiscal 2019. Our average yield on advances increased from 10.13% in Fiscal 2018 to 10.92% in Fiscal 2019. This was primarily due to an improved business mix towards Retail Assets and DB&FI.

Our income on investments increased by 9.55% from ₹9,981.69 million in Fiscal 2018 to ₹10,934.45 million in Fiscal 2019. This was primarily due to an increase in average investments by 10.72% from ₹ 125,034.64 million in Fiscal 2018 to ₹ 138,435.39 million in Fiscal 2019. Our yield on investments increased from 7.98% in Fiscal 2018 to 7.90% in Fiscal 2019, reflecting an increase in interest rates in the market.

Our interest on balances with RBI and other inter-bank funds increased by 58.58% from ₹701.49 million in Fiscal 2018 to ₹1,112.39 million in Fiscal 2019. This increase was primarily due to increase in money market lending and inter-bank deposits in Fiscal 2019.

Other interest income increased by 453.22% from ₹83.51 million in Fiscal 2018 to ₹461.99 million in Fiscal 2019. This increase was primarily due to increase in RIDF investments and collateralised-backed lending obligations during Fiscal 2019.

Interest Expense

Our interest expense increased by 37.21% from ₹27,412.81 million in Fiscal 2018 to ₹37,612.28 million in Fiscal 2019. The increase in interest expense was primarily due to an increase of 30.53% in average interest bearing liabilities from ₹ 412,579.39 million in Fiscal 2018 to ₹ 538,522.26 million in Fiscal 2019 while average cost of funds increased from 6.64% in Fiscal 2018 to 6.98% in Fiscal 2019.

Our interest on deposits increased by 38.58% from ₹23,409.70 million in Fiscal 2018 to ₹32,440.70 million in Fiscal 2019. This was primarily due to an increase in average deposits (excluding current account) from ₹ 332,541.65 million to ₹ 443,357.65 million. The cost of interest bearing deposits increased from 7.04% in Fiscal 2018 to 7.32% in Fiscal 2019.

Interest on RBI and inter-bank borrowings increased by 115.45% from ₹840.84 million in Fiscal 2018 to ₹1,811.62 million in Fiscal 2019. Further, other interest expenditure increased by 6.25% from ₹3,162.27 million in Fiscal 2018 to ₹3,359.96 million in Fiscal 2019. This was primarily due to increase in total average borrowings by 18.90% from ₹80,037.74 million to ₹95,164.61 million.

For the reasons described above, our net interest income increased by 43.78% from ₹17,662.85 million in Fiscal 2018 to ₹25,394.81 million in Fiscal 2019.

Other Income

Our other income increased by 35.03% from ₹10,681.88 million in Fiscal 2018 to ₹14,423.67 million in Fiscal 2019.

The following table sets forth the components of our non-interest income for the periods indicated.

(₹ in millions)			
Particulars	Fiscal 2018	Fiscal 2019	% Change
Commission, exchange and brokerage	7,225.91	11,656.05	61.31%
Profit/(Loss) on sale of investments (net)	1,665.39	783.55	-52.95%
Profit (Loss) on sale of land, buildings and other assets (net)	0.85	(0.03)	-103.53%

Particulars	Fiscal 2018	Fiscal 2019	% Change
Profit/(Loss) on exchange transactions (net)	1,511.16	1,634.52	8.16%
Miscellaneous income	278.57	349.58	25.49%
Total other income	10,681.88	14,423.67	35.03%

Our commission, exchange and brokerage income in Fiscal 2019 increased by 61.31% from ₹7,225.91 million in Fiscal 2018 to ₹11,656.05 million in Fiscal 2019. This was primarily due to an increase in credit card fee income.

Our profit on sales of investments in Fiscal 2019 decreased by 52.95% from ₹1,665.39 million in Fiscal 2018 to ₹783.55 million in Fiscal 2019. This was primarily due to higher market interest rates in Fiscal 2019.

Our profit on exchange transactions in Fiscal 2019 increased by 8.16% from ₹1,511.16 million in Fiscal 2018 to ₹1,634.52 million in Fiscal 2019. This was primarily due to increase in foreign exchange turnover.

Other miscellaneous income increased by 25.49% from ₹278.57 million in Fiscal 2018 to ₹349.58 million in Fiscal 2019. This was due to recoveries from written off accounts.

Operating expenses

The following table sets forth the main components of the operating expenses for the periods indicated.

(₹ in millions)			
Particulars	Fiscal 2018	Fiscal 2019	% Change
Payments to and provisions for employees	5,506.77	6,361.78	15.53%
Rent, taxes and lighting	1,197.23	1,437.25	20.05%
Printing and stationery	122.30	152.72	24.87%
Advertisement and publicity	160.32	212.77	32.72%
Depreciation on banks property	869.56	1,219.05	40.19%
Directors' fees, allowances and expenses	8.68	11.56	33.18%
Auditors' fees and expenses (including branch auditors' fees and expenses)	8.67	14.30	64.94%
Law charges	66.96	99.37	48.40%
Postage, telegrams, telephones, etc.	203.61	249.48	22.53%
Repairs and maintenance	63.00	369.90	487.14%
Insurance	458.11	625.65	36.57%
Other operating expenditure	6,368.88	9,666.33	51.77%
Total operating expenses	15,034.09	20,420.16	35.83%

Our operating expenses increased by 35.83% from ₹15,034.09 million in Fiscal 2018 to ₹20,420.16 million in Fiscal 2019. This was mainly due to an increase in employee costs; an increase in depreciation; advertisement and publicity expenses; other operating expenditure (which includes expenses such as outsourcing expenses, commission expenses, professional fees, travel expenses); rent, taxes and lighting costs; and insurance costs.

There was a 15.53% increase in expenses related to payments and provisions for employees from ₹5,506.77 million in Fiscal 2018 to ₹6,361.78 million in Fiscal 2019. This was mainly due to an increase in number of employees by 543 (10.25% growth in Fiscal 2019 over Fiscal 2018) and salary revisions of employees.

Rent, taxes and lighting expenses increased by 20.05% from ₹1,197.23 million in Fiscal 2018 to ₹1,437.25 million in Fiscal 2019. Our expenses on printing and stationery increased by 24.87% from ₹122.30 million in Fiscal 2018 to ₹152.72 million in Fiscal 2019. These increases were mainly due to the opening of new branches and administrative offices during Fiscal 2019.

Advertisement and publicity expenses increased by 32.72% from ₹160.32 million in Fiscal 2018 to ₹212.77 million in Fiscal 2019 primarily due to increase spend on branding and advertisements.

Depreciation increased by 40.19% from ₹869.56 million in Fiscal 2018 to ₹1,219.05 million in Fiscal 2019. This was mainly due to capitalization of fixed assets in branches and administrative offices as well as information technology systems.

Our expenses on law charges increased by 48.40% from ₹66.96 million in Fiscal 2018 to ₹99.37 million in Fiscal 2019. This was mainly due to higher legal costs on credit and recovery matters.

Postage, telegrams, telephones expenses increased by 22.53% from ₹203.61 million in Fiscal 2018 to ₹249.48 million in Fiscal 2019.

Repairs and maintenance expenses increased from ₹63.00 million in Fiscal 2018 to ₹369.90 million in Fiscal 2019 primarily due to one off expenses.

Insurance related expenses increased by 36.57% from ₹458.11 million in Fiscal 2018 to ₹625.65 million in Fiscal 2019. This was mainly due to increase in deposit insurance in line with an increase in deposits and employee related insurance with increase in overall headcount of the Bank.

Other operating expenditure increased by 51.77% from ₹6,368.88 million in Fiscal 2018 to ₹9,666.33 million in Fiscal 2019. This was due to the increase in scale of business in retail assets.

Provisions and contingencies (other than provision for tax)

Provisions and contingencies (other than provision for tax) increased by 75.76% from ₹3,645.17 million in Fiscal 2018 to ₹6,406.80 million in Fiscal 2019. This was mainly due to increase in provision for non-performing advances by ₹2,098.97 million standard assets provision ₹139.45 million and provision for investments ₹107.26 million. Our provision coverage ratio increased from 57.57% as at March 31, 2018 to 65.30% as at March 31, 2019. Our gross NPA ratio decreased from 1.40% as at March 31, 2018 to 1.38% as at March 31, 2019, and our net NPA ratio decreased from 0.78% as at March 31, 2018 to 0.69% as at March 31, 2019.

Provision for tax (including deferred tax)

Provision for tax increased by 30.39% from ₹3,314.59 million in Fiscal 2018 to ₹4,322.01 million in Fiscal 2019. This was mainly due to higher profit before tax.

Net profit

As a result of the factors mentioned above, our net profits increased by 36.51% from ₹6,350.88 million in Fiscal 2018 to ₹8,669.51 million in Fiscal 2019.

Results for Fiscal 2018 compared with Fiscal 2017

Income

Our total income increased by 24.78% from ₹44,686.21 million in Fiscal 2017 to ₹55,757.54 million in Fiscal 2018. This was mainly due to an increase in interest from advances from ₹26,394.02 million in Fiscal 2017 to ₹34,308.97 million in Fiscal 2018, an increase in interest income on investments from ₹9,814.68 million in Fiscal 2017 to ₹9,981.69 million in Fiscal 2018 and an increase in other income (which includes fee income) from ₹7,554.63 million in Fiscal 2017 to ₹10,681.88 million in Fiscal 2018. The most significant item of our income in Fiscal 2018 and Fiscal 2017 was interest earned from advances.

Average advances of our Bank increased by 37.43% from ₹246,400.48 million in Fiscal 2017 to ₹338,624.47 million in Fiscal 2018. Average investments increased by 4.00% from ₹ 120,228.67 million in Fiscal 2017 to ₹ 125,034.64 million in Fiscal 2018.

Net Interest Income

The following table sets forth the main components of the Bank's net interest income for the periods indicated.

(₹ in millions)

Particulars	Fiscal 2017	Fiscal 2018	% Change
Interest income:			
Interest/discount on advances/bills	26,394.02	34,308.97	29.99%
Income on investments	9,814.68	9,981.69	1.70%
Interest on balance with RBI and other interbank funds	854.90	701.49	-17.95%
Others	67.98	83.51	22.84%
Total interest income	37,131.58	45,075.66	21.39%
Interest expense:			

Particulars	Fiscal 2017	Fiscal 2018	% Change
Interest on deposits	19,608.00	23,409.70	19.39%
Interest on RBI/inter-bank borrowings	1,333.20	840.84	-36.93%
Others	3,977.04	3,162.27	-20.49%
Total interest expense	24,918.24	27,412.81	10.01%
Net interest income	12,213.34	17,662.85	44.62%

Average assets (monthly average of total interest and non-interest bearing assets) of our Bank increased by 25.47% from ₹ 417,361.00 million in Fiscal 2017 to ₹ 523,655.25 million in Fiscal 2018. Average interest earning assets increased by 25.41% from ₹ 380,385.19 million in Fiscal 2017 to ₹ 477,044.94 million in Fiscal 2018.

Net interest income increased by 44.62% from ₹12,213.34 million in Fiscal 2017 to ₹17,662.85 million in Fiscal 2018. The net interest margin increased from 3.21% in Fiscal 2017 to 3.70% in Fiscal 2018.

Interest Income

Our interest income increased by 21.39% from ₹37,131.58 million in Fiscal 2017 to ₹45,075.66 million in Fiscal 2018.

Our interest income from advances increased by 29.99% from ₹26,394.02 million in Fiscal 2017 to ₹34,308.97 million in Fiscal 2018. This was mainly due to an increase of 37.43% in average advances from ₹246,400.48 million in Fiscal 2017 to ₹338,624.47 million in Fiscal 2018. Our average yield on advances decreased from 10.71% in Fiscal 2017 to 10.13% in Fiscal 2018. This was primarily due to a softening interest rate environment attributable to excess liquidity in the market, which adversely affected rates in our corporate lending business.

Our income on investments increased by 1.70% from ₹9,814.68 million in Fiscal 2017 to ₹9,981.69 million in Fiscal 2018. This was primarily due to an increase in average investments by 4.00% from ₹ 120,228.67 million in Fiscal 2017 to ₹ 125,034.64 million in Fiscal 2018. Our yield on investments decreased from 8.16% in Fiscal 2017 to 7.98% in Fiscal 2018, reflecting reduction in average interest rates during Fiscal 2018.

Our interest on balances with RBI and other inter-bank funds decreased by 17.95% from ₹854.90 million in Fiscal 2017 to ₹701.49 million in Fiscal 2018. This decrease was primarily due to a reduction in money market lending and interbank deposits during Fiscal 2018.

Other interest income increased by 22.84% from ₹67.98 million in Fiscal 2017 to ₹83.51 million in Fiscal 2018.

Interest Expense

Our interest expense increased by 10.01% from ₹24,918.24 million in Fiscal 2017 to ₹27,412.81 million in Fiscal 2018. The increase in interest expense was primarily due to an increase of 23.07% in average interest bearing liabilities from ₹ 335,228.70 million in Fiscal 2017 to ₹ 412,579.39 million in Fiscal 2018 while average cost of funds decreased from 7.43% in Fiscal 2017 to 6.64% in Fiscal 2018.

Our interest on deposits increased by 19.39% from ₹19,608.00 million in Fiscal 2017 to ₹23,409.70 million in Fiscal 2018. This was primarily due to an increase in average deposits (excluding current account) from ₹ 252,372.84 million to ₹ 332,541.65 million. The cost of interest bearing deposits decreased from 7.77% in Fiscal 2017 to 7.04% in Fiscal 2018.

Interest on RBI and inter-bank borrowings decreased by 36.93% from ₹1,333.20 million in Fiscal 2017 to ₹840.84 million in Fiscal 2018. Further, other interest expenditure decreased by 20.49% from ₹3,977.04 million in Fiscal 2017 to ₹3,162.27 million in Fiscal 2018. This was primarily due to decrease in total average borrowings by 3.40% from ₹82,855.86 million to ₹80,037.74 million.

For the reasons described above, our net interest income increased by 44.62% from ₹12,213.34 million in Fiscal 2017 to ₹17,662.85 million in Fiscal 2018.

Other Income

Our other income increased by 41.40% from ₹7,554.63 million in Fiscal 2017 to ₹10,681.88 million in Fiscal 2018.

The following table sets forth the components of our non-interest income for the periods indicated.

(₹ in millions)

Particulars	Fiscal 2017	Fiscal 2018	% Change
Commission, exchange and brokerage	4,912.49	7,225.91	47.09%
Profit/(Loss) on sale of investments (net)	1,189.11	1,665.39	40.05%
Profit (Loss) on sale of land, buildings and other assets (net)	7.67	0.85	-88.92%
Profit/(Loss) on exchange transactions (net)	1,238.12	1,511.16	22.05%
Miscellaneous income	207.24	278.57	34.42%
Total other income	7,554.63	10,681.88	41.40%

Our commission, exchange and brokerage income in Fiscal 2018 increased by 47.09% from ₹4,912.49 million in Fiscal 2017 to ₹7,225.91 million in Fiscal 2018. This was primarily due to an increase in credit card fee income.

Our profit on sales of investments in Fiscal 2018 increased by 40.05% from ₹1,189.11 million in Fiscal 2017 to ₹1,665.39 million in Fiscal 2018. This was primarily due to attractive opportunities available to us due to the softer interest rate environment in Fiscal 2018.

Our profit on exchange transactions in Fiscal 2018 increased by 22.05% from ₹1,238.12 million in Fiscal 2017 to ₹1,511.16 million in Fiscal 2018. This was primarily due to increase in foreign exchange turnover mainly driven by growth in forex sales.

Other miscellaneous income increased by 34.42% from ₹207.24 million in Fiscal 2017 to ₹278.57 million in Fiscal 2018.

Operating expenses

The following table sets forth the main components of the operating expenses for the periods indicated.

(₹ in millions)

Particulars	Fiscal 2017	Fiscal 2018	% Change
Payments to and provisions for employees	4,461.39	5,506.77	23.43%
Rent, taxes and lighting	957.55	1,197.23	25.03%
Printing and stationery	75.53	122.30	61.92%
Advertisement and publicity	180.00	160.32	-10.93%
Depreciation on banks property	615.05	869.56	41.38%
Directors' fees, allowances and expenses	8.22	8.68	5.60%
Auditors' fees and expenses (including branch auditors' fees and expenses)	5.52	8.67	57.07%
Law charges	62.90	66.96	6.45%
Postage, telegrams, telephones, etc.	130.03	203.61	56.59%
Repairs and maintenance	37.39	63.00	68.49%
Insurance	319.14	458.11	43.55%
Other operating expenditure	3,711.14	6,368.88	71.62%
Total operating expenses	10,563.86	15,034.09	42.32%

Our operating expenses increased by 42.32% from ₹10,563.86 million in Fiscal 2017 to ₹15,034.09 million in Fiscal 2018. This was mainly due to an increase in employee costs; an increase in depreciation; other operating expenditure (which includes expenses such as outsourcing expenses, commission expenses, professional fees, travel expenses); rent, taxes and lighting costs; and insurance costs.

There was a 23.43% increase in expenses related to payments and provisions for employees from ₹4,461.39 million in Fiscal 2017 to ₹5,506.77 million in Fiscal 2018. This was mainly due to an increase in number of employees by 398 (8.12% growth in Fiscal 2018 over Fiscal 2017) and salary revisions of employees.

Rent, taxes and lighting expenses increased by 25.03% from ₹957.55 million in Fiscal 2017 to ₹1,197.23 million in Fiscal 2018. Our expenses on printing and stationery increased by 61.92% from ₹75.53 million in Fiscal 2017 to ₹122.30 million in Fiscal 2018. These increases were mainly due to the opening of new branches and

administrative offices during Fiscal 2018.

Advertisement and publicity expenses decreased by 10.93% from ₹180.00 million in Fiscal 2017 to ₹160.32 million in Fiscal 2018

Depreciation increased by 41.38% from ₹615.05 million in Fiscal 2017 to ₹869.56 million in Fiscal 2018. This was mainly due to capitalization of fixed assets in branches and administrative offices as well as information technology systems.

Our expenses on law charges increased by 6.45% from ₹62.90 million in Fiscal 2017 to ₹66.96 million in Fiscal 2018. This was mainly due to higher legal costs on credit and recovery matters.

Postage, telegrams, telephones expenses increased by 56.59% from ₹130.03 million in Fiscal 2017 to ₹203.61 million in Fiscal 2018.

Repairs and maintenance expenses increased by 68.49% from ₹37.39 million in Fiscal 2017 to ₹63.00 million in Fiscal 2018

Insurance related expenses increased by 43.55% from ₹319.14 million in Fiscal 2017 to ₹458.11 million in Fiscal 2018. This was mainly due to increase in deposit insurance in line with deposits and employee related insurance with employee growth.

Other operating expenditure increased by 71.62% from ₹3,711.14 million in Fiscal 2017 to ₹6,368.88 million in Fiscal 2018. This was due to the increase in scale of retail assets business.

Provisions and contingencies (other than provision for tax)

Provisions and contingencies (other than provision for tax) increased by 52.57% from ₹2,389.23 million in Fiscal 2017 to ₹3,645.17 million in Fiscal 2018. This was mainly due to increase in provision for non-performing advances by ₹1,046.55 million standard assets provision decreased by ₹25.74 million and provision for investments increased by ₹72.45 million. Our provision coverage ratio decreased from 59.58% as at March 31, 2017 to 57.57% as at March 31, 2018. Our gross NPA ratio increased from 1.20% as at March 31, 2017 to 1.40% as at March 31, 2018, and our net NPA ratio increased from 0.64% as at March 31, 2017 to 0.78% as at March 31, 2018.

Provision for tax (including deferred tax)

Provision for tax increased by 40.78% from ₹2,354.42 million in Fiscal 2017 to ₹3,314.59 million in Fiscal 2018. This was mainly due to higher profit before tax.

Net profit

As a result of the factors mentioned above, our net profits increased by 42.38% from ₹4,460.46 million in Fiscal 2017 to ₹6,350.88 million in Fiscal 2018.

Financial Condition

As of March 31, 2017, 2018, and 2019 and September 30, 2019, our net worth (excluding revaluation reserves) was ₹43,346.08 million, ₹66,830.32 million, ₹75,464.05 million and ₹77,981.64 million, respectively.

Assets

The following table sets forth the principal components of the assets as of March 31, 2017, 2018, and 2019 and September 30, 2019.

<i>(₹ in millions)</i>							
Particulars	As of March 31, 2017	% Change	As of March 31, 2018	% Change	As of March 31, 2019	% Change	As of Sept. 30, 2019
Cash and balances with RBI	29,479.29	(12.16)	25,893.34	86.90	48,395.18	-24.43	36,569.82

Particulars	As of March 31, 2017	% Change	As of March 31, 2018	% Change	As of March 31, 2019	% Change	As of Sept. 30, 2019
Balance with banks and money at call and short notice	12,457.20	36.07	16,951.08	3.98	17,625.95	56.93	27,660.68
Investments	134,817.08	14.58	154,474.99	9.02	168,403.61	17.44	197,779.80
Advances	294,490.39	36.74	402,678.39	34.87	543,082.43	7.67	584,760.57
Fixed assets	2,587.08	29.10	3,340.01	20.50	4,024.79	12.67	4,534.89
Other assets	12,916.67	17.44	15,169.74	45.40	22,056.23	15.48	25,471.53
Total Assets	486,747.71	27.07	618,507.55	29.92	803,588.19	9.11	876,777.29

The following table sets forth, as of the dates indicated, a breakdown of our investment portfolio (net after reducing provision for credit loss and depreciation on investments).

(₹ in millions)

Particulars	As of March 31, 2017	As of March 31, 2018	As of March 31, 2019	As of Sept. 30, 2019
Government Securities	98,012.18	113,219.58	119,426.98	162,384.56
Shares	1,088.71	1,171.73	1,048.75	1,075.93
Debentures and Bonds	20,026.97	19,787.31	14,035.29	19,752.39
Subsidiaries and Joint Venture	-	505.05	952.36	952.36
Others	15,689.22	19,791.32	32,940.23	13,614.56
Total	134,817.08	154,474.99	168,403.61	197,779.80

Total assets increased by 9.11% from ₹803,588.19 million as of March 31, 2019 to ₹876,777.29 million as of September 30, 2019. This was primarily due to an increase in advances, balances with banks and money at call and short notice, and fixed assets and offset by a marginal decrease in cash and balances with RBI. Our advances increased by 7.67% from ₹543,082.43 million as of March 31, 2019 to ₹584,760.57 million as of September 30, 2019. Our investments increased by 17.44% from ₹168,403.61 million as of March 31, 2019 to ₹197,779.80 million as of September 30, 2019. Our fixed assets increased by 12.67% from ₹4,024.79 million as of March 31, 2019 to ₹4,534.89 million as of September 30, 2019. This was mainly due to capitalization of fixed assets in branches and administrative offices as well as information technology systems. Other assets increased by 15.48% from ₹22,056.23 million as of March 31, 2019 to ₹25,471.53 million as of September 30, 2019. Our cash and balances with RBI decreased by 24.43% from ₹48,395.18 million as of March 31, 2019 to ₹36,569.82 million as of September 30, 2019. Our balances with other banks and money at call and short notice increased by 56.93% from ₹17,625.95 million as of March 31, 2019 to ₹27,660.68 million as of September 30, 2019. This was primarily due to better liquidity position.

Total assets increased by 29.92% from ₹618,507.55 million as of March 31, 2018 to ₹803,588.19 million as of March 31, 2019. This was primarily due to an increase in advances, cash and bank balance with RBI, balances with banks and money at call and short notice, investments, other assets and fixed assets. Our advances increased by 34.87% from ₹402,678.39 million as of March 31, 2018 to ₹543,082.43 million as of March 31, 2019. Our investments increased by 9.02% from ₹154,474.99 million as of March 31, 2018 to ₹168,403.61 million as of March 31, 2019. Our fixed assets increased by 20.50% from ₹3,340.01 million as of March 31, 2018 to ₹4,024.79 million as of March 31, 2019. This was mainly due to capitalization of fixed assets in branches and administrative offices as well as information technology systems. Other assets increased by 45.40% from ₹15,169.74 million as of March 31, 2018 to ₹22,056.23 million as of March 31, 2019. Our cash and balances with RBI increased by 86.90% from ₹25,893.34 million as of March 31, 2018 to ₹48,395.18 million as of March 31, 2019. Our balances with other banks and money at call and short notice marginally increased by 3.98% from ₹16,951.08 million as of March 31, 2018 to ₹17,625.95 million as of March 31, 2019.

Total assets increased by 27.07% from ₹486,747.71 million as of March 31, 2017 to ₹618,507.55 million as of March 31, 2018. This was primarily due to an increase in advances, balances with banks and money at call and short notice, and fixed assets and offset by a marginal decrease in cash and balances with RBI. Our advances increased by 36.74% from ₹294,490.39 million as of March 31, 2017 to ₹402,678.39 million as of March 31, 2018. Our investments increased by 14.58% from ₹134,817.08 million as of March 31, 2017 to ₹154,474.99 million as of March 31, 2018. Our fixed assets increased by 29.10% from ₹2,587.08 million as of March 31, 2017 to ₹3,340.01 million as of March 31, 2018. This was mainly due to capitalization of fixed assets in branches and administrative offices as well as information technology systems. Other assets increased by 17.44% from ₹12,916.67 million as of March 31, 2017 to ₹15,169.74 million as of March 31, 2018. Our cash and balances with

RBI marginally decreased by 12.16% from ₹29,479.29 million as of March 31, 2017 to ₹25,893.34 million as of March 31, 2018. This was primarily due to lower repo lending. Our balances with other banks and money at call and short notice increased by 36.07% from ₹12,457.20 million as of March 31, 2017 to ₹16,951.08 million as of March 31, 2018. This was primarily due to better liquidity position.

Capital and Liabilities

The following table sets forth the principal components of capital and liabilities as of March 31, 2017, 2018, and 2019 and September 30, 2019.

(₹ in millions)

Particulars	As of March 31, 2017	% Change	As of March 31, 2018	% Change	As of March 31, 2019	% Change	As of Sept. 30, 2019
Share capital (A)	3,752.03	11.85	4,196.68	1.68	4,267.10	0.91	4,305.89
Reserves and surplus (B)	39,603.72	58.17	62,643.04	13.67	71,206.10	3.48	73,684.78
Shareholders' funds (A+B)	43,355.75	54.17	66,839.72	12.92	75,473.20	3.34	77,990.67
Deposits	345,880.91	26.93	439,022.64	33.01	583,944.16	7.59	628,291.33
Borrowings	79,797.57	16.06	92,614.40	27.76	118,320.65	17.93	139,531.85
Other liabilities and provisions	17,713.48	13.11	20,030.79	29.05	25,850.18	19.78	30,963.44
Total liabilities and shareholders' funds	486,747.71	27.07	618,507.55	29.92	803,588.19	9.11	876,777.29

Total shareholders' funds increased by 3.34% from ₹75,473.20 million as of March 31, 2019 to ₹77,990.67 million as of September 30, 2019. This was mainly due to profit accretion.

Deposits increased by 7.59% from ₹583,944.16 million as of March 31, 2019 to ₹628,291.33 million as of September 30, 2019. This was mainly due to general increase in business volume.

Borrowings increased by 17.93% from ₹118,320.65 million as of March 31, 2019 to ₹139,531.85 million as of September 30, 2019. This was mainly due to general increase in business volume.

Total shareholders' funds increased by 12.92% from ₹66,839.72 million as of March 31, 2018 to ₹75,473.20 million as of March 31, 2019. This was mainly due to profit accretion for fiscal year 2019.

Deposits increased by 33.01% from ₹439,022.64 million as of March 31, 2018 to ₹583,944.16 million as of March 31, 2019. This was mainly due to general increase in business volume

Borrowings increased by 27.76% from ₹92,614.40 million as of March 31, 2018 to ₹118,320.65 million as of March 31, 2019. This was mainly due to general increase in business volume

Total shareholders' funds increased by 54.17% from ₹43,355.75 million as of March 31, 2017 to ₹66,839.72 million as of March 31, 2018. This was mainly due to new capital infusion of Rs. 16,800 million and profit accretion for fiscal 2018 .

Deposits increased by 26.93% from ₹345,880.91 million as of March 31, 2017 to ₹439,022.64 million as of March 31, 2018.

Borrowings increased by 16.06% from ₹79,797.57 million as of March 31, 2017 to ₹92,614.40 million as of March 31, 2018.

Liquidity and Capital Resources

Cash Flows

The following table sets forth our cash flows for Fiscal 2017, Fiscal 2018, Fiscal 2019, Half Year 2019 and Half Year 2020.

(₹ in millions)

Particulars	Fiscal 2017	Fiscal 2018	Fiscal 2019	Half Year 2018	Half Year 2019
Cash Flow from Operating Activities	34,336.48	(25,278.06)	(308.90)	3,703.85	(20,769.93)
Cash Flow from Investing Activities	(1,421.78)	(1,621.90)	(1,904.11)	(1,214.87)	(1,158.16)
Cash Flow from Financing Activities	(16,561.41)	29,947.93	25,666.45	3,080.61	20,499.06
Increase/Decrease during the Year	16,353.29	3,047.97	23,453.44	5,569.59	(1,429.03)
Opening Cash and Cash Equivalents	15,311.12	31,664.41	34,712.38	34,712.38	58,165.82
Closing Cash and Cash Equivalents	31,664.41	34,712.38	58,165.82	40,281.97	56,736.79

We need cash primarily to finance lending to new and existing borrowers and to meet working capital requirements. We fund these requirements through a variety of sources, including deposits, short-term borrowings and long-term borrowings, such as refinancing from financial institutions and banks and equity issuances.

Operating Activities

In Half Year Fiscal 2019, we had net cash generated from operating activities of ₹3,703.85 million, and in Half Year Fiscal 2020, we had net cash used from operating activities of ₹20,769.93 million, respectively. In Fiscal 2017, we had net cash generated from operating activities of ₹34,336.48 million, and in Fiscal 2018 and Fiscal 2019, we had net cash used from operating activities of ₹25,278.06 million and ₹308.90 million, respectively.

We derive our cash inflows from operating activities principally from net proceeds from deposits, the receipt of interest income and other income, including fee income, sale of investments, as well as profit from exchange transactions and miscellaneous income. Our cash outflow from operating activities principally comprises of the disbursement of loans to customers, the funding of investments, placements with RBI, the payment of interest on deposits and borrowings and general operating expenses.

Investing Activities

We used net cash from investing activities of ₹1,214.87 million and ₹1,158.16 million in Half Year Fiscal 2019 and Half Year 2020, respectively. We increased the amount of fixed asset purchases in the Half Year Fiscal 2019 in the ordinary course of our business in connection with capitalization of fixed assets in branches and administrative offices.

We used net cash in investing activities of ₹1,421.78 million, ₹1,621.90 million and ₹1,904.11 million in Fiscal 2017, Fiscal 2018 and Fiscal 2019, respectively. We increased the amount of fixed asset purchases in the Fiscal 2017, Fiscal 2018 and Fiscal 2019 in the ordinary course of our business in connection with capitalization of fixed assets in branches and administrative offices.

Financing Activities

We had net cash generated from financing activities of ₹3,080.61 million in Half Year Fiscal 2019 and ₹20,499.06 million in Half Year Fiscal 2020. The main use of cash for financing activities during these periods was for payment of dividends to shareholders and repayments of borrowings in normal course of business. In Half Year Fiscal 2019 and Half Year Fiscal 2020, our financing activities included borrowings and refinancing from banks and other institutions and allotment to employees on exercise of employee stock options.

We had net cash used from financing activities of ₹16,561.41 million in Fiscal 2017, and net cash generated from financing activities of ₹29,947.93 million in Fiscal 2018 and ₹25,666.45 million in Fiscal 2019. The main use of cash for financing activities during the three Fiscals was for payment of dividends to shareholders and repayments of borrowings in normal course of business. In Fiscal 2017, Fiscal 2018 and Fiscal 2019, our financing activities included borrowings and refinancing from banks and other institutions and allotment to employees on exercise of employee stock options and capital infusion from initial public offering of the bank and subsequent raise through preferential issue.

Liquidity

We regularly monitor our funding levels to ensure we are able to satisfy the requirements of our loan disbursements and those that would arise upon maturity of our liabilities. Further, since we are regulated by RBI, we need to comply with various liquidity guidelines and ratios as prescribed by RBI from time to time. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by deposits and borrowings from banks and financial institutions, deposits from customers and retained earnings. Surplus funds, if any, are invested in accordance with our Investment Policy.

In addition, we monitor and manage our asset-liability gap with respect to our maturing assets and liabilities. As of March 31, 2019, our liabilities in the nature of deposits, borrowing and foreign currency liabilities maturing within 30 days exceeded our assets in the nature of advances, investments (based on contractual residual maturity*) and foreign currency assets maturing within the same period by ₹11,377.33 million. Our liabilities maturing between 31 days to one year exceeded our assets maturing in the same period by ₹58,476.78 million. Our assets maturing between one and three years exceeded our liabilities maturing during the same period by ₹14,023.12 million. Our assets maturing between three and five years exceeded our liabilities maturing during the same period by ₹15,735.67 million. Our assets maturing over five years exceeded our liabilities maturing within the same period by ₹57,229.59 million.

** For the purpose of liquidity management, investments in dated securities are generally bucketed as per respective maturity, except for the minimum required SLR investments which are bucketed as per the Demand and Time Liabilities profile in various time buckets and excess SLR investments are bucketed on the next day. Bucketing of other investments also follows the RBI guidelines in this regard.*

For further information, please see the section titled “Selected Statistical Information” on page 46.

Qualitative Disclosure about Risk and Risk Management

Interest Rate Risk

Since we have a substantial portion of floating rate Rupee assets and fixed-rate liabilities, movements in domestic interest rates constitute the main source of interest rate risk. Similarly, concentration of deposits and low average maturity of deposits pose interest rate and liquidity risks. We assess and manage the interest rate risk on our balance sheet through the process of asset-liability management. An asset liability management policy, which has been approved and adopted by our Asset Liability Management Committee, sets forth the broad guidelines for asset liability management activities. The asset liability management function categorizes all rate sensitive assets and liabilities into various time period categories according to interest rate sensitivity. We follow RBI guidelines for managing our asset and liability position. Our cost of borrowings has been and will be negatively impacted by an increase in interest rates. Exposure to fluctuations in interest rates is measured primarily by way of gap analysis, providing a static view of the maturity profile of our assets and liabilities. An interest rate sensitivity report is prepared by classifying all assets and liabilities into various categories according to interest rate sensitivity for reporting on a monthly basis to the Asset Liability Management Committee, our Board of Directors and RBI. The difference between the amounts of assets and liabilities maturing in any maturity category provides a measure of the extent to which we are exposed to the risk of potential changes in the margins on assets and liabilities. RBI has also prescribed other approaches and ratios to monitor interest rate risk like Market Value of Equity ‘MVE’, Stress Tests, Duration Gap approach, Interest Rate Risk on banking book, etc., with which we comply.

Our Asset Liability Management Committee meets at least once every month and reviews the interest rate and liquidity gap positions on the book, formulates a view on interest rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, in light of the then-current and expected business environment.

Liquidity Risk

Liquidity risk arises from the absence of liquid resources, when funding loans, and repaying deposits and borrowings. This could be due to our inability to raise adequate resources at an appropriate price. This risk is minimized through a mix of strategies, including increasing current account and savings deposits and following

a forward-looking borrowing program based on projected loans and maturing obligations.

We monitor liquidity risk through our asset liability management function aided by liquidity gap reports. This involves the categorization of all assets and liabilities in different maturity profiles and evaluating them for any mismatches in any particular maturities, especially in the short term. The asset liability management policy is based on RBI guidelines and our Asset Liability Management Committee's guidelines and establishes the maximum allowed mismatches in the various maturities. We also comply with various other guidelines on liquidity risk issued by RBI from time to time.

Exchange Rate Risk

The majority of our assets are financed in Rupees and, therefore, we do not have any significant exchange rate risk on our asset portfolio. We have some borrowings in foreign currency, mainly in U.S. Dollars. Generally, we do not directly hedge exposures individually, though we manage our foreign currency positions on a portfolio basis. As a financial intermediary, we are exposed to exchange rate risk on our merchant and proprietary transactions, which we manage through methods such as maintaining limits on uncovered positions specified by our board of directors. Some of these transactions also result in credit exposure on counterparties, which is managed through our credit risk management processes. Notwithstanding the above, changes in exchange rates, including between the Rupee and the U.S. Dollar or any other foreign currency, can affect the general economy, which could have an adverse impact on our business.

Off Balance Sheet Arrangements and Financial Instruments

Please see Schedule 12 of our Financial Statements for details of off balance sheet arrangements and financial instruments.

Related Party Transactions

The related parties have been considered in accordance with Accounting Standard 18 as issued by the Institute of Chartered Accountants of India and include the key management personnel (Managing Director and Chief Executive Officer and Executive Director), relatives of the key management personnel and RBL Finservice.

Capital Adequacy

We are subject to the capital adequacy requirements of RBI. As per capital adequacy guidelines under Basel III framework, as of March 31, 2019, we are required to maintain a minimum capital adequacy ratio of 11.50% (including 2.50% of Capital Conservation Buffer (CB)), with minimum Common Equity Tier I (CET I) CAR of 5.50% (8.00% including CB). These guidelines on Basel III framework are to be implemented in a phased manner.

Our capital adequacy ratios are as follows:

	As of March 31,			As of September 30,	
	2017	2018	2019	2018	2019
(Basel III)					
Common Equity Tier I (CET I)	42,309.51	65,440.16	72,101.42	66,152.34	72,712.42
Tier I capital	42,309.51	65,440.16	72,101.42	66,152.34	72,712.42
Tier II capital	8,665.22	8,258.00	8,138.13	7,121.36	6,852.19
Total capital (TC = Tier 1 + Tier 2)	50,974.73	73,698.16	80,239.55	73,273.70	79,564.61
Total RWA	371,625.19	480,785.69	596,070.91	558,666.18	669,758.40
Capital to risk assets ratios ("CRAR")					
Capital adequacy ratio ("CAR") (%)	13.72%	15.33%	13.46%	13.12%	11.88%
CAR – Tier I capital (%)	11.39%	13.61%	12.10%	11.84%	10.86%
CAR – Tier II capital (%)	2.33%	1.72%	1.36%	1.28%	1.02%

(₹ in millions)

Material Developments

In the opinion of our board of directors, other than as described in this Placement Document, there has not arisen, since September 30, 2019, any circumstances that materially and adversely affect the profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

Except as stated elsewhere in this Placement Document, there are no subsequent developments after September 30, 2019, that we believe are expected to have material impact on our reserves, profits, earnings per share or book value.

Pursuant to its resolution dated November 30, 2019 read with resolution dated December 1, 2019, the Board has approved a preferential issue by way of private placement of up to (i) 4,402,700 Equity Shares to East Bridge Capital Master Fund I Ltd; (ii) 2,527,140 Equity Shares to FEG Mauritius FPI Limited; (iii) 6,310,530 Equity Shares to Ishana Capital Master Fund; (iv) 6,595,240 Equity Shares to WF Asian Reconnaissance Fund Limited; and (v) subject to seeking clarification cum guidance and/or approval from the Stock Exchanges and/or regulatory authorities including SEBI, 4,402,700 Equity Shares to Bajaj Finance Limited, in accordance with Section 42 of the Companies Act, 2013 and Chapter V of the SEBI ICDR Regulations and subject to approval of the Shareholders at the extra-ordinary general meeting scheduled to be held on December 27, 2019. Subsequently, Bajaj Finance Limited by its letter dated December 5, 2019, has informed about their decision not to participate in the preferential issue as obtaining regulatory approvals by the Bank with respect to certain provision of SEBI ICDR Regulations did not appear feasible within the stipulated timeline. The issue price of the Equity Shares in the aforesaid preferential issue is ₹340.70 per Equity Share, in accordance with Chapter V of the SEBI ICDR Regulations.

Qualifications, Reservations and Adverse Remarks

There are no qualifications, reservations or adverse remarks in the Bank's Audited Standalone Financial Statements and Audited Consolidated Financial Statements for the last five fiscal years.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, the Banking Regulation Act, the SEBI Listing Regulations and our Articles of Association. The general supervision, direction and management of our Bank, its operations and business are vested in the Board, which exercises its power subject to the Articles of Association of our Bank and the requirements of the applicable laws. In terms of Companies Act, 2013, the Banking Regulation Act, read with Articles of Association of our Bank, the number of Directors in our Bank shall be not less than three and not more than 15. However, our Bank may appoint more than 15 Directors if approved by our Shareholders pursuant to a special resolution in a general meeting. A director appointed by RBI will not be counted for determining the maximum strength of the board as per Section 36AB of the Banking Regulation Act and hence will be excluded for determining the maximum number of Directors on our Board.

The Banking Regulation Act and RBI notification dated November 24, 2016 requires that at least 51% of directors shall have specialised knowledge or practical experience in one or more of the following areas: accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry, information technology, core industries, infrastructure sector, payment and settlement systems, human resources, risk management and business management and any other matter specialist knowledge of and practical experience in, would, in the opinion of RBI, be useful to the banking company of which no fewer than two directors are required to have specialised knowledge or practical experience in agriculture and rural economy, corporation or small scale industry.

Further, under the Banking Regulation Act, the appointment or re-appointment of a part-time chairman and whole-time directors shall require the approval of RBI. RBI has also prescribed “fit and proper” criteria to be considered when appointing directors of banks. Our Directors are required to make declarations confirming their on-going compliance with such criteria.

As on date of this Placement Document, our Board is in compliance with the Companies Act, Banking Regulation Act and the SEBI Listing Regulations.

As on the date of this Placement Document, our Bank has nine Directors. Out of the nine Directors, two are Executive Directors, two are Non-Executive Directors and five are Non-Executive and Independent Directors. The Chairman of our Board is a Non-Executive and Independent Director.

The following table sets forth details regarding the Board as on the date of this Placement Document:

Name, term, occupation and nationality	Age	Designation	DIN	Address
Prakash Chandra Term: Five years with effect from January 25, 2016 Chairman: Two years with effect from May 20, 2018 Nationality: Indian Occupation: Service (retired)	68	Non-Executive and Independent Director and Non-Executive Part-time Chairman	02839303	B-53, Sector 39, Gautam Budh Nagar, Noida 201 301, Uttar Pradesh, India
Vishwvir Ahuja Term: Three years with effect from June 30, 2018 Nationality: Indian Occupation: Commercial banker	59	Managing Director and CEO	00074994	191, Silver Arch, 66, Nepean Sea Road, Mumbai 400 006, Maharashtra, India

Name, term, occupation and nationality	Age	Designation	DIN	Address
Rajeev Ahuja Term: Three years with effect from February 21, 2017 (liable to retire by rotation) Nationality: Indian Occupation: Service	55	Executive Director	00003545	B-3501, 35th Floor, Lodha Bellissimo, N.M. Joshi Marg, Mahalaxmi, Mumbai 400 005, Maharashtra, India
Ishan Raina Term: Five years with effect from September 6, 2016 Nationality: Indian Occupation: Service	61	Non-Executive and Independent Director	00151951	Flat 7-A&B, Naples, 9, Sobhani Road, Colaba, Mumbai 400 005, Maharashtra, India
Palepu Sudhir Rao Term: From August 26, 2019 till January 29, 2020 Nationality: Indian Occupation: Service	58	Non-Executive and Independent Director	00018213	A -10 Epsilon Yemalur Road, off Hal Airport Report, Bengaluru, South, Karnataka 560 037, India
Sivanandhan Dhanushkodi Term: From August 26, 2019 till January 29, 2020 Nationality: Indian Occupation: Service	68	Non-Executive and Independent Director	03607203	1803, B Wing, Ashok Towers, Dr. Ambedkar Road, Parel, Mumbai 400 012, Maharashtra, India
Ranjana Agarwal Term: Five years from November 30, 2019* Nationality: Indian Occupation: Chartered Accountant	63	Non-Executive Additional Independent Director*	03340032	C-62, South Extension, Part-II New Delhi 110 049, India
Vijay Mahajan Term: Liable to retire by rotation Nationality: Indian Occupation: Social entrepreneur	65	Non-Executive and Non-Independent Director	00038794	89, Villa Greens, Gandipet, Hyderabad 500 075, Telangana, India
Veena Mankar Term: From October 22, 2019 till the ensuing AGM of our Bank Nationality: Indian Occupation: Banking and financial services/ agriculture and rural economy	66	Non-Executive and Non-Independent Additional Director*	00004168	801, Park Heights, 10th Road, Near Madhu Park, Khar West, Mumbai 400 052, Maharashtra, India

Name, term, occupation and nationality (including financial inclusion)	Age	Designation	DIN	Address

* Subject to approval of the Shareholders.

Brief biographies of the Directors

Prakash Chandra is the Non-Executive and Independent Director and Non-Executive Part-time Chairman of our Bank. He holds a bachelor's degree in law from the University of Allahabad and a diploma in development policy from the University of Glasgow. He is currently practising as a lawyer with focus on taxation matters and is a member of the Delhi Bar Association. He was previously a member of the Indian Revenue Service and retired as member/chairman of the Central Board of Direct Taxes on July 31, 2011. He has over 40 years of experience in the field of taxation. He has been a Director of our Bank since January 25, 2016.

Vishwavir Ahuja is the Managing Director and CEO of our Bank. He has about 38 years of experience in the banking and financial services sector. Previously he was the managing director and country executive officer of Bank of America for the Indian sub-continent. He was also awarded with the Rotary Foundation Educational Award for the year 1981-82 to pursue his study at Wayne State University, Michigan, USA.

He is also on the board of governors of the Infinity Business School and chairman of the American Chambers of Commerce in India. He is currently a member of the board of governors of the Indian Institute of Management, Kashipur, Infinity Business School, Gurgaon, and a founder member of Ashoka University, Sonipat. He has been associated with our Bank as a Director since February 23, 2010 and has been our Managing Director and CEO since June 3, 2010.

Rajeev Ahuja is an Executive Director of our Bank. He holds a bachelor's degree in commerce from the Delhi University and a postgraduate diploma in management from the Indian Institute of Management, Ahmedabad. He has about 33 years of experience in investment banking and financial markets. Prior to joining our Bank, he was associated with Citibank India, Bank of America, India and the capital markets and investment banking divisions of the Bankers Trust Company, Hong Kong and Deutsche Bank, Singapore. He has been on the board of our Bank since February 21, 2017.

Ishan Raina is a Non-Executive and Independent Director of our Bank. He holds a bachelor's degree in commerce (honours) from the University of Delhi, a diploma in international law and diplomacy from the Indian Academy of International Law and Diplomacy and a post graduate diploma in management from the Indian Institute of Management, Calcutta. He was associated with Out-of-Home Media (India) Private Limited as its managing director and chief executive officer. He started his advertising career as an executive with Lintas India Limited and was subsequently Executive Director of Contract Advertising (India) Limited. He has over three decades of experience in the field of advertising, branding, and media. He has been a Director of our Bank since April 30, 2016.

Palepu Sudhir Rao is a Non-Executive and Independent Director of our Bank. He is a founder of IndusAge Advisors Limited, an enterprise development advisory services organization. He is currently associated with a number of corporates in India, including as a director on the board of Aditya Birla Money Limited and Radhakrishna Foodland Private Limited. He has been a Director of our Bank since January 30, 2012.

Sivanandhan Dhanushkodi is a Non-Executive and Independent Director of our Bank. He is a retired Indian Police Service officer. He was previously the director general of police of the State of Maharashtra. He has been a Director of our Bank since December 18, 2012.

Ranjana Agarwal is an Additional Independent Director of our Bank. She holds a bachelor's degree in arts from the University of Delhi and is a member of the Institute of Chartered Accountants of India. She is currently on the board of ICRA Limited, KDDL Limited, Indo Rama Synthetics (India) Limited, UGRO Capital Limited and a partner at Vaish and Associates, chartered accountants. She has been appointed on our board on November 30, 2019.

Vijay Mahajan is a Non-Executive and Non-Independent Director of our Bank. He holds a bachelor's degree in engineering from the Indian Institute of Technology, Delhi. He has a master's degree in management from the Indian Institute of Management, Ahmedabad. He has experience in the fields of finance, financial rural

development and financial inclusion. He has been a Director of our Bank since April 27, 2018.

Veena Mankar is a Non-Executive and Non-Independent Additional Director of our Bank. She holds a bachelor's degree in economics from the Lady Shree Ram College, University of Delhi and a post graduate diploma in business administration from the Indian Institute of Management, Ahmedabad. She is the non-executive chairperson of RBL Finserve Limited and is also on the board of IDFC Foundation. She has previously served as a director on the board of Liberty General Insurance Limited. She is also the founder of Swadhaar FinServe Private Limited (now our Subsidiary and renamed to RBL Finserve Limited) and is a director in Swadhaar FinAccess. She has been a Director of our Bank since October 22, 2019.

Terms of appointment and remuneration of our Executive Directors

Vishwavir Ahuja

Pursuant to the resolution of the Shareholders' dated July 9, 2019, and as approved by RBI by its letter dated August 21, 2019, the terms of appointment of Vishwavir Ahuja with effect from June 30, 2019 are as below:

Sr. No.	Category	Remuneration
1.	Salary	₹17.48 million per annum including a base salary of ₹16.2 million per annum and cash allowances/ medical benefits of ₹1.28 million per annum including medical expenses;
2.	Perquisites and other benefits	(i) House rent allowance/ free furnished house – free furnished accommodation in south/ mid-town Mumbai; (ii) Use of bank car – free use of the Bank's car with driver for official purposes and private use as per the Bank's policy; (iii) Contribution to provident fund of ₹1.62 million per annum (10% of base salary) gratuity: ₹0.78 million per annum (4.81% of base salary); (iv) Insurance cover – (a) group personal accident of ₹20 million; (b) group medical cover of ₹0.5 million and group term life of ₹10 million (v) Leave fare concession- ₹0.1 million per annum (as per the Bank's policy for the grade) (vi) Entertainment expenses – reimbursement of entertainment expenses incurred on production of bills of which ₹500 per entertainment to be reimbursed on the Managing Director's own certificate. Entrance fees / subscription to two clubs. (vii) Travelling and halting allowance – As per the Bank's policy

Further, in terms of approval of RBI by its the letter dated August 21, 2019, Vishwavir Ahuja is entitled to 1.20 million stock options under the ESOP 2018 at an issue price of ₹511.90 per Equity Share, effective from September 30, 2019 with a four year vesting period, respectively.

Rajeev Ahuja

Pursuant to the resolution of the Shareholders' dated July 9, 2019, and as approved by RBI by its letter dated May 24, 2019, the terms of appointment of Rajeev Ahuja with effect from June 30, 2019 are as below:

Sr. No.	Category	Remuneration
1.	Salary	₹11.9 million per annum including a base salary of ₹8.6 million per annum and cash allowances/ medical benefits of ₹3.3 million per annum including medical expenses;
2.	Perquisites and other benefits	(i) House rent allowance/ free furnished house – up to ₹5.16 million per annum (up to 60% of the base salary); (ii) Use of Bank car – free use of the Bank's car with driver for official purposes and private use as per the Bank's policy; (iii) Contribution to provident fund of ₹0.9 million per annum (10% of proposed base salary as per the Bank's policy applicable) gratuity: ₹0.4 million per annum (4.81% of the proposed base salary) (iv) Insurance cover – (a) group personal accident: ₹10 million; (b) group medical cover: ₹0.45 million; (c) group term life: ₹5 million; (v) Leave fare concession- ₹0.12 per annum, as per the Bank's policy for the grade (vi) Entertainment expenses – reimbursement of entertainment expenses incurred on production of bills. Entrance fees/ subscription to one club. (vii) Travelling and halting allowance – As per the Bank's policy

Further, in terms of approval of RBI by its letter dated February 28, 2019, Rajeev Ahuja is entitled to 0.90 million stock options under the ESOP 2018 at an issue price of ₹511.90 per Equity Share, effective from September 30, 2019 with a four year vesting period, respectively.

Compensation of our Executive Directors

The table below sets forth the details of the remuneration (including salaries and perquisites, as applicable) paid/ provided for, to the Executive Directors for the six months period ending September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017:

(in ₹ million)				
Name	For the six months period ending September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017
Vishwavir Ahuja	16.64	23.21	23.22	17.17
Rajeev Ahuja	9.13	21.86	19.73	2.01*

*The remuneration of Rajeev Ahuja is with effect from his date of appointment as an Executive Director i.e. February 21, 2017

Compensation of our Non-Executive Directors and Independent Directors

Pursuant to the resolution dated April 17-18, 2019 of the Board, our Non-Executive Directors and Independent Directors are entitled to sitting fee for attending each meeting of the Board and its committees of our Bank as below:

(in ₹ million)	
Meeting	Sitting fee
Board meeting	0.10
Audit Committee meeting	0.05

Meeting	Sitting fee
Risk Management Committee meeting	0.05
Board Investment and Credit Committee meetings	0.02
Other Board committee meetings	0.03

Further, no sitting fees is paid to our Non-Executive Directors who join meetings through video conferences or audio calls.

Further, pursuant to the resolution dated April 17-18, 2019 of the Board and special resolution dated August 4, 2017 of the Shareholders, Non-Executive Directors (excluding Non-Executive Part-time Chairman) are entitled to profit linked commission calculated on the basis of percentage of attendance.

The following table sets forth the sitting fees and commission paid by our Bank to our existing Non-Executive Directors and Independent Directors, as applicable, for the six months period ending September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017:

(in ₹ million)

Name	For the six months period ending September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017
	Sitting fees	Commission [#]	Sitting fees	Commission [#]	Sitting fees	Commission [#]	Sitting fees
Prakash Chandra	0.68	-	1.03	0.50	1.00	-	0.69
Ishan Raina	0.60	0.75	0.68	0.50	0.78	-	0.55
Palepu Sudhir Rao	0.712	0.75	0.76	0.50	1.1	-	0.80
Vijay Mahajan	0.33	-	0.1	-	-	-	-
Sivanandhan Dhanushkodi	0.53	0.75	0.90	0.30	0.80	-	0.61
Veena Mankar	-	-	-	-	-	-	-
Ranjana Agarwal	-	-	-	-	-	-	-

[#]Commission for the respective financial year is paid in the subsequent financial year post approval of the annual financial statements by the Shareholders. Accordingly, this figure represents the commission payable from the preceding Fiscal.

In terms of resolution dated April 27, 2018 of the Board of Directors, Prakash Chandra is entitled to receive an honourarium of ₹ 1.5 million per annum to be paid in lump sum at the end of the financial year upon appointment as the Non-executive Part-time Chairman. Prakash Chandra, as the Non-Executive Part-time Chairman, received an honourarium of ₹1.29 million in terms approval of RBI by its letter dated July 24, 2018.

Relationship between Directors

None of the Directors of our Bank are related to each other:

Borrowing powers of the Board

In accordance with the Articles of Association and subject to the provisions of the Companies Act, 2013, the Board may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, borrow any sum of money for the purpose of our Bank and the Board may secure repayment of such money in such manner and upon such terms and conditions in all respects as it thinks fit. Pursuant to a resolution of the Shareholders dated July 9, 2019, the Board is authorised to borrow from time to time any sums of money, which together with money already borrowed by our Bank may exceed the aggregate of the paid-up share capital and free reserves of our Bank, provided that the total amount borrowed and outstanding at any point of time shall not exceed ₹220,000 million.

Interest of our Directors

Except as stated below and in “Related Party Transactions” on page 116, our Directors do not have any other interest in our Bank or its business other than to the extent of their shareholding, remuneration, commission, sitting fees, reimbursement of expenses and other benefits to which they are entitled as per their terms of appointment.

Our Directors may also be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them.

Our Executive Directors and Non-Executive may also be deemed to be interested to the extent of stock options granted to them by the Bank.

For details of the Equity Shares held by our Directors, see “ – *Shareholding of Directors*” on page 216.

Our Non-Executive Directors and Independent Directors may also be deemed to be interested to the extent of sitting fees and commission payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other reimbursement of expenses payable to them.

Our Directors may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by our Bank with any company in which they hold directorships or any partnership firm in which they are partners or any entity in which they have interest.

Vishwavir Ahuja, our Managing Director and CEO has been granted a housing loan by our Bank which has been approved by the Reserve Bank of India, which is currently outstanding, as below:

(in ₹ million)

Name of Director	Nature of Loan	Principal amount outstanding as on September 30, 2019
Vishwavir Ahuja	Housing Loan	5.27

For further details, see “*Related Parties Transactions*” on page 116.

Shareholding of Directors

As on the date of this Placement Document, our Directors hold the following number of Equity Shares:

Sr No	Director	Number of Equity Shares	Percent of the issued and paid-up Equity Share capital (in %)
1.	Vishwavir Ahuja	10,077,900	2.34
2.	Rajeev Ahuja	4,926,127	1.14
3.	Vijay Mahajan	50,000	0.01
4.	Ranjana Agarwal	17,118	Negligible
5.	Ishan Raina	1,386	Negligible
6.	Prakash Chandra	565	Negligible
7.	Palepu Sudhir Rao	500	Negligible
8.	Sivanandhan Dhanushkodi	500	Negligible

Bonus or profit sharing plan of the Directors

Except as disclosed in “ – *Terms of appointment and remuneration of our Executive Directors*” on page 213, our Bank does not have any bonus or profit sharing plan with the Directors.

Prohibition by SEBI or other governmental authorities

None of our Directors or the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital markets under any order or direction passed by SEBI or any other governmental authority.

Disclosures pertaining to wilful defaulters and fugitive economic offender

Neither our Bank, nor our Directors have been identified as wilful defaulters as defined under SEBI ICDR Regulations, except as below:

S No.	Particulars	Details
1.	Name of the company declared as a wilful defaulter in which the person was a Non-Executive Director and Nominee Director respectively.	1. Primus Retail Private Limited (“ PRPL ”) (where Mr. Palepu Sudhir Rao was a non-executive director); and 2. ExpressIT Logistics Worldwide Limited (“ ELWL ”) (where Mr. Palepu Sudhir Rao was a nominee director)
2.	Name of the bank declaring the person as a wilful defaulter	1. Andhra Bank (“ Andhra Bank ”) in respect to loans availed by PRPL; 2. Axis Bank Limited (“ Axis Bank ”) and Small Industries Development Bank of India (“ SIDBI ”) in respect to loans availed by ELWL.
3.	Year in which the person was declared as a wilful defaulter	December 31, 2013 (first date of declaration)
4.	Outstanding amount when the person was declared as a wilful defaulter	1. Andhra Bank: ₹67.3 million; 2. Axis Bank: ₹60.6 million; and 3. SIDBI: ₹30.0 million
5.	Steps taken, if any, by the person for removal of the person’s name from the list of wilful defaulters	Palepu Sudhir Rao had resigned from ELWL with effect from May 24, 2013, which is prior to the date of default. However, ELWL has not filed the required e-form for his resignation with MCA. Andhra Bank vide its letter dated August 2, 2018 has confirmed that there are no dues and liability against Palepu Sudhir Rao as guarantor and director of PRPL As PRPL and ELWL are under liquidation, filing of resignation from the respective post of directorship is not being allowed by the MCA.
6.	Other disclosures, as deemed fit by the issuer, in order to enable investors to take an informed decision	Since PRPL and ELWL are under liquidation, the financial statements or annual returns for these companies have not been filed with MCA.
7.	Any other disclosure as specified by the Board	-

None of our Directors have been declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.

Corporate Governance

As on the date of this Placement Document, our Bank has nine Directors. Out of the nine Directors, two are Executive Directors, two are Non-Executive Directors and five are Non-Executive and Independent Directors. The Chairman of our Board is a Non-Executive and Independent Director.

As on date of this Placement Document, our Bank is in compliance with the requirements of the Banking Regulation Act, SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance relating to constitution of our Board and committees thereof, as applicable. The corporate governance framework is based on an effective independent Board, separation of our Board’s supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board functions either as a full board or through various committees constituted to oversee specific functions. Our Bank’s Executive Management Committee (which comprises of our Bank’s senior management personnel) provides our Board with detailed reports on its performance periodically.

Committees of the Board of Directors

In accordance with the provisions of the Companies Act and the SEBI Listing Regulations, the Board has constituted the following statutory committees: (i) Audit Committee; (ii) Human Resource and Remuneration Committee; (iii) Stakeholders’ Relations Committee; (iv) Nomination Committee; (v) Corporate Social

Responsibility Committee; and (vi) Risk Management Committee.

The following table sets forth the members of the aforesaid committees as of the date of this Placement Document:

Sr. No.	Name of the committee	Members
1.	Audit Committee	(i) Prakash Chandra, Chairman (ii) Palepu Sudhir Rao (iii) Sivanandhan Dhanushkodi
2.	Human Resource and Remuneration Committee	(i) Palepu Sudhir Rao, Chairman (ii) Ishan Raina (iii) Prakash Chandra (iv) Vijay Mahajan
3.	Stakeholders' Relations Committee	(i) Prakash Chandra, Chairman (ii) Vishwavir Ahuja (iii) Rajeev Ahuja (iv) Vijay Mahajan (v) Veena Mankar
4.	Nomination Committee	(i) Ishan Raina, Chairman (ii) Palepu Sudhir Rao (iii) Prakash Chandra (iv) Sivanandhan Dhanushkodi (v) Veena Mankar
5.	Corporate Social Responsibility Committee	(i) Sivanandhan Dhanushkodi, Chairman (ii) Vishwavir Ahuja (iii) Ishan Raina (iv) Vijay Mahajan
6.	Risk Management Committee	(i) Prakash Chandra, Chairman (ii) Palepu Sudhir Rao (iii) Vishwavir Ahuja (iv) Rajeev Ahuja

Key Managerial Personnel of our Bank

The following are the Key Managerial Personnel of our Bank, in addition to our Managing Director and CEO and Executive Director:

For brief profiles of Vishwavir Ahuja, our Managing Director and CEO and Rajeev Ahuja, our Executive Director, please see the sub section titled “*Brief Profile of the Directors*” on page 212. The brief profiles of our other Key Management Personnel are as below:

Amrut Palan, is the Chief Financial Officer of our Bank. He is an associate member of the Institute of Chartered Accountants of India.

Niti Arya, is the Company Secretary and Compliance Officer of our Bank. She holds a bachelor's degree in commerce. She is a fellow member of the Institute of Company Secretaries in India.

Relationship between our Key Managerial Personnel

None of our Key Managerial Personnel are related to each other.

Bonus or profit sharing plan of our Key Managerial Personnel

Except as disclosed in “ – *Terms of appointment and remuneration of our Executive Directors*” on page 212, our Bank does not have any bonus or profit-sharing plan with any of its Key Managerial Personnel.

Interest of Key Managerial Personnel

Except as stated below and in “*Related Party Transactions*” on page 116, our Key Managerial Personnel do not have any interest in our Bank or its business other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in ordinary course of business and to the extent of the Equity Shares held by them or their relatives or the entities in which they are interested as directors or members or stock options granted to them, in our Bank, if any. Our Key Managerial Personnel may also be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them.

Our Key Managerial Personnel may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by our Bank with any company in which they hold directorships or any partnership firm in which they are partners or any entity in which they have interest.

Except as disclosed in this Placement Document, none of the Key Managerial Personnel have taken any loans from our Bank.

For further details, see “*Related Parties Transactions*” on page 116.

Payment or benefit to officers of our Bank

Except statutory benefits upon termination of their employment in our Bank or superannuation, no officer of our Bank is entitled to any other benefit upon termination of his/her employment in our Bank.

Shareholding of our Key Managerial Personnel

As on date of this Placement Document, apart from our Bank’s Managing Director and CEO and Executive Director, none of the Key Managerial Personnel hold Equity Shares.

For details pertaining to shareholding by our Directors, see “– *Shareholding of Directors*” on page 216.

Senior management personnel of our Bank

The following are the senior management personnel of our Bank:

R. Gurumurthy is the head of risk and governance of our Bank. He is responsible for the risk, compliance and legal functions of our Bank. He also oversees the technology, operations and administration functions of our Bank and is responsible for regulatory interface.

Shanta Vallury Gandhi is the head of human resources, Corporate Social Responsibility and Internal Branding of our Bank. She is responsible for designing the human resources policies and competency framework of our Bank. She is also responsible for formulating the corporate social responsibility policy, strategy and employee engagement.

Andrew Gracias is the head of financial markets of our Bank. He is responsible for overseeing our Bank’s fixed income and foreign exchange trading and sales business. Additionally, he is also responsible for overlooking the balance sheet management of our Bank.

Brijesh Mehra is the head of corporate, institutional and transaction banking of our Bank. He is responsible for developing and managing relationships with large corporates, multi-national corporations, public sector undertakings, financial institutions, government departments and local administration. In addition to the client coverage role he also oversees the development and growth of the transaction banking engines of our Bank.

Vincent Valladares is the head of commercial banking of our Bank. He is responsible for client management and cross selling across transaction banking, lending and fixed income, currencies and commodities. Further, he overlooks the commercial banking coverage franchise which includes the small and medium enterprises and mid corporate segments.

Harjeet Toor is the head of retail, inclusion and rural business of our Bank. He is responsible for establishing a client acquisition engine for our Bank while building a stable and profitable asset portfolio with predictable and

attractive returns. He is also responsible for building a franchise for addressing the financial needs of both the business and individual customer segments across different product categories covering business loans, mortgages backed loans, personal loans, home loans, loans against gold and credit cards.

Surinder Chawla is the head of retail liabilities and wealth management of our Bank. He is responsible for leading the branch and business banking segment with a specific focus on growing the CASA base, fee revenue and cross sell across channels. He is also responsible for ensuring larger wallet share, maximize opportunities to grow across all customer segments and across all branch and business banking products.

Jaideep Iyer is the head of strategy of our Bank. He is responsible for finance, strategy and investor relations.

Ramnath Krishnan is the chief risk officer of our Bank. He is responsible for the overall Risk Management, Governance and Policy framework of our Bank

Neeta Mukerji is the chief credit officer of our Bank. She is responsible for managing the quality of our Bank's credit portfolio and the recovery and management of the stressed assets portfolio.

Sankarson Banerjee is the chief information officer of our Bank. He is responsible for information technology, optimizing legacy information technology systems, identifying and adopting innovation and enabling digital transformation of our Bank.

Bhavtaran Singh (Sunny) Uberai is the head of client services of our Bank. He is responsible for knitting the service architecture, developing and rolling-out of the service strategy for our Bank to enhance client focus. His work spans across operating platforms of branches, contact centers, electronic channels and operations, to ensure that our Bank delivers beyond customer expectations and stays competitive in the market.

Mohit Kapoor is the head of legal of our Bank. He is responsible for the legal function where he looks over strategic investments, legal issues and supervision on corporate and business transactions, mergers and acquisitions, joint venture and key litigation.

Pankaj Sharma is the chief operations officer of our Bank. He is responsible for driving efficiencies and scale to support business growth and enable our Bank to differentiate itself in the market with process and technology investments.

Related Party Transactions

For details in relation to the related party transactions entered by our Bank during the last three Fiscals, see “*Related Party Transactions*” on page 116.

Other confirmations

Our Bank’s senior management personnel, Directors and Key Managerial Personnel will not participate in the Issue.

Except as otherwise stated in this Placement Document, none of our Directors or any Key Managerial Personnel have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

PRINCIPAL SHAREHOLDERS AND OTHER INFORMATION

The following table presents information regarding the ownership of Equity Shares by the Shareholders as of September 30, 2019:

Summary statement showing the shareholding pattern of our Bank as on September 30, 2019

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	0	0	0	0	0	0	0
(B) Public	1,91,881	43,05,88,710	43,05,88,710	100	0	0	42,51,01,193
(C) Non Promoter- Non Public	0	0	0	0	0	0	0
(C1) Shares underlying DRs	0	0	0	0	0	0	0
(C2) Shares held by Employee Trusts	0	0	0	0	0	0	0
Total	1,91,881	43,05,88,710	43,05,88,710	100	0	0	42,51,01,193

Statement showing shareholding pattern of the promoter and promoter group

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
Indian	0	0	0	0	0	0	0
Individuals / Hindu Undivided Family	0	0	0	0	0	0	0
Central Government / State Government(s)	0	0	0	0	0	0	0
Financial Institutions / Banks	0	0	0	0	0	0	0
Any Other (Specify)	0	0	0	0	0	0	0
Sub Total (A)(1)	0	0	0	0	0	0	0
Foreign	0	0	0	0	0	0	0
Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0	0	0	0
Government	0	0	0	0	0	0	0
Institutions	0	0	0	0	0	0	0
Foreign Portfolio Investor	0	0	0	0	0	0	0
Any Other (Specify)	0	0	0	0	0	0	0
Sub Total (A)(2)	0	0	0	0	0	0	0
Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)	0	0	0	0	0	0	0

Statement showing shareholding pattern of the public shareholder

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialized form (Not Applicable)
							No.(a)	As a % of total Shares held(b)	
Institutions									
Mutual Fund	22	8,80,90,077	8,80,90,077	20	8,80,90,077	20	0	0	8,80,90,077
Kotak Standard Multicap Fund	1	1,57,10,594	1,57,10,594	4	1,57,10,594	4	0	0	1,57,10,594
HDFC Trustee Company Ltd - A/C HDFC Mid – Cap opportunities Fund	1	1,31,18,656	1,31,18,656	3	1,31,18,656	3	0	0	1,31,18,656
Motilal Oswal Multi-cap 35 Fund	1	1,12,37,134	1,12,37,134	3	1,12,37,134	3	0	0	1,12,37,134
Reliance Capital Trustee Co. Ltd A/C Reliance banking Fund	1	90,80,217	90,80,217	2	90,80,217	2	0	0	90,80,217
IDFC Sterling Value Fund	1	82,54,655	82,54,655	2	82,54,655	2	0	0	82,54,655
Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Advantage Fund	1	62,17,000	62,17,000	1	62,17,000	1	0	0	62,17,000
UTI - Equity Fund	1	51,76,235	51,76,235	1	51,76,235	1	0	0	51,76,235
L and T Mutual Fund Trustee Ltd-L and T Mid Cap Fund	1	46,93,884	46,93,884	1	46,93,884	1	0	0	46,93,884
Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	1	46,34,341	46,34,341	1	46,34,341	1	0	0	46,34,341
Venture Capital Funds	0	0	0	0	0	0	0	0	0
Alternate Investment Funds	6	16,77,480	16,77,480	0	16,77,480	0	0	0	16,77,480
Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
Foreign Portfolio Investor	198	7,99,77,986	7,99,77,986	19	7,99,77,986	19	0	0	7,99,77,986
Government Pension Fund Global	1	93,27,580	93,27,580	2	93,27,580	2	0	0	93,27,580
Kotak Funds - India Midcap Fund	1	68,56,857	68,56,857	2	68,56,857	2	0	0	68,56,857
Cartica Capital Ltd	1	63,73,891	63,73,891	1	63,73,891	1	0	0	63,73,891
Vanguard Total International Stock Index Fund	1	51,08,918	51,08,918	1	51,08,918	1	0	0	51,08,918
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1	47,26,018	47,26,018	1	47,26,018	1	0	0	47,26,018
Financial Institutions / Banks	7	9,21,524	9,21,524	0	9,21,524	0	0	0	9,21,524
Insurance Companies	13	49,23,363	49,23,363	1	49,23,363	1	0	0	49,23,363
Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0
Any Other (Specify)	1	1,43,50,000	1,43,50,000	3	1,43,50,000	3	0	0	1,43,50,000
Foreign Bank	1	1,43,50,000	1,43,50,000	3	1,43,50,000	3	0	0	1,43,50,000
Asian Development Bank	1	1,43,50,000	1,43,50,000	3	1,43,50,000	3	0	0	1,43,50,000
Sub Total (B)(1)	247	18,99,40,430	18,99,40,430	44	18,99,40,430	44	0	0	18,99,40,430
Central Government/ State Government(s)/ President of India	0	0		0.00		0.00			

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialized form (Not Applicable)
							No.(a)	As a % of total Shares held(b)	
Central Government / State Government(s)	2	10,26,042	10,26,042	0	10,26,042	0	0	0	10,26,042
Sub Total (B)(2)	2	10,26,042	10,26,042	0	10,26,042	0	0	0	10,26,042
Non-Institutions									
Individuals									
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	1,79,371	4,90,51,270	4,90,51,270	11	4,90,51,270	11	0	0	4,47,61,723
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	611	5,11,78,404	5,11,78,404	12	5,11,78,404	12	0	0	5,00,04,964
NBFCs registered with RBI	4	1,14,651	1,14,651	0	1,14,651	0	0	0	1,14,651
Trust Employee	0	0	0	0	0	0	0	0	0
Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0
Any Other (Specify)	11,646	13,92,77,913	13,92,77,913	32	13,92,77,913	32	0	0	13,92,53,383
IEPF	1	1,45,755	1,45,755	0	1,45,755	0	0	0	1,45,755
Trusts	15	2,94,806	2,94,806	0	2,94,806	0	0	0	2,94,806
Foreign Nationals	1	761	761	0	761	0	0	0	761
Hindu Undivided Family	5,022	20,68,742	20,68,742	0	20,68,742	0	0	0	20,68,742
Foreign Companies	10	6,14,46,870	6,14,46,870	14	6,14,46,870	14	0	0	6,14,46,870
CDC Group Plc	1	2,82,51,041	2,82,51,041	7	2,82,51,041	7	0	0	2,82,51,041
Asia Capital Financial Opportunities Pte Ltd	1	96,24,475	96,24,475	2	96,24,475	2	0	0	96,24,475
Galileo Investments Limited	1	59,40,000	59,40,000	1	59,40,000	1	0	0	59,40,000
Plenty Private Equity Fund I Limited	1	56,88,775	56,88,775	1	56,88,775	1	0	0	56,88,775
Non Resident Indians	5,164	69,00,576	69,00,576	2	69,00,576	2	0	0	69,00,576
Directors & Director's Relative	16	1,55,59,091	1,55,59,091	4	1,55,59,091	4	0	0	1,55,58,591
Vishwavir Ahuja	1	1,00,27,900	1,00,27,900	2	1,00,27,900	2	0	0	1,00,27,900
Rajeev Ahuja	1	49,26,127	49,26,127	1	49,26,127	1	0	0	49,26,127
Body Corporate-Ltd Liability-Partnership-DR	1	17,330	17,330	0	17,330	0	0	0	0
Foreign Portfolio Investor (Individual)	1	90,001	90,001	0	90,001	0	0	0	90,001
Clearing Member	272	80,75,755	80,75,755	2	80,75,755	2	0	0	80,75,755
HDFC Bank Ltd	1	52,20,085	52,20,085	1	52,20,085	1	0	0	52,20,085
Bodies Corporate	1,143	4,46,78,226	4,46,78,226	10	4,46,78,226	10	0	0	4,46,71,526
HDFC Life Insurance Company Limited	1	99,13,646	99,13,646	2	99,13,646	2	0	0	99,13,646
Housing Development Finance Corporation Limited	1	88,04,680	88,04,680	2	88,04,680	2	0	0	88,04,680
Sub Total (B)(3)	1,91,632	23,96,22,238	23,96,22,238	56	23,96,22,238	56	0	0	23,41,34,721
Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	1,91,881	43,05,88,710	43,05,88,710	100	43,05,88,710	100	0	0	42,51,01,193

Statement showing shareholding pattern of the non promoter- non public shareholder

Category & Name of the Shareholders (I)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Total No. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of Locked in shares (XII)		Number of equity shares held in dematerialized form (XIV)(Not Applicable)
					No	As a % of total Shares held	
Custodian/DR Holder	0	0	0	0	0	0	0
Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0	0	0	0
Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	0	0	0	0	0	0	0

Details of disclosure made by the trading members holding 1% or more of the total number of shares of the Bank

Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
Nil	Nil	Nil	Nil	Nil

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Bank or the GCBRLMs. Prospective Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see “Selling Restrictions” and “Transfer Restrictions” on pages 239 and 248, respectively.

Our Bank, the GCBRLMs and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the Takeover Regulations, the Insider Trading Regulations, and other applicable laws.

Qualified institutions placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Placement Document has not been, and will not be, registered as a prospectus with the Registrar of Companies and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and all other applicable provisions of the Companies Act, 2013 through the mechanism of a qualified institutions placement (“**QIP**”). Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013, our Bank, being a listed company in India may issue Equity Shares to Eligible QIBs, provided that:

- the shareholders have adopted a special resolution approving the Issue. Such special resolution must specify (a) that the allotment of Equity Shares is proposed to be made pursuant to the QIP and (b) the Relevant Date;
- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Bank, which are proposed to be allotted through the Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to adopt the above-mentioned special resolution. For details, see “*Capital Structure*” on page 107;
- invitation to apply in the Issue must be made through a private placement offer-cum-application (i.e., the Preliminary Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made;
- our Bank shall not make any subsequent qualified institutions placement until the expiry of six months from the date of this Issue;

- our Bank shall have completed allotments with respect to any offer or invitation made by our Bank or has withdrawn or abandoned any such invitation or offer, however, our Bank may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;
- the Directors are not fugitive economic offenders;
- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer- cum-application (i.e., the Preliminary Placement Document), our Bank must prepare and record a list of Eligible QIBs to whom the offer will be made. The offer must be made only to such Eligible QIBs whose names are recorded by our Bank prior to the invitation to subscribe; and
- our Bank acknowledges that issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the Floor Price may be offered by our Bank in accordance with the provisions of the SEBI ICDR Regulations. Accordingly, pursuant to a resolution of the Shareholders passed on July 9, 2019, our Bank may offer a discount of not more than 5% on the Floor Price.

The “Relevant Date” referred to above means the date of the meeting in which the Board or the Capital Raising Committee decides to open the Issue and “stock exchange” means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares will be Allotted within 365 days from the date of the shareholders’ resolution approving the Issue, being July 9, 2019 and within 60 days from the date of receipt of Bid Amount from the Successful Bidders. For details of refund of Bid Amount, see “– Pricing and Allocation – Designated Date and Allotment of Equity Shares” on page 235.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of the Preliminary Placement Document and this Placement Document contains all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Bank with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Bank for making an application to subscribe to Equity Shares pursuant to the Issue.

This Issue was authorized and approved by the Board on April 18, 2019 and approved by the Shareholders through their resolution dated July 9, 2019. The minimum number of Allottees with respect to a QIP shall at least be:

- two, where the issue size is less than or equal to ₹2,500 million; and
- five, where the issue size is greater than ₹2,500 million.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes “same group” or “common control”, see “—Bid Process—Application Form” on page 231.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on a recognised stock exchange.

In accordance with Section 12B of the Banking Regulation Act read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, dated November 19, 2015, no person (along with his relatives, associate enterprises or persons acting in concert with you) can acquire or hold 5% or more of the total paid-up share capital of the Bank, or be entitled to exercise 5% or more of the total voting rights of the Bank, without prior approval of RBI.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

Our Bank filed a draft of the Preliminary Placement Document and the Placement Document with each of the Stock Exchanges. Our Bank has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1) of the SEBI Listing Regulations for the listing of the Equity Shares on BSE and NSE on December 2, 2019, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue procedure

1. Our Bank in consultation with the GCBRLMs shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Bank shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Bank will make the requisite filings with RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form is delivered will be determined by our Bank in consultation with the GCBRLMs, at their sole discretion.
2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid and shall be rejected.
3. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Bid Amount and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Issue Period to the GCBRLMs and their Bid Amount shall be deposited into the Escrow Account.
4. Bidders will be required to indicate the following in the Application Form:
 - Full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id and bank account details;
 - number of Equity Shares Bid for;
 - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;
 - details of the beneficiary account maintained with the Depository Participant to which the Equity Shares should be credited;

- a representation that it is outside the United States and it has agreed to certain other representations set forth in the “*Representation by Investors*” on page 5 and “*Transfer Restrictions*” on page 248 and certain other representations made in the Application Form; and
 - Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form.
5. Eligible QIBs shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of “RBL BANK – CAPITAL ESCROW ACCOUNT” with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Bank shall keep a record of the bank account from where such payment has been received. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Bank with RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later. Bid Amount shall be kept by our Bank in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Bid Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in “– *Refunds*” on page 236.
 6. Once a duly completed Application Form is submitted by a Bidder and the Bid Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date.
 7. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.
 8. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, after the Issue Closing Date, our Bank shall, in consultation with the GCBRLMs, determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the GCBRLMs will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Bank and will be in consultation with the GCBRLMs.**
 9. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the GCBRLMs, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

10. Upon dispatch of the serially numbered Placement Document and CAN, our Bank shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.
11. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as indicated in their respective Application Form, our Bank shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.
12. After receipt of the listing approvals of the Stock Exchanges, our Bank shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.
13. Our Bank will then apply for the final trading approvals from the Stock Exchanges.
14. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.
15. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Bank may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Bank and the GCBRLMs shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Bank.

Qualified Institutional Buyers

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule 2 of the FEM Non-Debt Rules will be considered as Eligible QIBs. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- FVCIs registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds;
- pension funds with minimum corpus of ₹ 250 million;
- provident funds with minimum corpus of ₹ 250 million;
- public financial institutions;
- scheduled commercial banks;

- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- systemically important non-banking financial companies.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEM NON-DEBT RULES IN THIS ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THIS ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMIT AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. OTHER ELIGIBLE NON-RESIDENT QIBs, INCLUDING FVCIs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEM NON-DEBT RULES.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Bank. Further, in terms of the FEM Non-Debt Rules, the total holding of each FPI shall be below 10% of the total paid-up Equity Share capital of our Bank on a fully diluted basis and the total holdings of all Eligible FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Bank. The aggregate limit of 24.00% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Bank.

In case the holding of an FPI including its investor group increases to 10% or more of the total paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

The existing foreign investment limit for FPIs in our Bank is 74.00% of the paid-up capital of the Bank as approved by way of the resolution of the Shareholders of the Bank on August 30, 2011. For further details, please see “–*Monitoring of foreign investment limits*” on page 237.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEM Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Our Bank and the GCBRLMs and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations.

A minimum of 10% of the Equity Shares offered in this Issue shall be available for Allocation to Mutual Funds. In case of under-subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: Affiliates or associates of the GCBRLMs who are Eligible QIBs may participate in the Issue in compliance with applicable laws.

Bid process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are specifically addressed to them) supplied by our Bank and the GCBRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings given or made under “*Notice to Investors*”, “*Representations by Investors*”, “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 3, 5, 239 and 248, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India and is eligible to participate in this Issue;
2. The Eligible QIB confirms that no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the promoters;
3. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;
4. The Bidder confirms that in the event it is resident outside India, it is an Eligible FPI;
5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;
6. The Eligible QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;
7. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the Takeover Regulations;
8. The Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013, our Bank reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the GCBRLMs. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;
9. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, our Bank will be required to disclose names as “proposed Allottees” and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Bank, in consultation with the GCBRLMs.

10. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:
 - (a) QIBs “belonging to the same group” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB ; and
 - (b) ‘Control’ shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;
11. You are aware that in accordance with Section 12B of the Banking Regulation Act read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, dated November 19, 2015, as amended no person (along with his relatives, associate enterprises or persons acting in concert with you) can acquire or hold 5% or more of the total paid-up share capital of the Bank, or be entitled to exercise 5% or more of the total voting rights of the Bank, without prior approval of RBI. Accordingly, you hereby represent that your (direct or indirect) aggregate holding in the paid-up share capital of the Bank, whether beneficial or otherwise:
 - (a) After subscription to the Equity Shares in the Issue by you, your relatives, your associate enterprises or persons acting in concert with you, aggregated with any pre-Issue shareholding in our Bank of you, your relatives, your associate enterprises or persons acting in concert; or
 - (b) After subscription to the Equity Shares in the Issue by you aggregated with any pre-Issue shareholding in our Bank of you, your relatives, your associate enterprises or persons acting in concert.

shall not amount to 5% or more of the total paid-up share capital of our Bank or would not entitle you to exercise 5% or more of the total voting rights of the Bank, except with the prior approval of RBI;

 - Each Eligible QIB acknowledges that, as required in terms of the Master Direction - Issue and Pricing of shares by Private Sector Banks, Directions, 2016 issued by RBI, our Bank shall report to RBI, upon completion of the Allotment process, complete details of the issue including date of the issue, details of the type of issue, issue size, details of pricing, name and number of the allottees, post allotment shareholding position;
12. The Eligible QIB confirms that:
 - (a) It will make payment of its Bid Amount along with submission of the Application Form within the Bidding Period;
 - (b) it is outside the United States, it is purchasing the Equity Shares in an offshore transaction in reliance upon Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate; and
13. The Eligible QIBs acknowledge that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.
14. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.
15. The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address, and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Bank in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the GCBRLMs either through electronic form or through physical delivery at either of the following addresses:

Name of GCBRLM	Address	Contact person	Email	Phone and fax
IIFL Securities Limited	10 th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013, India	Sachin Kapoor / Anant Gupta	rbl.qip@iiflcap.com	Tel: +91 22 4646 4600 Fax: +91 22 2493 1073
ICICI Securities Limited	ICICI Center, H T Parekh Marg, Churchgate, Mumbai, 400 020	Rishi Tiwari/ Shekher Asnani	rbl.qip@icicisecurities.com	Tel: +91 22 2288 2460 Fax: +91 22 2282 6580
IDFC Securities Limited	6 th Floor, One Indiabulls Centre, Tower 1C, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone, Mumbai 400 013	Kunal Thakkar/ Gaurav Mittal	project.pearl@idfc.com	Tel: +91 22 4222 2050 Fax: +91 22 4202 2504

The GCBRLMs shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Payment of Bid Amount

Our Bank has opened the Escrow Account in the name of “RBL BANK – CAPITAL ESCROW ACCOUNT” with the Escrow Agent, in terms of the arrangement among our Bank, the GCBRLMs and the Escrow Agent. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Bank undertakes to utilise the amount deposited in “RBL BANK – CAPITAL ESCROW ACCOUNT” only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Bank is not able to Allot Equity Shares in the Issue. In case of cancellations or default by the Bidders, our Bank and the GCBRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. However, a discount of not more than 5% of the Floor Price may be offered by our Bank in accordance with the provisions of the SEBI ICDR Regulations.

The “Relevant Date” referred to above, for Allotment, will be the date of the meeting in which the Board or the Capital Raising Committee of the Board decides to open the Issue and “stock exchange” means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date.

Build-up of the book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the GCBRLMs. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the GCBRLMs.

Price discovery and Allocation

Our Bank, in consultation with the GCBRLMs, has determined the Issue Price, which is above the Floor Price. Our Bank may offered a discount of 0.45% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our Shareholders pursuant to resolution dated July 9, 2019.

After finalisation of the Issue Price, our Bank has updated the Preliminary Placement Document with the Issue details and filed the same with the Stock Exchanges as this Placement Document.

Method of Allocation

Our Bank shall determine the Allocation in consultation with the GCBRLMs on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR BANK IN CONSULTATION WITH THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR BANK, IN CONSULTATION

WITH THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE. NEITHER OUR BANK NOR THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Bank, in consultation with the GCBRLMs, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Bank) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board or the Capital Raising Committee of the Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the GCBRLMs.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section titled "*Notice to Investors*" on page 3 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Bank will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.
2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, no transfer in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.
3. Our Bank, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.
4. Following the Allotment of the Equity Shares pursuant to the Issue, our Bank shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Bank shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.
5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts, our Bank will apply for the final listing and trading approvals from the Stock Exchanges.
6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Bank and our Bank files the return of Allotment in connection with the Issue with RoC.
7. After finalization of the Issue Price, our Bank has updated the Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the

Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Bank along with the Placement Document.

8. In accordance with Section 42 of the Companies Act, 2013, in the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of application monies, our Bank shall repay the application monies within 15 days from the expiry of 60 days, failing which our Bank shall repay that monies with interest at the rate of 12% p.a. from expiry of the 60th day. The application monies to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted (as set out in the Application Form), as indicated in the Refund Intimation Letter. Such Bidders to whom refunds shall be made will receive a Refund Intimation Letter from our Bank providing details of the refund. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN and the Refund Intimation Letter will be dispatched to such Bidders within two working days of the Escrow Bank confirming completion of the refund.

In the event that Equity Shares have been Allocated to Successful Bidders and our Bank is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of the Bid Amount, our Bank shall repay the Bid Amount within 15 days from expiry of 60 days, failing which our Bank shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act.

Other instructions

Permanent account number or PAN

Each Bidder should mention its PAN allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR Number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to reject applications

Our Bank, in consultation with the GCBRLMs, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Bank in consultation with the GCBRLMs in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Bank, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder. For details see “*Bid Process*” – “*Refund*”.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

Our Bank and the GCBRLMs will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

Monitoring of foreign investment limits

Aggregate foreign investment, in a private sector bank is permitted up to 49% of the paid-up capital under the automatic route. This limit can be increased up to 74% of the paid-up capital with prior approval from the Department of Financial Services and/or erstwhile FIPB. Pursuant to a letter dated January 14, 2015 from the FIPB, our Bank has received approval for aggregate foreign investment in our Bank up to 74% of its paid-up capital.

SEBI has through circular dated April 5, 2018, put in place a new system for monitoring the foreign investment limits in listed Indian companies. Accordingly, the listed Indian company shall have to appoint any one depository as its designated depository for the purpose of monitoring the foreign investment limit.

The depository so chosen shall activate a red flag whenever the foreign investment is within 3% or less than 3% of the aggregate NRI/FPI limits or the sectoral cap prescribed under FEMA and shall intimate the stock exchanges of such red flag being activated. Once the stock exchanges and depositories have intimated to the public that a red flag has been activated for the scrip of the Bank, foreign investors shall take a conscious decision to trade in the shares of the Bank, with a clear understanding that in the event of a breach of the aggregate NRI/FPI limits or the sectoral cap as prescribed under FEMA, foreign investors shall be liable to disinvest the excess holding within five trading days from the date of settlement of the trades.

PLACEMENT AND LOCK-UP

Placement Agreement

The GCBRLMs have entered into a placement agreement dated December 2, 2019 with our Bank (the “**Placement Agreement**”), pursuant to which the GCBRLMs have severally and not jointly agreed to manage the Issue and act as placement agents in connection with the proposed Issue and procure subscriptions for the Equity Shares on a reasonable efforts basis pursuant to Chapter VI of SEBI ICDR Regulations and the Companies Act, 2013 read with rules thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Bank and the GCBRLMs, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with RoC and, no Equity Shares issued pursuant to the Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

In connection with the Issue, the GCBRLMs (or their respective affiliates) may, for its own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the GCBRLMs may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the GCBRLMs may subscribe to Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See “*Offshore Derivative Instruments*” on page 10.

The GCBRLMs and their affiliates may engage in transactions with and perform services for the Bank and its Subsidiary or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with the Bank and Subsidiary or affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

Our Bank will not, for a period commencing the date hereof and 90 days from the date of Allotment, without the prior written consent of the GCBRLMs, directly or indirectly (a) issue, offer, contract to issue or otherwise dispose of or grant options, issue warrants or offer rights entitling person to subscribe or purchase any interest in any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned); (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares, regardless, whether any of the transaction is to be settled by the delivery of Equity Shares or other securities convertible into or exercisable or exchangeable for the Equity Shares, in cash or otherwise; (c) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Shares in any depository receipt facility; (d) contract to issue any option or contract to grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares or (e) publicly announce any intention to enter into any of the foregoing described in (a), (b), (c) or (d) above; provided however, that the foregoing restrictions shall not be applicable to the (i) Issue; (ii) issuance of Equity Shares pursuant to conversion of stock options issued by the Bank pursuant to the ESOP Schemes; and (iii) and any capital raising by the Bank of any securities in nature of private placement on a preferential issue basis to select investors, as described in the Preliminary Placement Document and this Placement Document; and (iv) any issuance of any debt securities including Tier II Bonds.

SELLING RESTRICTIONS

The distribution of the Preliminary Placement Document and this Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of the Preliminary Placement Document and this Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. The Preliminary Placement Document and this Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorised or permitted.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of or any other material relating to our Bank or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document nor this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act and the rules made thereunder. Each subscriber of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under “*Transfer Restrictions*” on page 248.

Republic of India

The Preliminary Placement Document and this Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public or any other class of investors other than Eligible QIBs. The Preliminary Placement Document and this Placement Document have not been and will not be registered as a prospectus with RoC, or an advertisement and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Placement Document :

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the “**Corporations Act**”);
- has not been, and will not be, lodged with the Australian Securities and Investments Commission (“**ASIC**”), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a “retail client” (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors (“**Exempt Investors**”), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Preliminary Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if

none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. The Preliminary Placement Document and this Placement Document have been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. Our Bank has not made and will not make any invitation to the public in the Kingdom of Bahrain and the Preliminary Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency has not reviewed, nor has it approved, the Preliminary Placement Document or this Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Belgium

The Equity Shares may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 3 § 1 of the Belgian Law of June 16, 2006 on public offerings of investment W-28 instruments and the admission of investment instruments to trading on regulated markets (the “**Prospectus Law**”), save in those circumstances set out in Article 3 § 2 of the Prospectus Law.

This offering is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and the Preliminary Placement Document or this Placement Document or any other offering material relating to the Equity Shares has not been and will not be approved by, the Belgian Banking, Finance and Insurance Commission (*Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*).

Accordingly, this offering may not be advertised and each of the GCBRLMs has represented, warranted and agreed that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Equity Shares, and that it has not distributed, and will not distribute, any memorandum, information circular, brochure or any similar documents, directly or indirectly, to any individual or legal entity in Belgium other than:

- (i) qualified investors, as defined in Article 10 of the Prospectus Law;
- (ii) investors required to invest a minimum of € 50,000 (per investor and per transaction); and
- (iii) in any other circumstances set out in Article 3 § 2 of the Prospectus Law.

The Preliminary Placement Document and this Placement Document have been issued only for the personal use of the above qualified investors and exclusively for the purpose of this offering. Accordingly, the information contained herein may not be used for any other purpose nor disclosed to any other person in Belgium.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands.

People’s Republic of China

Neither the Preliminary Placement Document nor this Placement Document constitute a public offer of the Equity Shares, whether by way of sale or subscription, in the People’s Republic of China (the “**PRC**”). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the EEA (each a “**Member State**”), an offer to the public of any Equity Shares may not be made in that Member State, except if the Equity Shares are offered to the public in that Member State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the “**Prospectus Regulation**”):

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the GCBRLMs for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Bank or any of the GCBRLMs of a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires Equity Shares or to whom any offer is made will be deemed to have represented that they are a “qualified investor” as defined in the Prospectus Regulation.

For the purposes of this section, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares,.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Member State to qualified investors (as so defined) or in circumstances in which the prior consent of the GCBRLMs has been obtained to each such proposed offer or resale. The Bank, its directors, the GCBRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the GCBRLMs of such fact in writing may, with the consent of the GCBRLMs, be permitted to subscribe for or purchase Equity Shares in the Issue.

France

Each of the GCBRLMs has represented that it has not offered or sold and will not offer or sell, directly or indirectly, any Equity Shares to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Preliminary Placement Document, this Placement Document or any other offering material relating to the Equity Shares and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), and/or (c) a limited group of investors (*cercle restreint d'investisseurs*) acting for their own account, as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4 of the French Code monétaire et financier.

Prospective investors are informed that:

- the Preliminary Placement Document, this Placement Document nor any other offering materials relating to the Equity Shares described in the Preliminary Placement Document or this Placement Document has been submitted for clearance to the French financial market authority (*Autorité des marchés financiers*);
- individuals or entities referred to in article L. 411-2 II of the French Code *monétaire et financier* may participate in the offering for their own account, as provided under articles D. 411-1, D. 411-2, D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French Code *monétaire et financier*; and
- the direct and indirect distribution or sale to the public of the Equity Shares acquired by them may only be made in compliance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code *monétaire et financier*.

Germany

Each of the GCBRLMs have represented and agreed that it has not offered or sold and that it will not offer or sell the Equity Shares in the Federal Republic of Germany other than in accordance with the German Securities

Prospectus Act (*Wertpapierprospektgesetz*) and any other applicable laws in the Federal Republic of Germany governing the issue, sale and offering of securities.

Netherlands

The Equity Shares are not and may not be offered in The Netherlands other than to legal entities which are qualified investors as defined in Section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Equity Shares has been or may be issued or has been or may be

In the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the “**FIEA**”) and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan (“Japanese Resident”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “qualified institutional investor” (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the “**Qualified Institutional Investor**”), the Equity Shares will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (*tekikaku kikan toshikamuke kanyu*), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Equity Shares (the “**QII Equity Shares**”) such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Equity Shares other than to another Qualified Institutional Investor.

Jordan

The Equity Shares have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. The Preliminary Placement Document and this Placement Document have not been and will not be reviewed or approved by, or registered with, the Jordan Securities Commission in accordance with its regulations and any other regulations in the Hashemite Kingdom of Jordan. The Equity Shares are not and will not be traded on the Amman Stock Exchange.

Each of the GCBRLMs have represented and agreed that the Equity Shares have not been and will not be offered, sold or promoted or advertised by it in Jordan other than in compliance with the Securities Law No. (76) of 2002, as amended, the Law Regulating Dealings in Foreign Exchange No. (50) of 2008, and regulations issued pursuant to them governing the issue of offering and sale of securities. Without limiting the foregoing, each Manager has represented and agreed that the Equity Shares have not been and will not, in any manner, be offered, sold, promoted or advertised to more than thirty (30) persons in Jordan, without complying with the required approval and notification requirements set-out under the above-referenced laws and the regulations issued pursuant to them.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the “**FSCMA**”), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the “**FETL**”). Furthermore, the subscriber of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Preliminary Placement Document and this Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia (“**Commission**”) for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. . Accordingly, the Preliminary Placement Document, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of the Preliminary Placement Document and this Placement Document is subject to Malaysian laws. Neither the Preliminary Placement Document nor this Placement Document constitute, and may be used for, the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius

The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither the Preliminary Placement Document nor this Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. Neither the Preliminary Placement Document nor this Placement Document constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand

Neither the Preliminary Placement Document nor this Placement Document is a prospectus. Neither the Preliminary Placement Document nor this Placement Document have been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the “**New Zealand Securities Act**”). The Preliminary Placement Document and this Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act (“**Habitual Investors**”). By accepting the Preliminary Placement Document or this Placement Document, each investor represents and warrants that if they receive such Preliminary Placement Document or this Placement Document in New Zealand they are a Habitual Investor and they will not disclose the Preliminary Placement Document and this Placement Document to any person who is not also a Habitual Investor.

The Netherlands

The Equity Shares are not and may not be offered in the Netherlands other than to persons or entities who or which are qualified investors as defined in Section 1:1 Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (which incorporates the term “qualified investors” as used in the Prospectus Directive).

Norway

Neither the Preliminary Placement Document nor this Placement Document has been approved by or registered with any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act 1997. Accordingly, neither the Preliminary Placement Document nor this Placement Document nor any other offering material relating to the Equity Shares constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act 1997 and is only made to qualified professional investors pursuant to the Norwegian Regulation of December 9, 2005 regarding exemption from the obligation to publish a prospectus or otherwise only in circumstances where an exemption from the obligation to publish a prospectus under the Norwegian Securities Trading Act 1997 is available.

Sultanate of Oman

The Preliminary Placement Document, this Placement Document and the Equity Shares to which they relate may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority (“**CMA**”) and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Preliminary Placement Document and this Placement Document will not take place inside Oman. The Preliminary Placement Document and this Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. Neither the Preliminary Placement Document nor this Placement Document has been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, each of the Preliminary Placement Document and this Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

The Capital Market Authority does not make any representation as to the accuracy or completeness of the Preliminary Placement Document and this Placement Document, and expressly disclaims any liability whatsoever

for any loss arising from, or incurred in reliance upon, any part of the Preliminary Placement Document and this Placement Document. Prospective subscriber of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of the Preliminary Placement Document or this Placement Document, you should consult an authorized financial adviser.

Qatar Financial Centre

Neither the Preliminary Placement Document nor this Placement Document is, or is intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center (“**QFC**”), and accordingly should not be construed as such. Neither the Preliminary Placement Document nor this Placement Document has been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document and this Placement Document is strictly private and confidential and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Bank has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia

Neither the Preliminary Placement Document nor this Placement Document may be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority (“**CMA**”) pursuant to resolution number 2-11-2004 dated October 4, 2004 as amended by resolution number 1-28-2008, as amended (the “**CMA Regulations**”). The CMA does not make any representation as to the accuracy or completeness of either the Preliminary Placement Document or this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Preliminary Placement Document and this Placement Document. Prospective subscribers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of the Preliminary Placement Document or this Placement Document, you should consult an authorized financial adviser.

Singapore

Neither the Preliminary Placement Document nor this Placement Document has been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Preliminary Placement Document, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or

- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAAN16: Notice on Recommendations on Investment Products).

South Africa

Due to restrictions under the securities laws of South Africa, the Equity Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

- (i) the offer, transfer, sale, renunciation or delivery is to:
- (a) persons whose ordinary business is to deal in securities, as principal or agent;
 - (b) the South African Public Investment Corporation;
 - (c) persons or entities regulated by the Reserve Bank of South Africa;
 - (d) authorised financial service providers under South African law;
 - (e) financial institutions recognised as such under South African law;
 - (f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or
 - (g) any combination of the person in (a) to (f); or
- (ii) the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No “offer to the public” (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the “**South African Companies Act**”)) in South Africa is being made in connection with the issue of the Equity Shares. Accordingly, neither the Preliminary Placement Document nor this Placement Document is, nor is it intended to, constitute a “registered prospectus” (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the Equity Shares in South Africa constitutes an offer of the Equity Shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from “offers to the public” set out in section 96(1)(a) of the South African Companies Act. Accordingly, neither the Preliminary Placement Document nor this Placement Document must be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as “**SA Relevant Persons**”). Any investment or investment activity to which the Preliminary Placement Document and this Placement Document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. Neither the Preliminary Placement Document nor this Placement Document constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither the Preliminary Placement Document nor this Placement Document nor any other offering or marketing material relating to the offering, the Bank, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

United Arab Emirates (excluding the Dubai International Financial Centre)

This document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, “**Promotion**”) of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the “**UAE**”) unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the “**SCA**”) and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors’ Chairman Decision no. (3/R.M.) of 2017 (the “**Promotion and Introduction Regulations**”), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to “Qualified Investors” (excluding “High Net Worth Individuals”) (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

Dubai International Financial Centre

The Preliminary Placement Document and this Placement Document relate to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (“**DFSA**”). Neither the Preliminary Placement Document nor this Placement Document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the Preliminary Placement Document nor this Placement Document. The securities to which the Preliminary Placement Document and this Placement Document relate may be illiquid and/or subject to restrictions on their resale. Prospective subscribers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of the Preliminary Placement Document or this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, the Preliminary Placement Document and this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

United Kingdom

Neither the Preliminary Placement Document nor this Placement Document may be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); and high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Preliminary Placement Document and this Placement Document is directed only at relevant persons. Other persons should not act on the Preliminary Placement Document or this Placement Document or any of their contents. The Preliminary Placement Document and this Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

Please see the section entitled “*Transfer Restrictions*” on page 248.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares, except on the Stock Exchange, is not permitted for a period of one year from the date of Allotment. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see “*Selling Restrictions*” on page 239.

The Equity Shares have not been, and will not be registered, under the Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction in the United States and, unless so registered, may not be offered or sold within the United States (as defined in Regulation S under the Securities Act (“Regulation S”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. Each Bidder of the Equity Shares will be deemed to have made the representations, agreements and acknowledgements as described under “Transfer Restrictions” on page 248.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of this Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Issue) may violate the registration requirements of the Securities Act.

Bidder representations

Each Bidder that is acquiring the Equity Shares offered pursuant to this Issue, by its acceptance of the Preliminary Placement Document and/or this Placement Document and of the Equity Shares offered pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with our Bank and the GCBRLMs that it has received a copy of the Preliminary Placement Document and this Placement Document and such other information as it deems necessary to make an informed investment decision and that:

1. the Bidder is authorized to consummate the purchase of the Equity Shares offered pursuant to this Issue in compliance with all applicable laws and regulations;
2. the Bidder acknowledges that the Equity Shares offered pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
3. the Bidder is subscribing for the Equity Shares offered pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
4. the Bidder and the person, if any, for whose account or benefit the Bidder is acquiring the Equity Shares offered pursuant to this Issue, was located outside the United States at the time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
5. the Bidder is not an affiliate of our Bank or a person acting on behalf of an affiliate;
6. if, in the future, the Bidder decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only in an offshore transaction complying with Rule 903 or Rule 904

of Regulation S under the Securities Act. The Bidder understands that the transfer restrictions will remain in effect until our Bank determines, in its sole discretion, to remove them;

7. the Bidder agrees that neither the subscriber, nor any of its affiliates, nor any person acting on behalf of the subscriber or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;
8. the Bidder understands that such Equity Shares (to the extent they are in certificated form), unless our Bank determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

9. our Bank will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
10. the Bidder acknowledges that the Bank, the GCBRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Bank, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each Member State of the EEA (each a “**Member State**”), an offer to the public of any Equity Shares may not be made in that Member State, except if the Equity Shares are offered to the public in that Member State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the “**Prospectus Regulation**”):

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the GCBRLMs for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Bank or any of the GCBRLMs of a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires Equity Shares or to whom any offer is made will be deemed to have represented that they are a “qualified investor” as defined in the Prospectus Regulation. For the purposes of this section, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Member State to qualified investors (as so defined) or in circumstances in which the prior consent of the GCBRLMs has been obtained to each such proposed offer or resale. The Bank, its directors, the GCBRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation,

acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the GCBRLMs of such fact in writing may, with the consent of the GCBRLMs, be permitted to subscribe for or purchase Equity Shares in the Issue.

The Bank, the GCBRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Bank or the GCBRLMs or any of their affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the “**SCRA**”) and the Securities Contracts (Regulation) Rules, 1957 (the “**SCRR**”). On October 9, 2018, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the “**SEBI Act**”), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the “**SCR (SECC) Rules**”), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FPIs, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company’s obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange’s governing body and withdraw recognition of a recognised stock exchange.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of the public shareholding having fallen below the 25% threshold. However, every listed public sector company whose public shareholding falls below 25% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such commencement or fall, respectively, in the manner specified by SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above mentioned requirements. Our Bank is in compliance with this minimum public shareholding.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Disclosures under the SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The Stock Exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the CNX NIFTY of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005, BSE was incorporated as a company under the Companies Act, 1956 in 2005.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). BSE and NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading (or “**BOLT**”) facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform BOLT Plus.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or “**NEAT**”), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Regulations, which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company’s shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

SEBI had earlier notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 to prohibit and penalise insider trading in India. The regulations, among other things, prohibited an ‘insider’ from dealing in the securities of a listed company when in possession of unpublished price sensitive information (“**UPSI**”).

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the regulations of 1992. The Insider Trading Regulations, inter alia, impose certain restrictions on the communication of information by listed companies. Under the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

Initial disclosures are required from promoters, key managerial personnel, directors as well as continual

disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of 10 lakh rupees over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association and the Companies Act. Bidders are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share capital

The authorized share capital of our Bank is ₹7,000,000,000 divided into 700,000,000 Equity Shares of ₹10 each. For further details, see "*Capital Structure*" on page 107.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each Fiscal. Subject to certain conditions laid down by Section 123 of the Companies Act, no dividend can be declared or paid by a company for any Fiscal except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous Fiscal(s) arrived at as laid down by the Companies Act and remaining undistributed or out of both or out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government.

Further, as per the Companies Act, read with the Companies (Declaration and Payment of Dividend) Rules, 2014, in the inadequacy or absence of profits in any year, a company may declare dividend out of the accumulated profits earned in previous years and transferred to the free reserves, provided: (a) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; provided, this rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial years (b) the total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the paid-up share capital of our Bank and free reserves as per the most recent audited financial statement; (c) the amount so drawn shall be first utilised to set off the losses incurred by our Bank in the financial year in which the dividend is declared before any dividend in respect of equity shares is declared; and (d) the balance of reserves of our Bank after such withdrawal shall not fall below 15% of the Bank's paid-up share capital as per the most recent audited financial statement of the company.

Our Board may retain any dividends on which our Bank may have a lien and may apply the same towards the satisfaction of the debts or liabilities in respect of which the lien exists. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Equity Shares during any portion or portions of the period in respect of which the dividend is paid but if any Equity Share is issued on terms providing that it shall rank for dividends as from a particular date, such Equity Share shall rank for dividend accordingly. Our Board may deduct from any dividend payable to any member all sums of money, if any, payable by him to our Bank on account of calls or otherwise in relation to the Equity Shares of the Bank. No member shall be entitled to receive payment of interest and dividend in respect of his Equity Shares while any money may be due or owing from him to our Bank and our Board may deduct from the interest or dividend to any member all such sums of money so due from him to our Bank.

Capitalisation of profits and issue of bonus shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors of a company subject to approval of shareholders in a general meeting to issue fully paid-up bonus shares to its members out of (a) the free reserves of the company (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalize its profits or reserves for issue of fully paid-up bonus shares, provided: (a) it is authorised by articles, (b) it has been, on the recommendation of the board of directors, been authorised by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues such as contribution to provident fund, gratuity and bonus(e) there are no partly paid-up shares. The issue of bonus shares once declared cannot be withdrawn.

These bonus shares must be distributed to shareholders in proportion to the number of equity shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalising reserves

created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to the SEBI ICDR Regulations.

Our Bank may by a resolution passed in a general meeting of the shareholders, upon a recommendation by the Board, resolve to capitalise whole or any part of the amount for the time being standing to the credit of any of our Bank's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution and distribute amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions and that all or any part of such capitalized fund shall be applied on behalf of such shareholders in paying up any amounts for the time being unpaid on any Equity Shares held by such Shareholders and/or in paying up in full, unissued shares of our Bank to be allotted and distributed, credited as fully paid-up in the proportion aforesaid, provided that a securities premium account and a capital redemption reserve fund may, for the purposes of the Article, be applied in the paying of any unissued shares to be issued to members of our Bank as fully paid bonus shares.

Pre-emptive rights and alteration of share capital

Subject to the provisions of the Companies Act, our Bank may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. The Board is entitled to make private placement and preferential issue of Equity Shares, fully convertible debentures, partly convertible debentures, any other financial instrument which would be convertible or exchanged with Equity Shares, at a later date or such other securities as may be permissible to be issued by our Bank under any law from time to time.

According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing shareholders in proportion to the amount paid-up on those shares at that date. Under the provisions of Section 62(1)(c) of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting.

The Articles of Association authorise us to increase our authorised capital by issuing new shares consisting of equity and/or preference shares, as our Bank may determine in a general meeting.

The Articles of Association provide that our Bank, subject to compliance with requirements under the Companies Act and the rules thereto, or any other applicable law in force in the general meeting, from time to time, may consolidate, divide or sub-divide its share capital.

General meetings of shareholders

There are two types of general meetings of the shareholders, namely, AGM and EGM. Our Bank must hold its AGM in each Fiscal year provided that not more than 15 months shall elapse between each AGM, unless extended by RoC at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Bank's issued paid-up capital.

Notices, along with statement containing material facts concerning each special item, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to every member or the legal representative of a deceased member, auditors of the company and every director of the company, at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Bank, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act have to be physically complied with.

In accordance with Section 110 of the Companies Act, a company intending to pass a resolution relating to matters such as, but not limited to, amendments to the objects clause of the Memorandum, a variation of the rights attached

to a class of shares or debentures or other securities, buy-backs of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Bank's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the notice. Postal ballot includes voting by electronic mode.

Voting rights

At a general meeting, every member holding shares is entitled to vote through e-voting process and has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the shall be as provided under the Companies Act and rules framed thereunder but will be subject to the ceiling of ten per cent of the total voting rights or such other percentage as may be stipulated under the relevant provisions of the Banking Regulation Act. The Chairman of the meeting has a casting vote or second vote.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association. The instrument appointing a proxy is required to be lodged with our Bank at least 48 hours before the time of the meeting. A proxy may not vote except on a poll and does not have a right to speak at meetings. No proxy shall be entitled to vote on a show of hands unless such proxy is present on behalf of a company or corporation.

Registration of transfers and register of members

Our Bank is required to maintain a register of members wherein the particulars of the members of our Bank are entered. We recognize as shareholders only those persons whose names appear on the register of shareholders and cannot recognize any person holding any share or part of it upon any express, implied or constructive trust, except as permitted by law. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, the name of the depository is entered into our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares held by a depository.

For the purpose of determining the shareholders, entitled to corporate benefits declared by our Bank, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the SEBI Listing Regulations of the stock exchanges on which our Bank's outstanding Equity Shares are listed, our Bank may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These provisions provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. We have entered into an agreement for such depository services with the NSDL and the CDSL. SEBI requires that our shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall keep a book in which every transfer or transmission of shares will be entered. Further, RBI has prohibited any person to acquire, or agree to acquire directly or indirectly, by himself or acting in concert with any other person, shares or voting rights therein, which acquisition taken together with the shares and voting rights, if any, held by him or his relative or associate enterprise or person acting in concert with him makes the applicant to hold five per cent or more of the paid-up share capital of our Bank or entitles him to exercise five per cent or more of the voting rights in our Bank, unless a prior approval is obtained from RBI.

Pursuant to the SEBI Listing Regulations, in the event we have not effected the transfer of shares within fifteen days or where we have failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of fifteen days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Liquidation rights

In the event of our winding up, if the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up, paid-up or which ought to have been paid-up on the shares held by them.

The Articles of Association of our Bank provide that if our Bank shall be wound up, the liquidator may with the sanction of a special resolution, but subject to the rights attached to any preference share capital, divide among the contributions in any part of the assets of our Bank and may, with the like sanction, vest any part of the assets of our Bank in trustees upon such trusts for the benefit of the contributors, as the liquidator, with the like sanction shall think fit.

Buy back

Our Bank may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI regulations issued in connection therewith.

STATEMENT OF POSSIBLE TAX BENEFITS

Private and Confidential

The Board of Directors
RBL Bank Limited
One India Bulls Centre, Tower 2B
6th Floor, 841 Senapati Bapat Marg
Lower Parel (West)
Mumbai 400 013

2 December 2019

Dear Sirs

Subject: Statement of possible income-tax benefits available to RBL Bank Limited ('the Bank') and its shareholders for proposed Qualified Institutions Placement under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ('the Regulations')

1. We hereby report that the enclosed Annexure prepared by the Bank, states the possible income-tax benefits available to the Bank and its shareholders under the Income-tax Act, 1961 ('the Act'), presently in force in India.
2. The possible tax benefits mentioned in the enclosed Annexure are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions of the Act. Hence, the ability of the Bank or its shareholders to derive the income-tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Bank faces in the future, the Bank or its shareholders may or may not choose to fulfil.
3. The benefits discussed in the enclosed Annexure are not exhaustive. Further, the preparation of the Annexure and its contents is the responsibility of management of the Bank. We are informed that this Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional income-tax advice. In view of the individual nature of the income-tax consequences and changing income-tax laws, each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offer of qualified institutional placement for sale of equity shares by the Bank.
4. Neither are we suggesting nor are we advising the investor to invest money based on this Annexure.
5. We do not express any opinion or provide any assurance as to whether:
 - (i) the Bank or its shareholders will continue to obtain these possible tax benefits in the future; or
 - (ii) the conditions prescribed for availing the possible tax benefits have been/would be met.
6. The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Bank and based on our understanding of the business activities and operations of the Bank.
7. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of the income-tax laws and their interpretation, which are subject to change from time to time. We do not assume responsibility to update this Annexure consequent to such changes. We shall not be liable to the Bank for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Annexure.

8. The enclosed Annexure is intended solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion in the preliminary placement document ('PPD') / placement document ('PD')(and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/ W-100022

Sameer Mota

Membership No: 109928

UDIN: 19109928AAAAGL8179

Enclosure: as above

ANNEXURE TO THE STATEMENT OF POSSIBLE INCOME-TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE INCOME-TAX LAW IN INDIA

- This statement sets out below the possible special tax benefits available to the Bank and our equity shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Bank and our shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives, the Bank or the shareholders may or may not choose to fulfill.
- This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of Equity shares. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
- In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident is resident for tax purposes.

Under the Income-tax Act, 1961 ('the Act')

1. General tax benefits / consequences in case of the Bank as well its shareholders

1.1. Section 10(34) of the Act – Income by way of dividends referred to in section 115-O

The Bank is required to pay Dividend Distribution Tax (DDT) at the rate of 15% (before levy of appropriate surcharge and education cess) upon distribution of dividend under section 115-O of the Act. The tax is required to be calculated at the rate of 15% of the gross payout (that is, dividend and tax). As such the effective tax rate works out to 20.555% of the net dividend payout.

Dividend as referred to in section 115-O of the Act (i.e. dividend on which dividend distribution tax is paid by the domestic company) is exempt from tax under section 10(34) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of liability under the minimum alternate tax ('MAT') provisions.

However, as per Section 115BBDA of the Act, if the aggregate of dividend income during the year is in excess of Rs. 1 million, then such excess dividend shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess). Provisions of section 115BBDA are applicable to all residents except the following category of assessees

- A domestic company, or
- A fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub clause (vi) or sub-clause (via) of section 10(23C) or
- A trust/institution registered under section 12A or section 12AA of the Act.

No deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provisions of the Act in computing its income by way of dividends referred to in section 115BBDA(1)

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt from tax shall not be tax deductible.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent of dividend income on such shares, claimed as exempt from tax.

1.2. Capital gains

- As per section 2(42A) of the Act, a security (other than a unit) listed in a recognised stock exchange in India will be considered short term capital asset, if the period of holding of such share, unit or security is twelve (12) months or less.

Similarly, shares of a company (other than those listed on a recognised stock exchange) will be considered short term capital asset, if the period of holding of such shares, is twenty-four (24) months or less.

- If the period of holding of the abovementioned assets is more than 12 months or 24 months respectively, it will be considered a long-term capital asset as per section 2(29A) of the Act.
- Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains.

However, in respect of long-term capital gains ('LTCG'), section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Non-resident shareholders would get benefits of foreign currency fluctuations.

- As per section 112A, LTCG (exceeding Rs. 1 lakh) on sale of equity shares of a company listed on a recognized stock exchange is taxable at the rate of 10% (plus applicable surcharge and cess) on such LTCG. LTCG to be taxed at 10% without indexation benefit and without foreign currency fluctuation benefit. Such gains to be taxed at concessional rate of 10% provided Securities Transaction Tax ('STT') is paid (for equity shares - on acquisition as well as transfer subject to certain exception).

Where such capital asset is listed on 31 January 2018, the cost of acquisition for the purposes of computing capital gain under this section in respect of such capital assets acquired before the 1 February 2018, shall be deemed to be higher of: -

- The actual cost of acquisition of such capital asset, and
- The lower of:
 - The fair market value ('FMV') of such capital asset as on 31 January 2018; and
 - The full value of consideration received or acquiring as a result of transfer of the capital assets.

Ascertaining FMV

Where shares are listed on recognised stock exchange	Highest price quoted on 31 January 2018
Where shares are listed on recognised stock exchange but not traded on 31 January 2018	Highest price of asset (when the said asset was traded) on date immediately prevailing before 31 January 2018

There are specific provisions for equity shares which are not listed on 31 January 2018 which have not been reproduced here.

- As per section 111A of the Act, short term capital gains ('STCG') from sale of an equity share, transacted through a recognized stock exchange, where such transaction is chargeable to STT, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess).
- In case of transfer of shares where capital gains are not covered under section 112A, LTCG is taxable at the rate of 20% with indexation (inflation adjustment) or 10% without indexation whichever is more beneficial. STCG arising in case of transfer of shares which are not chargeable to STT is taxable at the followings rates (plus applicable surcharge and cess):

Class of person	Rates
• Individuals	• Progressive slab rates as per the relevant Finance Act
• Domestic companies	• 30% (other than domestic companies engaged in manufacturing business (set-up and registered on or after 1 March 2016) who are to be taxed at lower rate subject to fulfilment of certain conditions) • 25% (if total turnover or gross receipts of the financial year 2017-18 does not exceed Rs. 400 crores)
	• 22% (this lower rate is optional and subject to fulfilment of certain conditions as provided in Taxation Laws (Amendment) Ordinance, 2019)
	• 15% [this lower rate is optional for companies engaged in manufacturing business (set-up & registered on or after 1 October 2019) subject to fulfillment of certain conditions as provided in Taxation Laws (Amendment) Ordinance, 2019]

- As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

As per section 70 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

The CBDT has also clarified that long-term capital loss arising from transfer made on or after 1 April 2018 will be allowed to be set-off against any other long-term capital gains and unabsorbed long-term capital loss can be carried forward to subsequent eight years for set-off against long-term capital gains.

As per Section 71 of the Act, short term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads.

- An exemption may be claimed, as eligible by the assessee, from taxation of LTCG if investments in certain specified securities / assets is made subject to fulfillment of certain conditions.
- Where the gains arising on the transfer of shares of the Bank are included in the business income of an assessee assessable under the head “Profits and Gains from Business or Profession” and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

1.3. Other provisions

- As per section 115-O of the Act, domestic companies are liable to pay additional tax at the rate of 15% (plus applicable surcharge and education cess) on distribution of profits. As per sub - section (1A) to section 115-O, the domestic company, for computing the dividend distribution tax (DDT), will be allowed to set-off the dividend received from its subsidiary company during the financial year (‘FY’) against the dividend distributed by it if:
 - (a) the dividend is received from its domestic subsidiary company and the subsidiary company has paid the DDT payable on such dividend; or
 - (b) the dividend is received from a foreign subsidiary and is subject to payment of tax under section 115BBD of the Act.

However, the said amount of dividend shall not be taken into account for reduction more than once.

Section 115-O provides that the amount of dividend declared by the domestic company (as reduced by the amount referred in sub-section (1A) to section 115-O) would be required to be grossed up for the purpose of computing the DDT such that after reduction of the tax on such increased amount at the rate of 15%, the amount is equal to the net distributed profits. As such the effective tax rate works out to 20.555% of the net dividend payout

- As per section 115JB of the Act, while computing book profit, income received by way of dividend (whether interim or final) which is exempt under section 10(34) of the Act will be reduced.

(a) MAT provisions under Section 115JB of the Act are not applicable to a foreign company if

- such company is a resident of a country or a specified territory with which India has an DTAA and such company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or
- Such company is a resident of a country with which India does not have a DTAA and such company is not required to seek registration in India under any law for the time being in force, relating to companies.

(b) In respect of foreign companies which are subject to MAT provisions as per point (a) above, following specified incomes will not be subject to MAT under section 115JB of the Act:

- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax if such income is credited to profit and loss account and the income-tax payable thereon under the normal provisions of the Act is less than the MAT rate of 15%.

As per the Taxation Laws (Amendment) Ordinance, 2019, the MAT rate is 15% (plus applicable surcharge and cess) and the same is not applicable to domestic companies opting for lower rate of 22% and domestic manufacturing companies incorporated on or after 1 October 2019. Consequently, corresponding expenses shall also be excluded while computing MAT.

- STT is a tax payable on the value of specified securities (such as shares, equity oriented mutual funds, etc.) transacted on a recognised stock exchange.
- Receipt of property (which inter alia includes shares and securities) without adequate consideration is taxable as income from other sources in the hands of recipient in certain circumstances.
- Inventory / stock-in-trade converted into a capital asset to be taxed as business income basis the FMV to be determined in the manner prescribed prevailing on the date of conversion. In this case, the period of holding for the purposes of classification into a short-term or long-term capital asset to be calculated from the date of conversion.

2. Benefits / consequences in the case of shareholders of the Bank

For resident shareholders:

- 2.1. In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains is below the maximum amount which is not chargeable to income-tax, then such LTCG will be reduced to the extent of the shortfall and only the balance LTCG will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 and proviso to sub-section (2) of section 112A of the Act.
- 2.2. STCG arising on transfer of the shares of the Bank will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT. In case of an individual or HUF, where the total taxable income as reduced by STCG is below the maximum amount which is not chargeable to income-tax, then such STCG will be reduced to the extent of the shortfall and only the balance STCG will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.
- 2.3. In case of transfer of shares where capital gains are not covered under section 112A, LTCG is taxable at the rate of 20% with indexation (inflation adjustment) or 10% without indexation whichever is more beneficial.

- 2.4. STCG arising in case of transfer of shares which are not chargeable to STT is taxable at the followable rates (plus applicable surcharge and cess):

Class of person	Rates
• Individuals	• Progressive slab rates as per the relevant Finance Act
• Domestic companies	• 30% (other than domestic companies engaged in manufacturing business (set-up and registered on or after 1 March 2016) who are to be taxed at lower rate subject to fulfilment of certain conditions)
	• 25% (if total turnover or gross receipts of the financial year 2017-18 does not exceed Rs. 400 crores)
	• 22% (this lower rate is optional and subject to fulfilment of certain conditions as provided in Taxation Laws (Amendment) Ordinance, 2019)
	• 15% [this lower rate is optional for companies engaged in manufacturing business (set-up & registered on or after 1 October 2019) subject to fulfilment of certain conditions as provided in Taxation Laws (Amendment) Ordinance, 2019]

- 2.5. No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act.

For non-resident shareholders [other than Foreign Portfolio Investors (FPI's)]

- 2.6. The non-residents shareholders have the option to be governed by the provisions of the Act or DTAA whichever are more beneficial subject to fulfilment of conditions prescribed therein. The above option shall be available to non-residents shareholders subject to provisions of the GAAR (refer para 3 for detailed discussion).
- 2.7. The LTCG arising on transfer of listed shares, would be governed by the concessional tax treatment as given under the provisions of section 112A of the Act discussed above provided such transfer as well as purchase of such shares, subject to certain exception, is chargeable to STT. The STCG arising on transfer of listed shares are taxable at 15% (plus applicable surcharge and cess) provided STT is chargeable to such transfer.
- 2.8. In case of transfer of shares where capital gains are not covered under section 112A, LTCG is taxable at the rate of 10% (plus applicable surcharge and cess). STCG arising in case of transfer of shares which are not chargeable to STT is taxable at the following rates (plus applicable surcharge and cess):

Class of persons	Rates
• Non-resident individuals	• Progressive slab rates as per the relevant Finance Act
• Foreign companies	• 40%

- 2.9. In respect of a non-resident shareholder, as per the first proviso to section 48 of the Act, the capital gains arising from the transfer of listed equity shares of an Indian Company, should be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains so computed should be reconverted into Indian currency. Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders. Also, where the non-resident is liable to pay tax under section 112A of the Act, the benefit of first proviso to section 48 (i.e. foreign currency fluctuation) shall not be available.

- 2.10. Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which inter alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:
- (a) Under section 115E of the Act, NRIs will be taxed at 10% (plus applicable surcharge and cess) on LTCG arising on sale of shares of the Bank which are acquired in convertible foreign exchange. The benefit of indexation of cost would not be available.
 - (b) Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Bank acquired out of convertible foreign exchange above shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis. The amount so exempted shall be chargeable to tax subsequently under the head Capital Gains relating to Capital Assets other than Short Term Capital assets, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - (c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided adequate tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
 - (d) In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets (which do not include shares in an Indian company) for that year and subsequent assessment years until such assets are transferred or converted into money.
 - (e) As per the provisions of section 115I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act.

For shareholders who are Foreign Portfolio Investors (FPIs):

- 2.11. The non-residents shareholders have the option to be governed by the provisions of the Act or DTAA whichever are more beneficial subject to fulfilment of conditions prescribed therein. The above option shall be available to non-residents shareholders subject to provisions of the GAAR (refer para 3 for detailed discussion).
- 2.12. Gains arising on transfer of any shares/ securities being invested in accordance with the Foreign Portfolio Investors' regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.
- 2.13. Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Bank will be chargeable to tax at the rate of 10% (plus applicable surcharge and cess). The benefit of indexation of cost and of foreign currency fluctuations are not available to FPI's. LTCG arising to FPIs from transfer of listed shares, would be taxed at the rate of 10% on such LTCG, where the amount of such LTCG exceeds Rs.1 lakh. Also, in case of FPI the LTCG and the cost of acquisition will be determined in the manner explained in Section 112A of the Act.
- 2.14. Short-term capital gains arising on transfer of listed shares of the Bank will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) if such transaction is chargeable to STT [Section 111A].
- 2.15. Under section 115AD(1)(b)(ii) of the Act, income by way of short-term capital gains arising from the

transfer of shares held in the Bank not covered under section 111A of the Act will be chargeable to tax at the rate of 30% (plus applicable surcharge and cess).

- 2.16. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising to an FPI, from the transfer of shares / securities, payable to FPI.

Common provisions in case of non-residents shareholders

- 2.17. Under the provisions of section 90(2) of the Act, the tax treatment of a non-resident shareholder will be governed by the provisions of the DTAA between India and the country of residence of the non-resident shareholder and the provisions of the Act apply to the extent they are more beneficial to the assessee. However, the non-resident shareholders will have to furnish a certificate (containing the prescribed particulars) of his being a resident in a country outside India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

For shareholders who are Mutual Funds:

- 2.18. Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.
- 2.19. As per section 196 of the Act, no tax is to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the Act.

For shareholders who are Venture Capital Companies / Alternative Investment Funds:

- 2.20. Under section 10(23FBA) of the IT Act, any income of an Investment Fund, other than the income chargeable under the head “Profits and gains of business or profession” would be exempt from income tax in the hands of Investment Fund. For this purpose, an “Investment Fund” means a fund registered as Category I or Category II Alternative Investment Fund under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012.
- 2.21. As per Section 115UB(1) of the IT Act, any income accruing/arising/received by a person from his investment in Investment Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing / arising / received by such person had the investments made by Investment Fund been made by him directly.
- 2.22. Under section 115UB(4), the taxable income of an Investment Fund would be charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm or at maximum marginal rate in any other case.
- 2.23. Further, as per Section 115UB(6) of the IT Act, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.
- 2.24. Taxation of income of AIF Category III and its investors would be governed by the other / normal provisions of the Act.

Benefits available under the Wealth Tax Act, 1957:

- 2.25. The Finance Act, 2015 has abolished the levy of wealth tax under the Wealth Tax Act, 1957, therefore wealth tax is not leviable in respect of any Assessment Year on or after April 1, 2016.

Benefits available under Gift Tax Act, 1958:

2.26. Gift tax is not leviable in respect of any gift made on or after October 1, 1998.

3. General Anti-Avoidance Rule ('GAAR')

In terms of Chapter X-A of the Act, GAAR may be invoked notwithstanding anything contained in the Act. As per the GAAR provisions, any arrangement entered into by an assessee where the main purpose of the arrangement is to obtain a tax benefit and subject to fulfillment of one of the four specified conditions may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter-alia denial of applicable tax benefits. The said provisions are applicable from 1 April 2017.

4. Tax deduction at source

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents (other than FPIs) may be subject to withholding of tax at the rate under the domestic tax laws or under the DTAA, whichever is beneficial to the assessee, unless a nil / lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act. The provision of section 206AA will not apply if the non-resident shareholder furnishes prescribed documents to the payer. Additionally, as per the provisions of section 196D of the Act, no tax is to be withheld in respect of capital gains earned by an FPI.

Notes:

- 1 Summarized below are the provisions relevant for determination of residential status of a tax payer:
 - (a) As per the provisions of the Act, an individual is considered to be a resident in India during any financial year ('FY') if he or she is present in India for:
 - (i) a period or periods aggregating to 182 days or more in that FY; or
 - (ii) for a period or periods aggregating to 365 days or more within the four preceding FY's and a period or periods aggregating to 60 days or more in that FY
 - (b) In case of an Indian citizen or a person of Indian origin living abroad who visits India and in the case of a citizen of India who leaves India for the purposes of employment outside India in any FY, the limit of 60 days under point (ii) above, shall be read as 182 days.
 - (c) A Company is resident in India if it is an Indian Company or its place of effective management, in that year, is in India.
 - (d) A Hindu Undivided Family ('HUF'), Firm (including Limited Liability Partnership) or other Association of Persons ('AOP') is resident in India, except when the control and management of its affairs is situated wholly outside India during the relevant FY.
 - (e) A person who is not a resident in India would be regarded as 'Non-Resident'. Subject to qualifying with certain prescribed conditions, individuals may be regarded as 'Resident but not ordinarily resident'.
- 2 Surcharge rates:
 - As per the Act, surcharge is to be levied on individuals, HUF, AOP, body of individuals and artificial juridical person at the rate of 10% where the total income exceeds Rs. 5 million but not exceeding Rs. 10 million. Where the total income exceeds Rs 10 million, surcharge shall be levied at the rate of 15%.

- In the case of firm, co-operative society and local authorities at the rate of 12% where the total income exceeds Rs. 10 million.
 - In the case of domestic companies, surcharge would be levied at the rate of 7% where the total income exceeds Rs. 10 million but not exceeding Rs. 100 million. Where the total income exceeds Rs. 100 million, surcharge shall be levied at the rate of 12%.
 - In the case of foreign companies, surcharge would be levied at the rate of 2% where the total income exceeds Rs. 10 million but not exceeding Rs. 100 million. Where the total income exceeds Rs. 100 million, surcharge shall be levied at the rate of 5%.
 - In other cases (including sections 115-O, 115QA) the surcharge shall be levied at the rate of 12%.
 - In case of non-corporate FPIs, surcharge is to be levied at the rate of 10% where the total income exceeds Rs. 5 million but not exceeding Rs. 10 million. Where the total income exceeds Rs 10 million, surcharge shall be levied at the rate of 15%. In case of corporate FPIs, surcharge is to be levied at the rate of 2% where the total income exceeds Rs. 10 million but not exceeding Rs. 100 million. Where the total income exceeds Rs. 100 million, surcharge shall be levied at the rate of 5%.
- 3 Further, Health and Education cess on the total income at the rate of 4% is payable by all categories of taxpayers.
 - 4 The above statement of possible special direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
 - 5 The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.
 - 6 In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
 - 7 This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
 - 8 No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
 - 9 This statement of possible special direct tax benefits enumerated above is as per the Act as amended by the Finance Act, 2019 and the Taxation Laws (Amendment) Ordinance, 2019. The above statement of possible special direct-tax benefits sets out the possible special tax benefits available to the Bank and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
 - 10 This statement does not cover applicability of provisions of Chapter X-A of the Act dealing with General Anti-Avoidance Rules.
 - 11 The above statement covers only certain relevant direct tax law benefits and does not cover any Indirect Tax Law benefits or benefits under any other law.

LEGAL PROCEEDINGS

Our Bank and our Subsidiary are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of tax disputes, recovery proceedings, consumer disputes, regulatory proceedings, criminal complaints and other civil proceedings, pending before various adjudicating forums.

In terms of our Bank's "Policy for Determination of Materiality of Events/ Information" framed in accordance with Regulation 30 of the SEBI Listing Regulations, there is no outstanding litigation involving our Bank that has been disclosed to the Stock Exchanges and accordingly, there is no such outstanding litigation involving our Bank that requires disclosure in this Placement Document.

Additionally, solely for the purpose of the Issue, our Bank has also disclosed in this section, to the extent applicable, (i) all outstanding criminal proceedings involving our Bank and our Subsidiary; (ii) all outstanding actions by statutory or regulatory authorities against our Bank and our Subsidiary; (iii) any other outstanding litigation involving our Bank and our Subsidiary, where the amount involved in such proceeding exceeds ₹1,506.78 million (approximately 2% of the net worth of our Bank based on the Audited Consolidated Financial Statements for the Fiscal 2019) ("**Materiality Threshold**"); and (iv) any other outstanding litigation involving our Bank and our Subsidiary wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect the reputation, operations or financial position of our Bank. Further, all outstanding direct and indirect taxes proceedings involving our Bank and our Subsidiary have been disclosed herein on a consolidated basis, providing details of total number of outstanding claims and the total amount involved therein. Additionally, all outstanding litigations involving our Directors, an adverse outcome of which could materially and adversely affect the reputation, operations or financial position of the Bank, have been disclosed herein, to the extent applicable.

It is clarified that for the purposes of the above, pre-litigation notices received by our Bank from third parties (excluding show cause notices issued by statutory/regulatory/tax authorities) have not been disclosed in this Placement Document unless our Bank is impleaded as defendant in a litigation proceeding before any judicial forum, being a material litigation based on the aforesaid approach.

In the ordinary course of business, especially in relation to recovery of loans, our Bank initiates criminal proceedings under Section 138 of the Negotiable Instruments Act, 1881 and under Section 25 of the Payment and Settlement Systems Act, 2007, which have not been disclosed in this Placement Document separately unless such proceeding forms part of an outstanding material recovery proceeding by our Bank disclosed in this Placement Document based on the Materiality Threshold.

Other than as disclosed herein (i) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document involving our Bank or our Subsidiary nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Bank and our Subsidiary (ii) there are no defaults in repayment of (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interests thereon and (d) any loan obtained from any bank or financial institution and interest thereon by the Bank, as of the date of this Placement Document; (iii) there are no material frauds committed against our Bank and our Subsidiary in the last three years.; and (v) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Bank and its future operations.

No reservations, qualifications or adverse remarks have been given by our Statutory Auditors in the last five Fiscals immediately preceding this Placement Document.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

Litigation involving our Bank

Litigations against our Bank

Civil Proceedings

1. Strategic Credit Capital Private Limited and others ("**Strategic Group**") filed a writ petition before the Delhi High Court ("**High Court**") against our Bank and the Income Tax Department ("**Department**"), to, *inter alia*, (a) challenge a restraint order passed by the Department directing our Bank to freeze all funds in the bank

accounts of the Strategic Group maintained with our Bank (“**Strategic Group Accounts**”); (b) re-credit of an amount of ₹231.46 million debited by our Bank from the Strategic Group Accounts and transferred to the Department (“**Writ Petition-1**”). In relation to the same dispute, Veena Singh, an authorised signatory of the Strategic Group Accounts, also filed a writ petition before the High Court against one of our Bank manager and the Department to, *inter alia*, (a) to challenge the restraint order passed by the Department directing our Bank to also freeze all funds in her personal bank account maintained with our Bank (“**Personal Account**”), and (b) seek an amount of ₹7.75 million, debited by our Bank from the Personal Account and transferred to the Department (“**Writ Petition-2**”). The High Court, by its common order dated May 29, 2017, dismissed both Writ Petition -1 and Writ Petition - 2, and ordered the Registrar General of the High Court to initiate criminal action against the Strategic Group and Veena Singh for contempt (“**HC Order**”).

Strategic Group filed a special leave petition before the Supreme Court of India (“**Supreme Court**”) against our Bank and others, seeking, *inter alia*, (a) special leave to appeal against the HC Order before the High Court; and (b) a stay on (i) the HC Order and (ii) the criminal proceedings initiated pursuant to the HC Order. Veena Singh also filed a special leave petition before the Supreme Court seeking, *inter alia*, an order to stay the criminal proceedings initiated pursuant to the HC Order. The Supreme Court by its order dated April 23, 2018 has granted a stay on the criminal proceedings initiated pursuant to the HC Order. These matters are currently pending.

The Strategic Group also filed a suit before the Bombay High Court against our Bank, our Managing Director and CEO, Vishwavi Ahuja and our then director, Narayan Ramachandran (“**Defendants**”), alleging that the act of our Bank to provide details pertaining to the ‘beneficial ownership’ of the Strategic Group Accounts to the Department was in breach of the Banking Regulation Act, ‘RBI guidelines’ and ‘RBI Charter of Customer Rights’, and sought that the information provided by our Bank to the Department be held illegal. Strategic Group also claimed for, *inter alia*, (a) re-credit of ₹231.46 million along with interest, in the bank accounts of the Strategic Group; and (b) damages of ₹9,000.00 million. The matter is currently pending.

Criminal Proceedings

1. Sunil Prakash Kamalkar, a junior engineer of Maharashtra State Electricity Board filed a criminal complaint before the Assistant Superintendent, Magistrate (First Class), Kalyan, against Nilesh Kumbhar Kasasr, in his capacity as an employee of our Bank (“**Bank Employee**”), for placement of certain hoardings by our Bank without obtaining the permission of Maharashtra State Electricity Distribution Company Limited, Kalyan and the Municipal Corporation. The matter is currently pending.
2. Seahub Shipping and Logistics Private Limited and others (together, the “**Petitioners**”) filed a criminal writ petition before the Bombay High Court (“**Writ Petition**”) seeking, *inter alia*, to set aside a complaint filed by our Bank before the Judicial Magistrate First Class, Kolhapur (“**Complaint**”). The Petitioners entered into a facility agreement for an amount of ₹2.50 million (“**Loan Amount**”) with our Bank to be repaid in 36 equal monthly instalments. Subsequently, the Petitioners defaulted on the repayment of the Loan Amount and our Bank filed the Complaint. The Bombay High Court by its order dated September 26, 2018 granted a stay on the proceedings of the Complaint. The matter is currently pending.

Regulatory Proceedings

1. A show-cause notice dated September 11, 2019 was issued by IRDAI (“**Notice**”) to our Bank based on the response submitted by our Bank to the inspection report in respect of an on-site inspection of our Bank, conducted by IRDAI between February 19, 2018 to February 21, 2018. The Notice highlighted certain non-compliances by our Bank in relation to: (a) missing signatures in policy proposal forms; and (b) non-maintenance of proposal forms, agent confidential reports and KYC documents. In this regard, pursuant to the Notice, our Bank was show-caused as to why appropriate action including levy of financial penalty or suspension or cancellation of license should be not initiated against our Bank. Our Bank has replied to the show cause notice by way of its letter dated October 24, 2019. The matter is pending.

Litigations by our Bank

Criminal Proceedings

1. Our Bank filed a contempt petition before the Additional District Judge, Rohini Court, New Delhi against Madhu Bala, Vicky Kumar and Vikas Trading Company (together the “**Defendants**”) for violation of an order dated December 12, 2012 of the Delhi High Court preventing the Defendants from creating any third party interest on certain assets of the Defendants, (“**Mortgaged Assets**” and such order, the “**High Court Order**”).

One of the Defendants, Vikas Trading Company (“**Borrower**”) was sanctioned certain credit facilities aggregating to ₹12.88 million by our Bank (“**Credit Facilities**”), secured by charge over the Mortgaged Assets (“**Security**”). Upon default in repayment of the Credit Facilities by the Borrower, our Bank was unable to enforce the Security due to the High Court Order. Our Bank also filed an application before the Chief Metropolitan Magistrate, New Delhi against the Borrower for dishonor of cheques in relation to the Credit Facilities. The matter is currently pending.

- Our Bank filed a criminal complaint against one of the customers, Virendra Kumar (“**Accused**”) for allegedly colluding with the certain other persons to breach the internal systems of our Bank, which enabled the Accused to overuse the credit card issued to him by our Bank. In this regard, our Bank also filed a first information report with Swaroop Nagar Police Station, New Delhi against the Accused for cheating and criminal breach of trust for fraudulent usage of the credit card issued to him by the Bank to an extent of ₹6.59 million (“**FIR**”). Subsequently, the Accused filed a petition before the Delhi High Court (“**High Court**”) for quashing of the FIR. The High Court by its order, dated August 25, 2017 directed that no coercive steps be taken against the Accused pending the investigation in the matter (“**Order**”). Our Bank filed an application before the High Court challenging the Order and the High Court, by its order dated October 13, 2017, stayed the Order. Subsequently, our Bank also filed a writ petition before the NCLT against the Accused and others (together the “**Defendants**”) seeking, *inter alia*, the transfer of investigation on the FIR to a specialised agency or CBI. The High Court by its order dated April 23, 2019, transferred the matter to the Cyber Cell of the Delhi Police for further investigation. The matter is currently pending.

Tax proceedings involving the Bank

Sr. No.	Number of cases	Amount involved* (in ₹ million)
Direct tax	11	506.69
Indirect tax	4	148.87

*To the extent quantifiable

Tax proceedings involving the Subsidiary

Sr. No.	Number of cases	Amount involved* (in ₹ million)
Direct tax	1	417.59
Indirect tax	-	-

*To the extent quantifiable

Litigation involving our Directors

- Strategic Credit Capital Private Limited and others filed a suit before the Bombay High Court against our Managing Director and CEO, Vishwavir Ahuja and others. For details, see “– *Litigation involving our Bank – Litigations against our Bank – Civil Proceedings*” on page 270.

Details of acts of material frauds committed against our Bank in the last three years, if any, and if so, the action taken by our Bank

In the last three years, the acts of material frauds, *i.e.* the act of frauds detected involving an amount of ₹10 million or more, against our Bank, which have been reported to RBI, are as follows:

Sr. No.	Matter	Amount involved (in ₹ million)	Summary and action taken by the Bank
1.	Case of cheating and forgery by Shagun Enterprises	25.00	Shagun Enterprises, through Rajeev Raj Rathee (“ Borrower ”), availed a cash credit working capital facility (“ Facility ”) from our Bank, secured by mortgage of a property (“ Secured Property ”). Upon failure to repay the of the Facility by the Borrower, our Bank took symbolic possession of the property under the SARFAESI Act. However, our

Sr. No.	Matter	Amount involved (in ₹ million)	Summary and action taken by the Bank
			Bank was informed that Allahabad Bank had already taken possession of the Secured Property against default of another credit facility availed by the Borrower and others. Pursuant to verification of property documents, our Bank found that the certificate issued by the Haryana Urban Development Authority to the Borrower, giving permission to mortgage the Secured Property was forged. This matter was reported to RBI on February 8, 2017. Currently, the Borrower is absconding and cannot be traced. In this regard, an amount of ₹25 million has been written off. Our Bank has also filed an application before the Debt Recovery Tribunal, New Delhi to recover the outstanding amount from the Borrower. As on date, our Bank has recovered an amount of ₹7.14 million. Further, our Bank has filed a complaint before the Chief Metropolitan Magistrate, New Delhi against the Borrower for dishonor of a cheque of ₹25.00 million. The matter is pending.
2.	Case of phishing/ vishing/ skimming against Unique Automobiles India Private Limited	12.46	A total of 17 fraudulent net banking transactions worth ₹12.46 million were executed from the bank account of Unique Automobiles India Private Limited (“ Borrower ”) maintained with our Bank. The Borrower was not apprised of the same due to cloning of their SIM card. Further, the login credentials were used by multiple users from the Borrower’s end and were compromised. The amount recovered was approximately ₹2.97 million. A complaint was filed with the police station at Shahpuri, Kolhapur. A report was filed with RBI on October 9, 2017. The matter is currently under investigation.
3.	Case of phishing/ vishing/ skimming against Freight Consolidators Madras Private Limited	12.35	A total of 13 unauthorised outward transactions were done through two bank accounts held by Freight Consolidators Madras Private Limited (“ Borrower ”) with our Bank. The Borrower’s login credentials were compromised at their end and the SIM card was cloned, due to which the Borrower was not apprised of these unauthorised transactions. A report was filed with RBI on July 5, 2018 in this regard. A complaint was also filed with the Chennai Police Station by the Borrower. The matter is currently under investigation.
4.	Case of cheating and forgery by Shambhu Mahadev Sugar and Allied Industries Limited (“ SMSAIL ”)	64.00	A loan was availed by SMSAIL from our Bank by misrepresentation of facts and with malafide intentions to defraud our Bank. SMSAIL had also availed loans from other banks including ICICI Bank Limited, Canara Bank and Sangli Urban Bank, against corporate guarantee. However, the same did not feature on the CRILC or the MCA website and was also not declared by SMSAIL at the time of obtaining the loan from our Bank and the security for the said loan has still not been completed. A report was filed with RBI on October 30, 2018. A police complaint dated December 13, 2018 has also

Sr. No.	Matter	Amount involved (in ₹ million)	Summary and action taken by the Bank
			been filed with the Commissioner of Police at Mumbai.
5.	Case of cheating and forgery by: 1. Krishan Kumar; 2. Karamjit Singh and Pardeep Kuma; 3. Kawaljit Singh and Baldev Singh; 4. Joga Singh and Gurlal Singh; 5. Kashmir Singh and Amritpal Singh; and 6. Harmeet Singh and Kabul Singh; (together, the “ Borrowers ”) 7. Harmeet Singh; 8. Harvinder Singh; and 9. Rajendra Singh Gill (together, the Relationship Managers “ RMs ”)	13.07	Three relationship managers of our Bank (“ RMs ”) conspired with the Borrowers, and without due diligence, facilitated them to avail agriculture loans on the basis of forged KYC documents and forged/manipulated agricultural land records over which charge was already created for other banks. On the basis of such forged KYC documents, the RMs generated CIBIL Reports of the Borrowers and guarantors, which showed no credit history. Further, previous loans availed by Krishan Kumar and Karamjit Singh from Canara Bank were not discussed in CAMS of our Bank. A report was filed with RBI on December 1, 2018. A police complaint dated December 5, 2018 has been filed with the Station House Officer at Panipat.
6.	Case of cheating and forgery by PBK Trading Private Limited (“ PBK ”)	20.00	Our Bank had sanctioned a kisan credit card loan of ₹20 million to PBK (aggregator/ supplier of Usher Agro Limited) under a corporate tie-up arrangement. The FMR was highlighted by the early warning System team on kisan credit card loans sanctioned under the arrangement to the Borrowers. It was highlighted that Usher Agro Limited had been declared as fraudulent by other banks. The investigation revealed that advances were sanctioned to the aggregators who appeared to be shell companies, as none of the aggregator companies/directors were traceable. Further, the invoices/ transport receipts submitted by the aggregators were found to be fake/ manipulated. A report was filed with RBI on January 10, 2019 and a complaint was also filed with the Commissioner of Police, Mumbai on January 10, 2019. Our Bank has also filed an application before the Debt Recovery Tribunal, Mumbai to recover the outstanding amount from PBK.
7.	Case of cheating and forgery by Mindjoat Trading Private Limited (“ MTPL ”)	20.00	Our Bank had sanctioned a kisan credit card loan of ₹20 million to MTPL (aggregator/ supplier of Usher Agro Limited) under a corporate tie-up arrangement. The FMR was highlighted by the early warning System team on kisan credit card loans sanctioned under the arrangement to the Borrowers. It was highlighted that Usher Agro Limited had been declared as fraudulent by other banks. The investigation revealed that advances were sanctioned to the aggregators who appeared to be shell companies, as none of the aggregator companies/directors were traceable. Further, the invoices/ transport receipts submitted by the

Sr. No.	Matter	Amount involved (in ₹ million)	Summary and action taken by the Bank
			aggregators were found to be fake/ manipulated. A report was filed with RBI on December 13, 2018. The filing of police complaint is in process. Our Bank has also filed an application before the Debt Recovery Tribunal, Mumbai to recover the outstanding amount from MTPL.
8.	Case of cheating and forgery by Khushboo Agro Private Limited (“ KAPL ”)	20.00	Our Bank had sanctioned a kisan credit card loan of ₹20 million to KAPL (aggregator/ supplier of Usher Agro Limited) under a corporate tie-up arrangement. The FMR was highlighted by the early warning System team on kisan credit card loans sanctioned under the arrangement to the Borrowers. It was highlighted that Usher Agro Limited had been declared as fraudulent by other banks. The investigation revealed that advances were sanctioned to the aggregators who appeared to be shell companies, as none of the aggregator companies/directors were traceable. Further, the invoices/ transport receipts submitted by the aggregators were found to be fake/ manipulated. A report was filed with RBI on December 14, 2018. The filing of police complaint is in process. Our Bank has also filed an application before the Debt Recovery Tribunal, Mumbai to recover the outstanding amount from KAPL.
9.	Case of cheating and forgery by Shishir Foods Private Limited (“ SFPL ”)	20.00	Our Bank had sanctioned a kisan credit card loan of ₹20 million to SFPL (aggregator/ supplier of Usher Agro Limited) under a corporate tie-up arrangement. The FMR was highlighted by the early warning System team on kisan credit card loans sanctioned under the arrangement to the Borrowers. It was highlighted that Usher Agro Limited had been declared as fraudulent by other banks. The investigation revealed that advances were sanctioned to the aggregators who appeared to be shell companies, as none of the aggregator companies/directors were traceable. Further, the invoices/ transport receipts submitted by the aggregators were found to be fake/ manipulated. A report was filed with RBI on December 14, 2018. The filing of police complaint is in process. Our Bank has also filed an application before the Debt Recovery Tribunal, Mumbai to recover the outstanding amount from SFPL.
10.	Case of cheating and forgery by Fateh Chand Laxman Prasad Trading Private Limited (“ FCL ”)	20.00	Our Bank had sanctioned a kisan credit card loan of ₹20 million to FCL (aggregator/ supplier of Usher Agro Limited) under a corporate tie-up arrangement. The FMR was highlighted by the early warning System team on kisan credit card loans sanctioned under the arrangement to the Borrowers. It was highlighted that Usher Agro Limited had been declared as fraudulent by other banks. The investigation revealed that advances were sanctioned to the aggregators who appeared to be shell companies, as none of the aggregator companies/directors were traceable. Further, the

Sr. No.	Matter	Amount involved (in ₹ million)	Summary and action taken by the Bank
			invoices/ transport receipts submitted by the aggregators were found to be fake/ manipulated. A report was filed with RBI on December 15, 2018. The filing of police complaint is in process. Our Bank has also filed an application before the Debt Recovery Tribunal, Mumbai to recover the outstanding amount from FCL.

OUR STATUTORY AUDITORS

The Financial Statements have been audited by our Statutory Auditors, B S R & Co. LLP, Chartered Accountants, which have been included in the Preliminary Placement Document and this Placement Document.

The Condensed Standalone Interim Financial Statements and Condensed Consolidated Interim Financial Statements were subject to limited review by our Statutory Auditors, B S R & Co. LLP, Chartered Accountants, which have also been included in the Preliminary Placement Document and this Placement Document. With respect to the Condensed Standalone Interim Financial Statements and Condensed Consolidated Interim Financial Statements included in the Preliminary Placement Document and this Placement Document, the Statutory Auditors have reported that they applied limited review procedures in accordance with professional standards for a review of such information. However, their separate reports included in the Condensed Standalone Interim Financial Statements and Condensed Consolidated Interim Financial Statements, and included in the Preliminary Placement Document and this Placement Document, state that they did not audit and they do not express an opinion on those condensed interim financial information. Accordingly, the degree of reliance on their reports on such condensed interim financial information should be restricted in light of the limited nature of the review procedures applied. Interim financial information is not necessarily indicative of results that may be expected for the full Fiscal or any future reporting period.

B S R & Co. LLP and B S R & Associates LLP (“**B S R & Associates**”), are part of a network registered with ICAI, and each of these two licensed audit firms is separately registered with ICAI. It has been reported that, in connection with certain alleged lapses identified by the Serious Fraud Investigation Office in one of its audit assignments, the Ministry of Corporate Affairs in India has filed an petition/application with the National Company Law Tribunal, seeking an order under Section 140(5) of the Companies Act to impose a restriction on B S R & Associates from being appointed as an auditor of any company for a five-year period, (the “**Proposed Restriction**”) and certain other orders. B S R & Associates has in proceedings before Bombay High Court challenged the validity of Section 140(5) of the Companies Act. Pursuant to the order of Bombay High Court, the proceedings under Section 140(5) of the Companies Act with NCLT have been stayed until further orders. The matter is currently sub-judice. The Proposed Restriction, if imposed, would prevent B S R & Associates, from being appointed as an auditor of any company for a period of five years. Since B S R & Co. LLP and B S R & Associates are separately registered with ICAI, the Proposed Restriction, if imposed on B S R & Associates, would not impact B S R & Co. LLP’s role as the Statutory Auditors of the Issuer.

GENERAL INFORMATION

1. Our Bank was incorporated as 'The Ratnakar Bank Limited' under the Indian Companies Act, 1913 and was granted (i) a certificate of incorporation dated June 14, 1943; and (ii) a certificate of commencement of business, dated July 5, 1943, by the Registrar of Joint Stock Companies, Kolhapur State. Pursuant to a no-objection letter dated August 8, 2014 received from RBI and a special resolution passed by the Shareholders of our Bank on August 26, 2014, the name of our Bank was changed from 'The Ratnakar Bank Limited' to 'RBL Bank Limited' and a fresh certificate of incorporation dated November 24, 2014, consequent to the change of name, was granted by RoC. The registration number of our Bank is 007308 and our CIN is L65191PN1943PLC007308. The Registered Office of our Bank is situated at 1st Lane, Shahupuri, Kolhapur 416 001, Maharashtra, India. The Corporate Office of our Bank is situated at One Indiabulls Centre, Tower 2B, 6th Floor, 841, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, Maharashtra, India. The website of our Bank is www.rblbank.com.
2. The Equity Shares are listed on BSE and NSE. The Issue has been authorised and approved by the Board on April 18, 2019. The Shareholders have authorized the Issue pursuant to a special resolution dated July 9, 2019.
3. Our Bank has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations from both BSE and NSE on December 2, 2019, respectively. We will apply for final listing and trading approvals of the Equity Shares on the Stock Exchanges.
4. Copies of our Memorandum and Articles of Association will be available for inspection between 11:00 am to 1:00 pm on all Working Days, except Saturdays during the Bid/Issue Period at the Registered Office and Corporate Office.
5. Except as disclosed in this Placement Document, our Bank has obtained necessary consents, approvals and authorizations, wherever applicable, in connection with the Issue.
6. There have been no defaults in the annual filings of our Bank under the Companies Act or the rules made thereunder
7. Except as disclosed in this Placement Document, there has been no material change in the financial or trading position of our Bank since the date of the Audited Consolidated Financial Statements for the Fiscal 2019, which has not been included in this Placement Document.
8. Our Bank is a professionally managed with no identified promoter. Our Bank confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the SEBI Listing Regulations, SCRA and SCRR.
9. The Floor Price for the Equity Shares under the Issue is ₹352.57 per Equity Share which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Bank may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176(1) of the SEBI ICDR Regulations.
10. Our Bank and the GCBRLMs accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at his or her own risk.
11. Details of the Compliance Officer:

Niti Arya

Company Secretary and Compliance Officer
One Indiabulls Centre,
Tower 2B, 5th Floor,
841, Senapati Bapat Marg,
Lower Parel (W), Mumbai 400 013
Maharashtra, India
Tel.No.: +91 22 4302 0600
E-mail: pearl.2019@rblbank.com

FINANCIAL INFORMATION

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B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

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Report on Review of the Condensed Standalone Interim Financial Statements

To the Board of Directors of
RBL Bank Limited

Introduction

We have reviewed the accompanying Condensed Standalone Balance Sheet of RBL Bank Limited (the 'Bank') as of 30 September 2019 and the related Condensed Standalone Statements of Profit and Loss Account and the Condensed Standalone Cash Flow Statements for the six-month period then ended and a summary of significant accounting policies and other explanatory notes (hereinafter referred to as the 'Condensed Standalone Interim Financial Statements'). Management is responsible for the preparation and fair presentation of these Condensed Standalone Interim Financial Statements in accordance with the recognition and measurement principles of Accounting Standard 25 'Interim Financial Reporting' prescribed under section 133 of the Companies Act, 2013 (the 'Act'), relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by Reserve Bank of India ('RBI') from time to time ('RBI Guidelines') and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on this Condensed Standalone Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Standalone Interim Financial Statements are not prepared, in all material respects, in accordance with the recognition and measurement principles of Accounting Standard 25 "Interim Financial Reporting", prescribed under Section 133 of the Act, relevant provisions of the Banking Regulation Act, 1949, the RBI Guidelines and other accounting principles generally accepted in India.



Restriction on Distribution and Use

This review report is issued for the internal use of the Board of Directors of the Bank for the purpose of inclusion in the Preliminary Placement Document and the Placement Document to be filed with the Securities and Exchange Board of India, Registrar of Companies and the Stock Exchanges with regards to the Proposed Qualified Institutional Placement of equity share of the Bank as referred to in Note XVI of the Condensed Standalone Interim Financial Statements and should not be used by any other person or for any other purpose. We neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

For B S R & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W/W-100022

 *Sameer Mota*

Sameer Mota
Partner

Mumbai
2 December 2019

Membership No: 109928
UDIN:19109928AAAAGP5812

CONDENSED STANDALONE BALANCE SHEET AS AT SEPTEMBER 30, 2019

(₹ in '000s)

Particulars	As at 30-Sep-19	As at 31-Mar-19	As at 30-Sep-18
	Unaudited	Audited	Unaudited
CAPITAL AND LIABILITIES			
Capital	4,305,887	4,267,097	4,307,696
Reserves and Surplus	73,684,774	71,206,097	66,086,443
Deposits	628,291,330	583,944,159	477,900,927
Borrowings	139,531,852	118,320,654	96,104,909
Other Liabilities and Provisions	30,963,443	25,850,181	27,164,785
Total	876,777,286	803,588,188	671,564,760
ASSETS			
Cash and Balances with Reserve Bank of India	36,569,820	48,395,184	35,759,747
Balances with banks and money at call and short notice	27,660,679	17,625,948	13,183,092
Investments	197,779,800	168,403,611	137,492,413
Advances	584,760,562	543,082,427	458,726,617
Fixed Assets	4,534,894	4,024,785	4,012,000
Other Assets	25,471,531	22,056,233	22,390,891
Total	876,777,286	803,588,188	671,564,760
Contingent Liabilities	648,385,086	613,025,896	595,146,404
Bills for Collection	28,658,309	23,089,435	17,715,360

Significant Accounting Policies and Notes to Accounts form a part of the Condensed Standalone Interim Financial Statements.

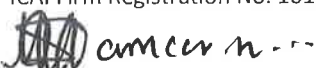
As per our report of even date attached

For and on behalf of RBL Bank Limited

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022



Sameer Mota

Partner

Membership No. 109928


Vishwajit Ahuja

Managing Director &

CEO



Amrut Palan

Chief Financial

Officer

Mumbai


Niti Arya

Date:- December 02, 2019

Company Secretary

CONDENSED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

(₹ in '000s)

Sr. No.	Particulars	Half Year ended 30-Sep-19	Half Year ended 30-Sep-18
		Unaudited	Unaudited
1	Interest earned (a)+(b)+(c)+(d)	41,488,190	28,276,483
(a)	Interest/ discount on advances/ bills	33,388,534	22,507,813
(b)	Income on investments	6,792,753	5,222,151
(c)	Interest on balances with Reserve Bank of India and other inter-bank funds	982,231	417,967
(d)	Others	324,672	128,552
2	Other Income	9,227,416	6,590,830
3	Total Income (1+2)	50,715,606	34,867,313
4	Interest Expended	24,628,071	16,819,788
5	Operating Expenses (i)+(ii)	13,541,298	9,233,810
(i)	Employees cost	3,805,997	3,039,106
(ii)	Other operating expenses	9,735,301	6,194,704
6	Total Expenditure (4+5) excluding provisions and contingencies	38,169,369	26,053,598
7	Operating Profit before provisions and contingencies (3-6)	12,546,237	8,813,715
8	Provisions (other than tax) and Contingencies	7,464,802	2,800,315
9	Profit (+)/ Loss (-) from Ordinary Activities before tax (7-8)	5,081,435	6,013,400
10	Extraordinary items	-	-
11	Net Profit (+)/ Loss (-) before tax (9-10)	5,081,435	6,013,400
12	Tax expense	1,867,781	2,067,646
13	Net Profit (+)/ Loss (-) for the period (11-12)	3,213,654	3,945,754
	Earnings Per Share (EPS) – (Basic and Diluted) ₹		
(a)	- Basic EPS before / after Extraordinary items (not annualized)	7.50	9.36
(b)	- Diluted EPS before / after Extraordinary items (not annualized)	7.42	9.14

Significant Accounting Policies and Notes to Accounts form a part of the Condensed Standalone Interim Financial Statements.

As per our report of even date attached

For and on behalf of RBL Bank Limited

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022



Sameer Mota

Partner

Membership No. 109928



Vishwavir Ahuja

Managing Director &

CEO



Amrut Palan

Chief Financial

Officer



Niti Arya

Mumbai

Date:- December 02, 2019

Company Secretary

CONDENSED STANDALONE CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

(₹ in '000s)

Particulars	Half Year ended 30-Sep-19	Half Year ended 30-Sep-18
	Unaudited	Unaudited
Cash generated from Operating Activities	(20,769,931)	3,703,856
Cash Flow from Investing Activities	(1,158,134)	(1,214,875)
Cash Flow from Financing Activities	20,499,041	3,080,607
(Decrease)/Increase during the Period	(1,429,024)	5,569,588
Opening Cash and Cash Equivalents	58,165,820	34,712,383
Closing Cash and Cash Equivalents	56,736,796	40,281,971

Significant Accounting Policies and Notes to Accounts form a part of the Condensed Standalone Interim Financial Statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022



Sameer Mota
Partner
Membership No. 109928

For and on behalf of RBL Bank Limited



Vishwavir Ahuja
Managing Director &
CEO



Amrut Palan
Chief Financial
Officer



Niti Arya
Company Secretary

Mumbai
Date:- December 02, 2019

Significant Accounting Policies and Notes to Condensed Standalone Interim Financial Statements for the half year ended September 30, 2019

Basis of preparation of Condensed Standalone Interim Financial Statements:

The Condensed Standalone Interim Financial Statements of the RBL Bank Limited (the 'Bank') for the period then ended have been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the Banking Regulations Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) as applicable from time to time ("RBI Guidelines") and the other accounting principles generally accepted in India.

Use of estimates:

The preparation of Condensed Standalone Interim Financial Statements in conformity with Indian GAAP requires the management to make estimates and assumptions that are considered in the reported amount of assets, liabilities and disclosure of contingent liabilities on the date and reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying Condensed Standalone Interim Financial Statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the Condensed Standalone Interim Financial Statements and are same as those followed in the preparation of Financial Statements for the year ended March 31, 2019.

Accounting Policies:

The accounting policies followed in the preparation of the Condensed Standalone Interim Financial Statements are same as those followed in the preparation of financial statements for the year March 31, 2019.

(₹ in '000s)				
I	Deposits	30-Sep-19	31-Mar-19	30-Sep-18
A.	1. Demand Deposits			
	i) From Banks	2,882,383	2,929,205	2,981,511
	ii) From Others	62,388,664	60,497,958	53,740,252
	Total	65,271,047	63,427,163	56,721,763
	2. Savings Bank Deposits	100,933,106	82,447,591	60,403,221
	3. Term Deposits			
	i) From Banks	90,162,960	58,674,281	33,021,546
	ii) From Others	371,924,217	379,395,124	327,754,397
	Total	462,087,177	438,069,405	360,775,943
	TOTAL (1 to 3)	628,291,330	583,944,159	477,900,927
B.	i. Deposits of Branches in India	625,713,649	583,035,764	477,897,122
	ii. Deposits of Branches outside India	2,577,681	908,395	3,805
	TOTAL	628,291,330	583,944,159	477,900,927



(₹ in '000s)

II	Borrowings	30-Sep-19	31-Mar-19	30-Sep-18
1.	Borrowings in India			
(i)	Reserve Bank of India	100,000	-	-
(ii)	Other Banks	16,422,546	14,877,498	11,286,948
(iii)	Other Institutions and Agencies	71,512,862	53,155,742	40,167,092
(iv)	Subordinated debt	7,300,000	7,300,000	7,300,000
	Total	95,335,408	75,333,240	58,754,040
2.	Borrowings outside India	44,196,444	42,987,414	37,350,869
	TOTAL (1 + 2)	139,531,852	118,320,654	96,104,909

Secured Borrowings included in 1 & 2 above is ₹ 5,182,296 thousands for September 30, 2019 (for financial year ending March 31, 2019: Nil and for September 30, 2018: Nil)

(₹ in '000s)

III	Investments	30-Sep-19	31-Mar-19	30-Sep-18
1.	Investments in India (Gross)	198,656,417	169,660,395	138,628,808
	Less: Provision for NPI	333,156	250,960	16,252
	Less: Depreciation on Investments	547,478	1,010,225	1,124,901
	Total	197,775,783	168,399,210	137,487,655
	Break Up			
(i)	Government Securities	162,384,564	119,426,981	103,812,593
(ii)	Other Approved Securities	-	-	-
(iii)	Shares	1,071,906	1,044,351	1,100,837
(iv)	Debentures & Bonds	19,752,386	14,035,284	16,008,944
(v)	Subsidiaries and / or Joint Venture	952,362	952,362	952,362
(vi)	Others (includes CPs, Mutual Funds, VCF, PTC and Security Receipts)	13,614,565	32,940,232	15,612,919
	Total	197,775,783	168,399,210	137,487,655
2.	Investments Outside India (Gross)	4,381	4,401	4,758
	Less: Provision for NPI	-	-	-
	Less: Depreciation on Investments	364	-	-
	Total	4,017	4,401	4,758
	Break Up			
(i)	Government Securities (Including Local Authorities)	-	-	-
(ii)	Subsidiaries and / or Joint Venture abroad	-	-	-
(iii)	Other Investments	4,017	4,401	4,758
	Total	4,017	4,401	4,758
	TOTAL (1 + 2)	197,779,800	168,403,611	137,492,413



(₹ in '000s)

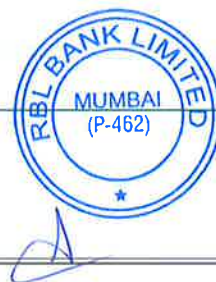
IV	Advances	30-Sep-19	31-Mar-19	30-Sep-18
(i)	Bills Purchased and Discounted	13,022,839	13,372,980	10,957,555
(ii)	Cash Credits, Overdrafts and Loans Repayable on Demand	166,267,075	151,928,882	123,167,873
(iii)	Term Loans	405,470,648	377,780,565	324,601,189
	Total	584,760,562	543,082,427	458,726,617

(₹ in '000s)

V	Interest Expended	30-Sep-19	30-Sep-18
1.	Interest on Deposits	20,620,353	14,569,741
2.	Interest on Reserve Bank of India / Inter-Bank Borrowings	1,040,198	794,846
3.	Others	2,967,520	1,455,201
	TOTAL (1 to 3)	24,628,071	16,819,788

(₹ in '000s)

VI	Operating Expenses	30-Sep-19	30-Sep-18
1.	Payments to and provisions for employees	3,805,997	3,039,106
2.	Rent, taxes and lighting	880,298	709,019
3.	Printing and stationery	105,741	55,746
4.	Advertisement and publicity	151,848	86,357
5.	Depreciation on Bank's property	649,846	542,433
6.	Director's fees Allowances and expenses	13,150	8,992
7.	Auditors' fees and expenses (Including branch auditor's fees and expenses)	9,000	7,476
8.	Law Charges	49,941	45,192
9.	Postage, Telegrams, Telephones, etc.	167,791	110,519
10.	Repairs and maintenance	195,819	38,472
11.	Insurance	385,511	294,954
12.	Other Expenditure	7,126,356	4,295,544
	TOTAL (1 to 12)	13,541,298	9,233,810



(₹ in '000s)

VII	Contingent Liabilities	30-Sep-19	31-Mar-19	30-Sep-18
1.	Claims against the bank not acknowledged as debts	231,593	167,386	95,034
2.	Liability for Partly Paid Investment	172,564	560,316	214,421
3.	Liability on Account of Outstanding Forward Exchange contracts	292,374,849	265,864,508	272,807,761
4.	Liability on Account of Outstanding derivative contracts			
(i)	Interest Rate Swaps	121,876,566	98,666,814	76,568,978
(ii)	Cross Currency Swaps	46,789,479	51,556,966	69,262,012
(iii)	Currency Options	15,944,703	22,069,158	24,746,299
5.	Guarantees given on behalf of constituents			
(i)	In India	96,724,797	101,071,597	90,212,136
(ii)	Outside India	22,453,872	16,578,893	10,798,713
6.	Acceptances, Endorsements and other Obligations	49,998,810	54,096,618	47,452,984
7.	Other items for which the bank is contingently liable			
	a) Income tax & other matters (under appeal)	426,982	659,660	393,814
	b) Others	1,390,871	1,733,980	2,594,252
	TOTAL (1 to 7)	648,385,086	613,025,896	595,146,404

VIII. Capital**Equity Capital**

- During the half year ended September 30, 2019, the Bank allotted 3,878,982 shares, pursuant to the exercise of stock options under its Employees Stock Option Scheme.
- During the year ended March 31, 2019, the Bank allotted 7,042,181 shares, pursuant to the exercise of stock options under its Employees Stock Option Scheme.
- During the half year ended September 30, 2018, the Bank allotted 4,632,007 shares, pursuant to the exercise of stock options under its Employees Stock Option Scheme.

IX. Appropriation of Reserves

The Bank appropriates net profit towards various reserves only at the year end.

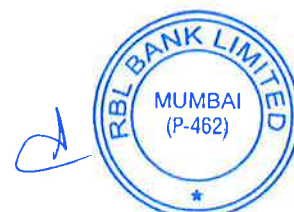
X. Dividends

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees.

Amount of per share dividend recognised as distribution to equity shareholders:-

(In ₹)

Particulars	Half year ended	
	30-Sep-19	30-Sep-18
Final dividend for fiscal 2018		2.10
Final dividend for fiscal 2019	2.70	



XI. Capital Adequacy Ratio

Capital Adequacy Ratio in accordance with the RBI guidelines on Basel III Capital Regulations dated July 1, 2015 and amended thereafter, as at September 30, 2019, as at September 30, 2018, and March 31, 2019 is given below:

(₹ in crs)				
	Particulars	30-Sep-19#	31-Mar-19	30-Sep-18#
i)	Common Equity capital adequacy ratio (%)	10.86	12.10	11.84
ii)	Tier-1 capital adequacy ratio (%)	10.86	12.10	11.84
iii)	Tier-2 capital adequacy ratio (%)	1.02	1.36	1.28
iv)	Total capital adequacy ratio (%)	11.88	13.46	13.12

Capital adequacy ratio (excluding profits for the six month period) computed in accordance with Basel III guidelines issued by RBI.

XII. Non-Performing Assets

The details of movement of Gross NPAs, Net NPAs and Provisions during six months ended September 30, 2019 and September 30, 2018, and the year ended March 31, 2019 are given below:-

(₹ in 'crs)				
	Particulars	30-Sep-19	31-Mar-19	30-Sep-18
(i)	Net NPAs to Net Advances (%)	1.56	0.69	0.74
(ii)	Provisioning Coverage Ratio (PCR) (%)	58.45	65.30	61.45
(iii)	Movement of Gross NPAs			
	(a) Opening balance	754.62	566.73	566.73
	(b) Additions during the year/period	1,602.16	707.01	290.09
	(c) Reductions during the year/period	817.68	519.12	211.85
	(i) Up – gradations	267.33	12.42	1.87
	(ii) Recoveries (excluding recoveries made from up-graded accounts)	90.66	186.49	83.81
	(iii) Write – offs	459.69	320.21	126.17
	(d) Closing balance	1,539.10	754.62	644.97
(iv)	Movement of Net NPAs			
	(a) Opening balance	372.74	312.56	312.56
	(b) Additions during the year/period	796.52	454.39	176.71
	(c) Reductions during the year/period	256.96	394.21	150.72
	(d) Closing balance	912.30	372.74	338.55
(v)	Movement of provisions for NPAs			
	(excluding provisions on standard assets)			
	(a) Opening balance	381.88	254.17	254.17
	(b) Provisions made during the year/period	710.60	386.68	139.62
	(c) Write-off / write back of excess provisions during the year/period	465.68	258.97	87.37
	(d) Closing balance	626.80	381.88	306.42

XIII. Provision Coverage Ratio

The provision coverage ratio of the Bank as at September 30, 2019 computed as per the RBI guidelines is 58.45% (as at March 31, 2019 was 65.30%, as at September 30, 2018 was 61.45%)



XIV. Segment Reporting

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated July 1, 2015 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, bullion business, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, Credit Cards etc.

(₹ in crs)

Particulars	30-Sep-19	30-Sep-18
Gross Revenue		
- Corporate/ Wholesale Banking	2,700.84	1,809.89
- Retail Banking	2,571.51	1,792.06
- Treasury	3,042.37	2,112.80
- Other Banking Operations	1,211.83	589.79
Less: Inter Segment Revenue	4,454.99	2,817.81
Total Revenue	5,071.56	3,486.73
Segment Results		
- Corporate/ Wholesale Banking	(133.52)	207.37
- Retail Banking	256.81	223.74
- Treasury	163.92	57.74
- Other Banking Operations	220.77	112.52
Unallocated Revenue	0.18	(0.03)
Unallocated expenses	(0.02)	-
Net Profit before tax	508.14	601.34

(₹ in crs)

Particulars	30-Sep-19	31-Mar-19	30-Sep-18
Segment Assets			
- Corporate/ Wholesale Banking	33,882.26	33,488.89	29,755.25
- Retail Banking	17,077.92	16,049.70	13,002.55
- Treasury	27,111.12	23,787.18	19,672.53
- Other Banking Operations	8,244.90	5,370.03	3,655.75
Unallocated Assets	1,361.53	1,663.02	1,070.39
Total Assets	87,677.73	80,358.82	67,156.47
Segment Liabilities			
- Corporate/ Wholesale Banking	25,000.31	21,044.07	15,939.81
- Retail Banking	35,010.30	29,767.95	24,616.91
- Treasury	19,704.39	21,868.24	19,388.53
- Other Banking Operations	155.61	124.84	126.44
Unallocated Liabilities	8.05	6.40	45.37
Capital and Reserves	7,799.07	7,547.32	7,039.41
Total Liabilities	87,677.73	80,358.82	67,156.47



Notes:-

- In computing the above information, certain estimates and assumptions have been made by the management and have been relied upon by the auditors.
- Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.
- Inter-segment transactions have been generally based on transfer pricing measures as determined by the management

XV. During this half year, there has been no change from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

XVI. These Condensed Standalone Interim Financial Statements has been prepared for the purpose of inclusion in the Preliminary Placement Document and the Placement Document to be filed with the Securities and Exchange Board of India, Registrar of Companies and the Stock Exchanges with regards to the Proposed Qualified Institutional Placement of Equity Share of Face value of ₹10 each of the Bank.

XVII. The unaudited Condensed Standalone Interim Financial Statements have been approved by the Board in its meeting held on December 02, 2019.

XVIII. The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank has recognised Provision for Income Tax for the half year ended September 30, 2019 and re-measured its Deferred tax assets / liability basis the rate prescribed in the aforesaid section and recognised the effect of change by revising the annual effective income tax rate.

XIX. Figures for the previous period/year have been regrouped and reclassified wherever necessary to conform to the current period's presentation.



XX. There were no material subsequent events post the reporting period which required adjustments or disclosure in the Condensed Standalone Interim Financial Statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022



Sameer Mota
Partner
Membership No. 109928

Mumbai
Date:- December 02, 2019

For and on behalf of RBL Bank Limited



Vishwavir Ahuja
Managing Director &
CEO



Niti Arya
Company Secretary



Amrut Palan
Chief Financial
Officer

Report on Review of the Condensed Consolidated Interim Financial Statements

To the Board of Directors of
RBL Bank Limited

Introduction

We have reviewed the accompanying Condensed Consolidated Balance Sheet of RBL Bank Limited (the 'Bank') and its subsidiary, RBL FinServe Limited (formerly known as Swadhaar FinServe Private Limited) (the Parent and its subsidiary together referred to as the 'Group') as of 30 September 2019 and the related Condensed Consolidated Statements of Profit and Loss Account and the Condensed Consolidated Cash Flow Statements for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (hereinafter referred to as the 'Condensed Consolidated Interim Financial Statements'). Management is responsible for the preparation and fair presentation of these Condensed Consolidated Interim Financial Statements in accordance with the recognition and measurement principles of Accounting Standard 25 'Interim Financial Reporting' prescribed under section 133 of the Companies Act, 2013 (the 'Act'), relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by Reserve Bank of India ('RBI') from time to time ('RBI Guidelines') and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on this Condensed Consolidated Interim Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Consolidated Interim Financial Statements are not prepared, in all material respects, in accordance with the recognition and measurement principles of Accounting Standard 25 "Interim Financial Reporting", prescribed under Section 133 of the Act, relevant provisions of the Banking Regulation Act, 1949, the RBI Guidelines and other accounting principles generally accepted in India.



B S R & Co. LLP

RBL Bank Limited
2 December 2019
Page 2 of 2

Restriction on Distribution and Use

This review report is issued for the internal use of the Board of Directors of the Bank for the purpose of inclusion in the Preliminary Placement Document and the Placement Document to be filed with the Securities and Exchange Board of India, Registrar of Companies and the Stock Exchanges with regards to the Proposed Qualified Institutional Placement of equity share of the Bank as referred to in Note XII of the Condensed Consolidated Interim Financial Statements and should not be used by any other person or for any other purpose. We neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Sameer Mota
Partner

Mumbai
2 December 2019

Membership No: 109928
UDIN:19109928AAAAGO4578

CONDENSED CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2019

(₹ in '000s)

Particulars	As at 30-Sep-19	As at 31-Mar-19	As at 30-Sep-18
	Unaudited	Audited	Unaudited
CAPITAL AND LIABILITIES			
Capital	4,305,887	4,267,097	4,307,696
Reserves and Surplus	73,534,370	71,080,804	66,191,533
Deposits	628,243,013	583,576,321	477,737,110
Borrowings	139,531,852	118,320,654	96,104,909
Other Liabilities and Provisions	31,095,728	26,733,022	27,352,644
Total	876,710,850	803,977,898	671,693,892
ASSETS			
Goodwill on Consolidation	406,776	406,776	406,776
Cash and Balances with Reserve Bank of India	36,578,107	48,400,467	35,778,266
Balances with banks and money at call and short notice	27,682,685	18,086,654	13,749,725
Investments (Net)	196,827,938	167,451,749	136,540,552
Advances (Net)	584,718,287	543,082,427	458,726,617
Fixed Assets	4,688,974	4,155,062	4,086,931
Other Assets	25,808,083	22,394,763	22,405,025
Total	876,710,850	803,977,898	671,693,892
Contingent Liabilities	648,385,086	613,025,896	595,146,404
Bills for Collection	28,658,309	23,089,435	17,715,360

Significant Accounting Policies and Notes to Accounts form a part of the Condensed Consolidated Interim Financial Statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022



Sameer Mota
Partner
Membership No. 109928

For and on behalf of RBL Bank Limited



Vishwavir Ahuja
Managing Director &
CEO



Amrut Palan
Chief Financial
Officer



Niti Arya
Company Secretary

Mumbai
Date:- December 02, 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

(₹ in '000s)

Sr. No.	Particulars	Half Year ended 30-Sep-19	Half Year ended 30-Sep-18
		Unaudited	Unaudited
1	Interest earned (a)+(b)+(c)+(d)	42,736,988	28,281,713
(a)	Interest/ discount on advances/ bills	34,635,312	22,507,713
(b)	Income on investments	6,792,753	5,222,241
(c)	Interest on balances with Reserve Bank of India and other inter-bank funds	982,231	417,967
(d)	Others	326,692	133,792
2	Other Income	9,268,146	6,581,684
3	Total Income (1+2)	52,005,134	34,863,397
4	Interest Expended	24,628,071	16,814,633
5	Operating Expenses (i)+(ii)	14,855,241	9,060,549
(i)	Employees cost	4,710,357	3,482,402
(ii)	Other operating expenses	10,144,884	5,578,147
6	Total Expenditure (4+5) excluding provisions and contingencies	39,483,312	25,875,182
7	Operating Profit before provisions and contingencies (3-6)	12,521,822	8,988,215
8	Provisions (other than tax) and Contingencies	7,464,802	2,800,315
9	Profit (+)/ Loss (-) from Ordinary Activities before tax (7-8)	5,057,020	6,187,900
10	Extraordinary items	-	-
11	Net Profit (+)/ Loss (-) before tax (9-10)	5,057,020	6,187,900
12	Tax expense	1,868,577	2,067,646
13	Profit(+)/ Loss (-) after tax (11-12)	3,188,443	4,120,254
14	Minority Interest	-	35,270
15	Net Profit (+)/ Loss (-) for the period (13-14)	3,188,443	4,084,984
	Earnings Per Share (EPS) – (Basic and Diluted) ₹		
(a)	- Basic EPS before / after Extraordinary items (not annualized)	7.44	9.69
(b)	- Diluted EPS before / after Extraordinary items (not annualized)	7.36	9.47

Significant Accounting Policies and Notes to Accounts form a part of the Condensed Consolidated Interim Financial Statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

 am ccr. n. r.

Sameer Mota
Partner
Membership No. 109928

For and on behalf of RBL Bank Limited



Vishwavir Ahuja
Managing Director &
CEO



Amrut Palan
Chief Financial
Officer



Niti Arya
Company Secretary

Mumbai
Date:- December 02, 2019

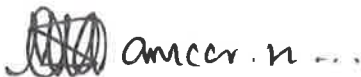
CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

(₹ in '000s)

Particulars	Half Year ended 30-Sep-19	Half Year ended 30-Sep-18
	Unaudited	Unaudited
Cash generated from Operating Activities	(21,760,591)	3,983,293
Cash Flow from Investing Activities	(1,206,180)	(1,248,052)
Cash Flow from Financing Activities	20,499,039	3,080,607
(Decrease)/ Increase during the Period	(2,467,732)	5,815,848
Opening Cash and Cash Equivalents	59,234,820	34,803,057
Closing Cash and Cash Equivalents	56,767,088	40,618,905

Significant Accounting Policies and Notes to Accounts form a part of the Condensed Consolidated Interim Financial Statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022



Sameer Mota
Partner
Membership No. 109928

For and on behalf of RBL Bank Limited



Vishwavir Ahuja
Managing Director &
CEO



Amrut Palan
Chief Financial
Officer



Niti Arya
Company Secretary

Mumbai
Date:- December 02, 2019

Significant Accounting Policies and Notes to Condensed Consolidated Interim Financial Statements for the half year ended September 30, 2019

Basis of preparation of Condensed Consolidated Interim Financial Statements:

The Condensed Consolidated Interim Financial Statements for the period then ended have been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the Banking Regulations Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) as applicable from time to time ("RBI Guidelines") and the other accounting principles generally accepted in India.

The Condensed Consolidated Interim Financial statements comprise of the RBL Bank Limited (the 'Bank') and its wholly owned subsidiary, RBL Finserve Limited (formerly Swadhaar Finserve Private Limited) (together 'the Group')

Use of estimates:

The preparation of Condensed Consolidated Interim Financial Statements in conformity with Indian GAAP requires the management to make estimates and assumptions that are considered in the reported amount of assets, liabilities and disclosure of contingent liabilities on the date and reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying Condensed Consolidated Interim Financial Statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the Condensed Consolidated Interim Financial Statements and are same as those followed in the preparation of Financial Statements for the year ended March 31, 2019.

Accounting Policies:

The accounting policies followed in the preparation of the Condensed Interim Consolidated Financial Statements are same as those followed in the preparation of financial statements for the year March 31, 2019.

(₹ in '000s)				
I	Deposits	30-Sep-19	31-Mar-19	30-Sep-18
A.	1. Demand Deposits			
	i) From Banks	2,882,383	2,929,205	2,981,511
	ii) From Others	62,340,347	60,130,120	53,625,371
	Total	65,222,730	63,059,325	56,606,882
	2. Savings Bank Deposits	100,933,106	82,447,591	60,403,221
	3. Term Deposits			
	i) From Banks	90,162,960	58,674,281	33,021,546
	ii) From Others	371,924,217	379,395,124	377,705,461
	Total	462,087,177	438,069,405	360,727,007
	TOTAL (1 to 3)	628,243,013	583,576,321	477,737,110
B.	i. Deposits of Branches in India	625,665,332	582,667,926	477,733,305
	ii. Deposits of Branches outside India	2,577,681	908,395	3,805
	TOTAL	628,243,013	583,576,321	477,737,110



(₹ in '000s)

II	Borrowings	30-Sep-19	31-Mar-19	30-Sep-18
1.	Borrowings in India			
(i)	Reserve Bank of India	100,000	-	-
(ii)	Other Banks	16,422,546	14,877,498	11,286,948
(iii)	Other Institutions and Agencies	71,512,862	53,155,742	40,167,092
(iv)	Subordinated debt	7,300,000	7,300,000	7,300,000
	Total	95,335,408	75,333,240	58,754,040
2.	Borrowings outside India	44,196,444	42,987,414	37,350,869
	TOTAL (1 + 2)	139,531,852	118,320,654	96,104,909

Secured Borrowings included in 1 & 2 above is ₹ 5,182,296 thousands for September 30, 2019 (for financial year ending March 31, 2019: Nil and for September 30, 2018: Nil)

(₹ in '000s)

III	Investments	30-Sep-19	31-Mar-19	30-Sep-18
1.	Investments in India (Gross)	197,704,555	168,708,533	137,676,947
	Less: Provision for NPI	333,156	250,960	16,252
	Less: Depreciation on Investments	547,478	1,010,225	1,124,901
	Total	196,823,921	167,447,348	136,535,794
	Break Up			
(i)	Government Securities	162,384,564	119,426,981	103,812,593
(ii)	Other Approved Securities	-	-	-
(iii)	Shares	1,072,406	1,044,851	1,101,338
(iv)	Debentures & Bonds	19,752,386	14,035,284	16,008,944
(v)	Subsidiaries and / or Joint Venture	-	-	-
(vi)	Others (includes CPs, Mutual Funds, VCF, PTC and Security Receipts)	13,614,565	32,940,232	15,612,919
	Total	196,823,921	167,447,348	136,535,794
2.	Investments Outside India (Gross)	4,381	4,401	4,758
	Less: Provision for NPI	-	-	-
	Less: Depreciation on Investments	364	-	-
	Total	4,017	4,401	4,758
	Break Up			
(i)	Government Securities (Including Local Authorities)	-	-	-
(ii)	Subsidiaries and / or Joint Venture abroad	-	-	-
(iii)	Other Investments	4,017	4,401	4,758
	Total	4,017	4,401	4,758
	TOTAL (1 + 2)	196,827,938	167,451,749	136,540,552



(₹ in '000s)

IV	Advances	30-Sep-19	31-Mar-19	30-Sep-18
(i)	Bills Purchased and Discounted	13,022,839	13,372,980	10,957,555
(ii)	Cash Credits, Overdrafts and Loans Repayable on Demand	166,224,800	151,928,882	123,167,873
(iii)	Term Loans	405,470,648	377,780,565	324,601,189
	Total	584,718,287	543,082,427	458,726,617

(₹ in '000s)

V	Interest Expended	30-Sep-19	30-Sep-18
1.	Interest on Deposits	20,620,353	14,564,586
2.	Interest on Reserve Bank of India / Inter-Bank Borrowings	1,040,198	794,846
3.	Others	2,967,520	1,455,201
	TOTAL (1 to 3)	24,628,071	16,814,633

(₹ in '000s)

VI	Operating Expenses	30-Sep-19	30-Sep-18
1.	Payments to and provisions for employees	4,710,357	3,482,402
2.	Rent, taxes and lighting	944,943	755,648
3.	Printing and stationery	111,816	59,763
4.	Advertisement and publicity	152,147	86,887
5.	Depreciation on Bank's property	674,399	556,952
6.	Director's fees Allowances and expenses	13,480	9,742
7.	Auditors' fees and expenses (Including branch auditor's fees and expenses)	10,735	8,690
8.	Law Charges	75,918	60,634
9.	Postage, Telegrams, Telephones, etc.	177,685	120,780
10.	Repairs and maintenance	198,296	39,652
11.	Insurance	388,573	295,879
12.	Other Expenditure	7,396,892	3,583,520
	TOTAL (1 to 12)	14,855,241	9,060,549



(₹ in '000s)

VII	Contingent Liabilities	30-Sep-19	31-Mar-19	30-Sep-18
1.	Claims against the bank not acknowledged as debts	231,593	167,386	95,034
2.	Liability for Partly Paid Investment	172,564	560,316	214,421
3.	Liability on Account of Outstanding Forward Exchange contracts	292,374,849	265,864,508	272,807,761
4.	Liability on Account of Outstanding derivative contracts			
(i)	Interest Rate Swaps	121,876,566	98,666,814	76,568,978
(ii)	Cross Currency Swaps	46,789,479	51,556,966	69,262,012
(iii)	Currency Options	15,944,703	22,069,158	24,746,299
5.	Guarantees given on behalf of constituents			
(i)	In India	96,724,797	101,071,597	90,212,136
(ii)	Outside India	22,453,872	16,578,893	10,798,713
6.	Acceptances, Endorsements and other Obligations	49,998,810	54,096,618	47,452,984
7.	Other items for which the bank is contingently liable			
	a) Income tax & other matters (under appeal)	426,982	659,660	393,814
	b) Others	1,390,871	1,733,980	2,594,252
	TOTAL (1 to 7)	648,385,086	613,025,896	595,146,404

VIII. Capital**Equity Capital**

- During the half year ended September 30, 2019, the Bank allotted 3,878,982 shares, pursuant to the exercise of stock options under its Employees Stock Option Scheme.
- During the year ended March 31, 2019, the Bank allotted 7,042,181 shares, pursuant to the exercise of stock options under its Employees Stock Option Scheme.
- During the half year ended September 30, 2018, the Bank allotted 4,632,007 shares, pursuant to the exercise of stock options under its Employees Stock Option Scheme.

IX. Appropriation of Reserves

The Bank appropriates net profit towards various reserves only at the year end.

X. Segment Reporting

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated July 1, 2015 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
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- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, bullion business, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, Credit Cards etc.



(₹ in Crs)

Particulars	30-Sep-19	30-Sep-18
Gross Revenue		
- Corporate/ Wholesale Banking	2,700.84	1,809.89
- Retail Banking	2,571.51	1,792.06
- Treasury	3,042.37	2,112.80
- Other Banking Operations	1,340.78	589.40
Less: Inter Segment Revenue	4,454.99	2,817.81
Total Revenue	5,200.51	3,486.34
Segment Results		
- Corporate/ Wholesale Banking	(133.52)	207.37
- Retail Banking	256.81	223.74
- Treasury	163.92	57.74
- Other Banking Operations	218.33	129.97
Unallocated Revenue	0.18	(0.03)
Unallocated expenses	(0.02)	-
Net Profit before tax	505.70	618.79

(₹ in Crs)

Particulars	30-Sep-19	31-Mar-19	30-Sep-18
Segment Assets			
- Corporate/ Wholesale Banking	33,882.26	33,488.89	29,755.25
- Retail Banking	17,077.92	16,049.70	13,002.55
- Treasury	27,111.12	23,787.18	19,672.53
- Other Banking Operations	8,238.26	5,409.00	3,668.67
Unallocated Assets	1,361.53	1,663.02	1,070.39
Total Assets	87,671.09	80,397.79	67,169.39
Segment Liabilities			
- Corporate/ Wholesale Banking	25,000.31	21,044.07	15,939.81
- Retail Banking	35,010.30	29,767.95	24,616.91
- Treasury	19,704.39	21,868.24	19,388.53
- Other Banking Operations	148.97	163.81	139.36
Unallocated Liabilities	23.09	18.93	34.86
Capital and Reserves	7,784.03	7,534.79	7,049.92
Total Liabilities	87,671.09	80,397.79	67,169.39

Notes:-

- In computing the above information, certain estimates and assumptions have been made by the management and have been relied upon by the auditors.
- Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.
- Inter-segment transactions have been generally based on transfer pricing measures as determined by the management.

XI. During this half year, there has been no change from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.



XII. These Condensed Consolidated Interim Financial Statements has been prepared for the purpose of inclusion in the Preliminary Placement Document and the Placement Document to be filed with the Securities and Exchange Board of India, Registrar of Companies and the Stock Exchanges with regards to the Proposed Qualified Institutional Placement of Equity Share of Face value of ₹10 each of the Bank.

XIII. The unaudited Condensed Consolidated Interim Financial Statements have been approved by the Board in its meeting held on December 02, 2019.

XIV. The Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank has recognised Provision for Income Tax for the half year ended September 30, 2019 and re-measured its Deferred tax assets / liability basis the rate prescribed in the aforesaid section and recognised the effect of change by revising the annual effective income tax rate.

XV. Figures for the previous period/year have been regrouped and reclassified wherever necessary to conform to the current period's presentation.

XVI. There were no material subsequent events post the reporting period which required adjustments or disclosure in the Condensed Consolidated Interim Financial Statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

 Sameer Mota

Sameer Mota
Partner
Membership No. 109928

Mumbai
Date:- December 02, 2019

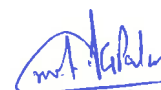
For and on behalf of RBL Bank Limited



Vishwavir Ahuja
Managing Director &
CEO



Niti Arya
Company Secretary



Amrut Palan
Chief Financial
Officer

Independent Auditor's Report

To the Members of RBL Bank Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Standalone Financial Statements of RBL Bank Limited (the 'Bank'), which comprise the standalone balance sheet as at 31 March 2019, the standalone profit and loss account, the standalone cash flow statement for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the 'Act') in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

as at 31 March 2019, and profit and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under

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

Key audit matter	How the matter was addressed in our audit

IDENTIFICATION OF NON-PERFORMING ASSET ('NPA') AND PROVISIONS ON ADVANCES

P&L CHARGE (INCLUDING WRITE-OFF): INR 466.99 CRORE FOR YEAR ENDED 31 MARCH 2019

Provision on advances: INR 381.88 crore as at 31 March 2019

Refer to the accounting policies in "Note 17(1) to the Standalone Financial Statements: Significant Accounting Policies - Advances" and "Note 12.1 to the Standalone Financial Statements: Asset Quality"

Significant estimate and judgment involved

Identification of NPAs and provisions in respect of NPAs are made based on management's assessment of the degree of impairment of the advances subject to and guided by the minimum provisioning levels prescribed under the RBI guidelines with regard to the 'Prudential Norms on Income Recognition, Asset Classification & Provisioning', prescribed from time to time. The provision on NPA are also based on the valuation of the security available.

We identified identification of NPAs and provision on advances as a key audit matter because of the level of significant management judgement involved in determining the provision and the valuation of the security of the NPA loans and on account of the significance of these estimates to the financial statements of the Bank.

Our key audit procedures included:

Design / controls

- We have assessed the design, implementation and operating effectiveness of key internal controls over approval, recording and monitoring of loans, monitoring process of overdue loans, measurement of provisions, identification of NPA accounts and assessed the reliability of management information (including overdue reports).
- In addition, for corporate loans we tested controls over the internal ratings process, monitoring of stressed accounts including credit file review processes and review controls over the approval of significant individual impairment provisions.
- We have evaluated the design, implementation and operating effectiveness of key internal controls over the valuation of security for NPAs.
- We tested management review controls over measurement of provisions and disclosures in financial statements.

Key audit matter	How the matter was addressed in our audit
	- We involved our information system specialist in the audit of this area to gain comfort over data integrity and calculations, including system reconciliations. Substantive tests - We performed test of details for a selection of exposures over calculation of NPA provisions including valuation of collaterals for NPAs as at 31 March 2019; the borrower-wise NPA identification and provisioning determined by the Bank and also tested related disclosures by assessing the completeness, accuracy and relevance of data and ensured that the same is in compliance with the RBI guidelines with regard to the 'Prudential Norms on Income Recognition, Asset Classification & Provisioning'. - We selected a sample (based on quantitative and qualitative thresholds) of large corporate clients where impairment indicators had been identified by management. We obtained management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenged whether individual impairment provisions, or lack of, were appropriate. This included the following procedures: - Reviewed the statement of accounts, approval process, board minutes, credit review of customer, review of special mention accounts reports and other related documents to assess recoverability and the classification of the facility; and - For a risk based sample of corporate loans not identified as displaying indicators of impairment by management, challenged this assessment by reviewing the historical performance of the customer and assessed whether any impairment indicators were present.
VALUATION OF FINANCIAL INSTRUMENTS (INVESTMENTS - BONDS AND DEBENTURES, COMMERCIAL PAPERS, CERTIFICATE OF DEPOSITS AND PASS THROUGH CERTIFICATES) Net value of investments: INR 3,788.18 crore as at 31 March 2019	
Refer to the accounting policies in "Note 17(2) to the Financial Statements: Significant Accounting Policies - Investments" and "Schedule 8 to the Financial Statements: Investments"	
Significant estimate and judgment involved Investments Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. We identified fair valuation of investments such as Bonds and Debentures, Commercial papers, Certificate of deposits and Pass through certificates classified into HFT and AFS as a key audit matter because of the significant management judgement involved in determining its valuation and the overall significance of these investments to the financial statements of the Bank.	Our key audit procedures included: Design / controls - We tested the design, implementation and operating effectiveness of management's key internal controls over classification and valuation of Investments. - We assessed appropriateness of the valuation methodologies with reference to accounting standards / RBI guidelines and Bank's own valuation policy. - Read investment agreements / term sheets entered into during the current year, on a sample basis, to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments. Substantive tests - We independently verified the fair valuation of investments on a sample basis with direct observable inputs and external input data such as market value from 'Financial Benchmarks India Private Limited' ('FBIL'), spreads from 'The Fixed Income Money Market and Derivatives Association of India' ('FIMMDA') etc after considering the requirements of RBI guidelines. - We assessed that the financial statement disclosures appropriately reflected the requirements of the prevailing accounting standards and the RBI guidelines.

Independent Auditor's Report

Key audit matter	How the matter was addressed in our audit
Information technology ('IT') IT systems and controls The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Bank uses several systems for its overall financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture.	Our key IT audit procedures included: • We have understood General IT Control i.e. Access Controls, Program/ System Change, Program Development, Computer Operations (i.e. Job Processing, Data/System Backup Incident Management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems). • We tested the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems. • We understood IT application controls covering • user access and roles, segregation of duties, and • key interfaces, reports, reconciliations and system processing • We tested the IT application controls for design and operating effectiveness for the audit period. • We performed testing to determine that these controls remained unchanged during the audit period or were changed following the standard change management process. • We understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems. • We tested controls over the IT infrastructure covering user access (including privilege users), data center and system change (e.g. patches).

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Bank's Annual report, but does not include the Standalone Financial Statements and our auditor's report thereon. The Bank's Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Bank's Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The standalone balance sheet and the standalone profit and loss account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act.

Independent Auditor's Report

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

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 26 branches.

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- (c) the standalone balance sheet, the standalone profit and loss account, and the standalone cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- (e) on the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the

operating effectiveness of such controls, refer to our separate Report in 'Annexure A';

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

- i. The Bank has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Schedule 12 and Note 30 to the Standalone Financial Statements;
- ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 41 to the Standalone Financial Statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

(h) The disclosures required on holdings as well as dealing in specified bank notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Companies Act, 2013:

The Bank is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

18 April 2019

Annexure A to the Independent Auditor's Report

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RBL BANK LIMITED Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of RBL Bank Limited (the 'Bank') as at 31 March 2019 in conjunction with our audit of the Standalone Financial Statements of the Bank for the year ended on that date.

Management's responsibility for internal financial controls over financial reporting

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditor's responsibility

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

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

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

Meaning of internal financial controls over financial reporting

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

Inherent Limitations of internal financial controls over financial reporting

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

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

18 April 2019

Standalone Balance Sheet

as at March 31, 2019

(₹ in '000s)

Particulars	Schedule No.	31-Mar-19	31-Mar-18
CAPITAL & LIABILITIES			
Capital	1	4,267,097	4,196,675
Reserves and Surplus	2	71,206,097	62,643,048
Deposits	3	583,944,159	439,022,636
Borrowings	4	118,320,654	92,614,403
Other Liabilities and Provisions	5	25,850,181	20,030,790
TOTAL		803,588,188	618,507,552
ASSETS			
Cash and Balances with Reserve Bank of India	6	48,395,184	25,893,338
Balances with banks and money at call and short notice	7	17,625,948	16,951,079
Investments	8	168,403,611	154,474,994
Advances	9	543,082,427	402,678,393
Fixed Assets	10	4,024,785	3,340,008
Other Assets	11	22,056,233	15,169,740
TOTAL		803,588,188	618,507,552
Contingent Liabilities	12	613,025,896	513,959,258
Bills for Collection		23,089,435	14,181,930
Significant Accounting Policies	17		
Notes To Accounts	18		

The schedules and accompanying notes to accounts referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Place : Mumbai

Date : April 18, 2019

For and on behalf of RBL Bank Limited

Prakash Chandra

Chairman

Jairaj Purandare

Director

Deepak Ruiya

Chief Financial Officer (interim)

Vishwavir Ahuja

Managing Director & CEO

Rajeev Ahuja

Executive Director

Vinay Tripathi

Company Secretary

Standalone Profit & Loss

for the year ended March 31, 2019

(₹ in '000s)

Particulars	Schedule No.	31-Mar-19	31-Mar-18
I INCOME			
Interest Earned	13	63,007,093	45,075,655
Other Income	14	14,423,662	10,681,884
TOTAL		77,430,755	55,757,539
II EXPENDITURE			
Interest Expended	15	37,612,278	27,412,810
Operating Expenses	16	20,420,161	15,034,080
Provisions and Contingencies		10,728,807	6,959,766
TOTAL		68,761,246	49,406,656
III PROFIT/LOSS			
Net Profit /(Loss) for the year		8,669,509	6,350,883
Profit brought forward		1,149,780	880,529
TOTAL		9,819,289	7,231,412
IV APPROPRIATIONS			
Transfer to Statutory Reserve		2,170,000	1,588,000
Transfer to Capital Reserve		90,000	93,900
Transfer to Revenue & Other Reserves		4,000,000	3,600,000
Transfer to Investment Fluctuation Reserve		783,600	–
Transfer from Investment Reserve		–	(22,008)
Dividend Paid		887,552	682,749
Tax on Dividend		182,438	138,991
Balance carried over to Balance Sheet		1,705,699	1,149,780
TOTAL		9,819,289	7,231,412
EPS Basic (₹)		20.47	15.79
EPS Diluted (₹)		20.04	15.18
Face Value of shares (₹)		10.00	10.00

The schedules and accompanying notes to accounts referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached

For and on behalf of RBL Bank Limited

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No. 046882

Prakash Chandra
Chairman

Jairaj Purandare
Director

Deepak Ruiya
Chief Financial Officer (interim)

Vishwavir Ahuja
Managing Director & CEO

Rajeev Ahuja
Executive Director

Vinay Tripathi
Company Secretary

Place : Mumbai
Date : April 18, 2019

Standalone Cash Flow Statement

for the year ended March 31, 2019

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
I Cash Flow from Operating Activities		
Net Profit for the Year (before taxes)	12,991,523	9,665,475
Adjustments for:-		
Add : Loss / (Profit) on Sale of Fixed Assets (Net)	30	(847)
Add : Non-Cash Expenditure		
Depreciation	1,219,055	869,561
Provision / write-off of Non Performing Advances	4,669,869	2,570,901
Provision for Standard Assets	563,893	424,444
Provision for Investments	531,916	424,659
Foreign Currency Translation Reserve (FCTL)	2,934	2,243
ESOP Reserve	1,084	-
Other Provisions	641,115	225,170
Cash Flow before Changes in Working Capital	20,621,419	14,181,606
Adjustments for working capital changes:-		
Increase/(Decrease) in Deposits	144,921,523	93,141,722
Increase/(Decrease) in Other Liabilities	4,614,383	1,667,706
Increase/(Decrease) in Deposits placed having original maturity greater than 3 months	276,722	2,140,049
(Increase)/Decrease in Investments	(14,460,533)	(20,082,568)
(Increase)/Decrease in Advances	(145,073,903)	(110,758,913)
(Increase)/Decrease in Other Assets	(5,368,507)	(1,816,265)
	(15,090,315)	(35,708,269)
Direct Taxes paid	(5,840,000)	(3,751,400)
Cash generated from Operating Activities	(308,896)	(25,278,063)
II Cash Flow from Investing Activities		
Addition to Other Fixed Assets	(1,838,819)	(1,673,876)
Addition to Capital Work in Progress	(86,511)	32,580
Sale of Fixed Assets	21,214	19,396
Cash generated from Investing Activities	(1,904,116)	(1,621,900)
III Cash Flow from Financing Activities		
Proceeds of share issue (including ESOPs)	1,030,188	17,952,849
Net Proceeds / (repayments) from Borrowings	25,706,251	12,816,831
Dividend and Dividend distribution tax	(1,069,990)	(821,740)
Cash generated from Financing Activities	25,666,449	29,947,940
IV Increase/Decrease during the Year	23,453,437	3,047,977
V Opening Cash and Cash Equivalents	34,712,383	31,664,406
VI Closing Cash and Cash Equivalents	58,165,820	34,712,383
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following:		
(i) Cash and Balances with Reserve Bank of India (Refer Schedule 6)	48,395,184	25,893,338
(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	8,771,350	4,671,590
(iii) Money at Call and Short Notice (Refer Schedule 7)	999,286	4,147,455
Cash and cash equivalents at the end of the year	58,165,820	34,712,383

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of RBL Bank Limited

Manoj Kumar Vijai
Partner
Membership No. 046882

Prakash Chandra
Chairman

Vishwavir Ahuja
Managing Director & CEO

Jairaj Purandare
Director

Rajeev Ahuja
Executive Director

Place : Mumbai
Date : April 18, 2019

Deepak Ruiya
Chief Financial Officer (interim)

Vinay Tripathi
Company Secretary

Schedules

forming part of the standalone financial statements for the year ended March 31, 2019

SCHEDULE 1 - CAPITAL

Particulars	31-Mar-19	31-Mar-18
(₹ in '000s)		
Authorised Capital		
700,000,000 ordinary Shares of ₹ 10/- each	7,000,000	7,000,000
(previous year 700,000,000 ordinary Shares of ₹ 10/- each)		
Issued		
426,709,728 ordinary Shares of ₹ 10/- each	4,267,097	4,196,675
(previous year 419,667,547 ordinary Shares of ₹ 10/- each)		
Subscribed & Paid-up		
426,709,728 ordinary Shares of ₹ 10/- each	4,267,097	4,196,675
(previous year 419,667,547 ordinary Shares of ₹ 10/- each)		
TOTAL	4,267,097	4,196,675

SCHEDULE 2 - RESERVES & SURPLUS

Particulars	31-Mar-19	31-Mar-18
(₹ in '000s)		
1. Statutory Reserve		
(i) Opening Balance	4,990,500	3,402,500
(ii) Addition during the year	2,170,000	1,588,000
(iii) Deduction during the year	—	—
Total	7,160,500	4,990,500
2. Capital Reserve		
(i) Opening Balance	252,570	158,670
(ii) Addition during the year	90,000	93,900
(iii) Deduction during the year	—	—
Total	342,570	252,570
3. Revaluation Reserve		
(i) Opening Balance	9,399	9,666
(ii) Addition during the year	—	—
(iii) Deduction during the year (Depreciation on revalued portion credited to Profit and Loss Account)	254	267
Total	9,145	9,399
4. Share Premium		
(i) Opening Balance	45,892,004	28,383,799
(ii) Addition during the year	959,766	17,575,924
(iii) Deduction during the year	—	67,719
Total	46,851,770	45,892,004
5. Revenue & Other Reserves		
(i) Opening Balance	10,346,552	6,746,552
(ii) Addition during the year	4,000,000	3,600,000
(iii) Deduction during the year	—	—
Total	14,346,552	10,346,552
6. Investment Reserve		
(i) Opening Balance	—	22,008
(ii) Addition during the year	—	—
(iii) Deduction during the year	—	22,008
Total	—	—
7. Investment Fluctuation Reserve		
(i) Opening Balance	—	—
(ii) Addition during the year	783,600	—
(iii) Deduction during the year	—	—
Total	783,600	—

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SCHEDULE 2 - RESERVES & SURPLUS (contd.)

Particulars	31-Mar-19	(₹ in '000s) 31-Mar-18
8. Foreign Currency Translation Reserve		
(i) Opening Balance	2,243	—
(ii) Addition during the year	2,934	2,243
(iii) Deduction during the year	—	—
Total	5,177	2,243
9. ESOP Reserve		
(i) Opening Balance	—	—
(ii) Addition during the year	1,084	—
(iii) Deduction during the year	—	—
Total	1,084	—
10. Balance in Profit & Loss Account	1,705,699	1,149,780
TOTAL (1 to 10)	71,206,097	62,643,048

SCHEDULE 3 - DEPOSITS

Particulars	31-Mar-19	(₹ in '000s) 31-Mar-18
A. 1. Demand Deposits		
i) From Banks	2,929,205	4,012,224
ii) From Others	60,497,958	49,375,561
Total	63,427,163	53,387,785
2. Savings Bank Deposits	82,447,591	53,394,735
3. Term Deposits		
i) From Banks	58,674,281	39,350,584
ii) From Others	379,395,124	292,889,532
Total	438,069,405	332,240,116
TOTAL (1 to 3)	583,944,159	439,022,636
B. i. Deposits of Branches in India	583,035,764	439,022,636
ii. Deposits of Branches outside India	908,395	—
TOTAL	583,944,159	439,022,636

SCHEDULE 4 - BORROWINGS

Particulars	31-Mar-19	(₹ in '000s) 31-Mar-18
1. Borrowings in India		
(i) Reserve Bank of India	—	5,000,000
(ii) Other Banks	14,877,498	12,974,440
(iii) Other Institutions and Agencies	53,155,742	40,201,672
(iv) Subordinated debt	7,300,000	7,300,000
Total	75,333,240	65,476,112
2. Borrowings outside India	42,987,414	27,138,291
TOTAL (1+2)	118,320,654	92,614,403

Secured Borrowings included in 1 & 2 above is Nil for March 31, 2019 (for financial year ending March 31, 2018 ₹ 17,845,363 thousands)

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SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Bills Payable	1,994,252	2,379,437
2. Inter Office Adjustments (Net)	–	–
3. Interest Accrued	4,719,844	3,497,301
4. Others (Including Provisions) *	19,136,085	14,154,052
TOTAL (1 to 4)	25,850,181	20,030,790
* Includes : Provision for Standard Assets	2,335,344	1,768,023

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Cash in hand	1,528,519	2,152,635
2. Balances with Reserve Bank of India		
(i) In Current Account	23,716,665	17,460,703
(ii) In Other Accounts	23,150,000	6,280,000
TOTAL (1 + 2)	48,395,184	25,893,338

SCHEDULE 7 – BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. In India		
(i) Balances with Banks		
a) In Current Accounts	576,345	779,990
b) In other Deposit Accounts	7,855,312	8,132,034
(ii) Money at Call and Short Notice		
a) With Banks	–	–
b) With Other Institutions	999,286	4,147,455
Total (i+ii)	9,430,943	13,059,479
2. Outside India		
(i) In Current Accounts	8,195,005	3,891,600
(ii) In Other Deposits Accounts	–	–
(iii) Money at Call and Short Notice	–	–
Total (i+ii+iii)	8,195,005	3,891,600
TOTAL (1 + 2)	17,625,948	16,951,079

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SCHEDULE 8 – INVESTMENTS

		(₹ in '000s)	
Particulars	31-Mar-19	31-Mar-18	
1. Investments in India (Gross)	169,660,395	155,202,323	
Less – Provision for depreciation	1,261,185	729,269	
Total	168,399,210	154,473,054	
Break Up			
(i) Government Securities	119,426,981	113,219,579	
(ii) Other Approved Securities	–	–	
(iii) Shares	1,044,351	1,169,793	
(iv) Debentures & Bonds	14,035,284	19,787,314	
(v) Subsidiaries and / or Joint Venture	952,362	505,050	
(vi) Others *	32,940,232	19,791,318	
Total	168,399,210	154,473,054	
* Details of Others (vi)			
(i) Commercial paper & Certificates of deposit	14,886,362	10,101,465	
(ii) Mutual Funds	8,020,000	7,770,000	
(iii) Venture Capital Fund	1,048,011	815,954	
(iv) Pass Through Certificates	8,960,170	830,332	
(v) Security Receipts	25,689	273,567	
Total	32,940,232	19,791,318	
2. Investments Outside India			
(i) Government Securities (Including Local Authorities)	–	–	
(ii) Subsidiaries and / or Joint Venture abroad	–	–	
(iii) Other Investments	4,401	1,940	
Total	4,401	1,940	
TOTAL (1 + 2)	168,403,611	154,474,994	

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SCHEDULE 9 – ADVANCES

		(₹ in '000s)	
Particulars	31-Mar-19	31-Mar-18	
A.			
(i) Bills Purchased and Discounted	13,372,980	11,163,910	
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	151,928,882	99,235,741	
(iii) Term Loans	377,780,565	292,278,742	
Total	543,082,427	402,678,393	
B.			
(i) Secured by Tangible Assets ⁽¹⁾ (Includes advances against Fixed Deposits and Book Debts)	358,108,505	274,209,414	
(ii) Coverd by Bank/Government Guarantees	2,656,815	987,122	
(iii) Unsecured	182,317,107	127,481,857	
Total	543,082,427	402,678,393	
C.1 Advances in India			
(i) Priority Sector	136,684,368	112,915,789	
(ii) Public Sector	2,074,877	–	
(iii) Banks	646,623	3,812,763	
(iv) Others	386,023,822	275,232,797	
Total	525,429,690	391,961,349	
C.2 Advances Outside India			
(i) Due from Banks	17,289	–	
(ii) Due from Others			
a) Bills Purchases and Discounted	–	–	
b) Syndicated Loans	–	–	
c) Others	17,635,448	10,717,044	
Total	17,652,737	10,717,044	
TOTAL (C.1 + C.2)	543,082,427	402,678,393	

⁽¹⁾ Includes Advances for which security documentation is being perfected.

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SCHEDULE 10 – FIXED ASSETS

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Premises		
(i) At cost at 31st March of the preceding year	75,241	75,241
(ii) Additions during the year	430,582	–
(iii) Deductions during the year	–	–
(iv) Accumulated depreciation to date	20,120	11,697
Total	485,703	63,544
2. Other Fixed Assets		
(i) At cost at 31st March of the preceding year	5,800,508	4,182,225
(ii) Additions during the year	1,408,237	1,673,876
(iii) Deductions during the year	243,699	55,593
(iv) Accumulated depreciation to date	3,825,364	2,836,933
Total	3,139,682	2,963,575
3. Leased Assets		
(i) Lease equalisation - Opening balance	13,509	13,509
(ii) Additions during the year	–	–
(iii) Less: Provision held / Deductions	13,509	13,509
(iv) Accumulated depreciation to date	–	–
Total	–	–
4. Capital Work in Progress	399,400	312,889
TOTAL (1 to 4)	4,024,785	3,340,008

SCHEDULE 11 – OTHER ASSETS

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Inter-Office Adjustment (Net)	–	–
2. Interest Accrued	6,084,349	4,459,525
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	210,587	62,372
4. Stationery and Stamps	1,108	3,877
5. Deferred Tax Assets (Net)	2,094,914	1,353,010
6. Non-banking assets acquired in satisfaction of claims	400,420	591,251
7. Others	13,264,855	8,699,705
TOTAL (1 to 7)	22,056,233	15,169,740

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SCHEDULE 12 – CONTINGENT LIABILITIES

(₹ in '000s)		
Particulars	31-Mar-19	31-Mar-18
1. Claims against the bank not acknowledged as debts	167,386	77,493
2. Liability for Partly Paid Investment	560,316	189,397
3. Liability on Account of Outstanding Forward Exchange contracts	265,864,508	220,642,559
4. Liability on Account of Outstanding derivative contracts		
(i) Interest Rate Swaps	98,666,814	73,563,134
(ii) Cross Currency Swaps	51,556,966	68,915,165
(iii) Currency Options	22,069,158	23,088,663
5. Guarantees given on behalf of constituents		
(i) In India	101,071,597	66,753,735
(ii) Outside India	16,578,893	29,792,260
6. Acceptances, Endorsements and other Obligations	54,096,618	28,386,476
7. Other items for which the bank is contingently liable		
a) Income tax & other matters (under appeal)	659,660	400,644
b) Others	1,733,980	2,149,732
TOTAL (1 to 7)	613,025,896	513,959,258

SCHEDULE 13 – INTEREST EARNED

(₹ in '000s)		
Particulars	31-Mar-19	31-Mar-18
1. Interest / Discount on Advances / bills	50,498,265	34,308,975
2. Income on Investments	10,934,447	9,981,686
3. Interest on balance with RBI and Other Inter bank funds	1,112,393	701,485
4. Others	461,988	83,509
TOTAL (1 to 4)	63,007,093	45,075,655

SCHEDULE 14 – OTHER INCOME

(₹ in '000s)		
Particulars	31-Mar-19	31-Mar-18
1. Commission, Exchange and Brokerage	11,656,045	7,225,909
2. Profit on sale of Investments (Net)	783,551	1,665,396
3. Profit / (Loss) on sale of land, building and other assets (Net)	(30)	847
4. Profit on exchange transactions (Net)	1,634,520	1,511,162
5. Miscellaneous Income	349,576	278,570
TOTAL (1 to 5)	14,423,662	10,681,884

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SCHEDULE 15 – INTEREST EXPENDED

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Interest on Deposits	32,440,693	23,409,697
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	1,811,624	840,845
3. Others	3,359,961	3,162,268
TOTAL (1 to 3)	37,612,278	27,412,810

SCHEDULE 16 – OPERATING EXPENSES

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Payments to and provisions for employees	6,361,778	5,506,765
2. Rent, taxes and lighting	1,437,250	1,197,235
3. Printing and stationery	152,723	122,298
4. Advertisement and publicity	212,768	160,320
5. Depreciation on Bank's property	1,219,055	869,561
6. Director's fees Allowances and expenses	11,562	8,677
7. Auditors' fees and expenses	14,300	8,669
8. Law Charges	99,365	66,963
9. Postage, Telegrams, Telephones, etc.	249,478	203,611
10. Repairs and maintenance	369,900	62,998
11. Insurance	625,645	458,106
12. Other Expenditure	9,666,337	6,368,877
TOTAL (1 to 12)	20,420,161	15,034,080

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SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

BACKGROUND

RBL Bank Limited ('the Bank'), incorporated in Kolhapur, India is a banking company governed by the Banking Regulation Act, 1949 with the Reserve Bank of India ('RBI') as its principal regulator. The Bank is engaged in providing a wide range of banking and financial services including commercial banking, retail banking, agriculture finance, financial inclusion, treasury operations and other banking related activities. The Bank commenced its operations at its International Financial Services Centre Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat in April 2017. Ordinary shares of the Bank were listed on August 31, 2016 on the National Stock Exchange of India Limited ('NSE') & BSE Limited ('BSE').

BASIS OF PREPARATION:

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to the Generally Accepted Accounting Principles in India ('Indian GAAP'), the guidelines issued by RBI from time to time, the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and practices generally prevalent in the banking industry in India.

USE OF ESTIMATES:

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that are considered in the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in the current and future periods.

SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1. Advances

a) Accounting and Classification

Advances are stated net of bills rediscounted and provisions made in respect of Non-Performing Advances ('NPA'). The premium paid on acquisition of portfolio is included in advances and is amortized over the economic life of the portfolio. Advances are classified as Performing and NPA based on the relevant RBI guidelines.

b) Provisioning

Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed from time to time. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines.

In accordance with the RBI guidelines, the Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio including provision for borrowers having un-hedged foreign currency exposures, provisions on loans to specific borrowers in specific stressed sectors and also for credit exposures considered at current marked to market values of interest rate and foreign exchange derivative contracts. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

Further to the provisions 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 provision is held in respect of that country where the net funded exposure is one percent or more of the total assets.

Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognized in the profit and loss account, as credit to 'Miscellaneous Income' under the head 'Other Income' or provision for NPAs, respectively.

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2. Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') and Financial Benchmark India Private Limited ('FBIL') guidelines, prescribed in this regard from time to time.

a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures and f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to prudential norms for Classification, valuations and Operation of Investment Portfolio by Banks, prescribed from time to time.

b) Valuation

Investments classified as HTM are carried at amortized cost. Any premium paid on acquisition, over the face value, is amortized over the remaining maturity of the instrument, by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary, in the value of investments classified under HTM has taken place, appropriate provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per the relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation are aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded / quoted price available on the recognized stock exchanges, subsidiary general ledger account transactions are valued as per the price list of RBI or prices declared by FBIL as applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), the bank considers yields / mark-up rates (reflecting associate credit risk) declared by the FBIL / FIMMDA.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹ 1/- as per the RBI guidelines.

Quoted Mutual Fund units are valued as per the stock exchange quotations and un-quoted mutual fund units are valued at last available re-purchase price or Net Asset Value ('NAV') where re-purchase price is not available.

Units of Venture Capital Funds ('VCF') held under AFS category are valued using the ('NAV') shown by VCF as per the financial statement. The VCFs are valued based on the audited financials. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1/- per VCF.

Security Receipts ('SR') issued by the asset reconstruction companies are valued in accordance with the guidelines prescribed by the RBI. Accordingly, SRs are valued at NAV provided by the issuing asset reconstruction company.

Investments received in lieu of restructured advances under Strategic Debt Restructuring (SDR) / Sustainable Structuring of Stressed Assets (S4A) schemes are valued in accordance with the RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by the Bank under SDR / S4A schemes is provided as per RBI guidelines.

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Pass Through Certificates (PTC) excluding Priority Sector-PTCs are valued using FBIL GOI par yield and FIMMDA credit spreads as applicable to NBFC category, based on the credit rating & tenor of the respective PTC instruments. PSL-PTCs are valued at book value.

c) Disposal of investments:

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

d) Transfer between categories

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- b) Transfer from HTM to AFS/HFT is made at acquisition price / amortized cost if originally placed in HTM at par or at a discount and at amortized cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

e) Repurchase transactions

Repurchase ('Repo') and reverse repurchase ('Reverse Repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted

for as interest expense and income on reverse repo transactions are accounted for as interest income.

f) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

3. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by 'Foreign Exchange Dealers' Association of India'(FEDAI) and the resultant exchange differences are recognized in the Profit and Loss account. Income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.

Outstanding forward exchange contracts (other than deposit and placement swaps) and spot contracts outstanding at the Balance Sheet date are re-valued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI, are re-valued at the forward exchange rates implied by the swap curves in respective currencies. The resulting profits or losses are recognized in the Profit and Loss Account as per the regulations stipulated by the RBI / FEDAI and is included in 'Other assets' or 'Other liabilities' as the case may be.

Foreign exchange swaps "linked" to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortized over the period of the swap and the same is recognized in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, letters of credit, bank guarantees and acceptances and endorsements outstanding as at the Balance Sheet date denominated in foreign currencies are translated at year-end rates notified by FEDAI.

The financial statements of IBU which are in the nature of non-integral overseas operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange during the period and (b) All assets and liabilities are translated at closing rate as on Balance Sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign

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Currency Translation Reserve" forming part of "Reserves and Surplus".

4. Derivative transactions

Derivative transactions comprise interest rate swaps, cross currency swaps and currency futures and currency options.

The interest rate and currency swaps are marked to market using appropriate interest rates/exchange rates. Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange/clearing corporation. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in 'Other assets' or 'Other liabilities' as the case may be. The notional value of these swaps / futures contract is recorded as contingent liability. Margin money deposited with the exchange in respect of the futures contracts is included in 'Other assets'.

Option premium paid or received is recognized in the Profit and Loss Account on expiry of the option. Option contracts are marked to market on every reporting date.

Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument.

Pursuant to the RBI guidelines, any receivable under a derivative contract with a counterparty which remains overdue for more than 90 days, mark-to-market gains on any other derivative contract with the same counterparty, is reversed through profit and loss account.

5. Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

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

6. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the

asset. Premises acquired up to March 31, 1998 have been re-valued by the management and are stated at such re-valued figure. The appreciation on revaluation is credited to 'Premises Revaluation Reserve' Account. On disposal of re-valued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the revaluation gain is transferred from Premises Revaluation Reserve to the credit of depreciation in the Profit and Loss account.

Depreciation is provided as per straight-line method from the date put to use over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account up to the date of sale. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

The useful lives of the fixed assets are given below:

Category	Estimated useful life
Premises	50 years
Desktop computers and printers, Laptops	3 years
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	5 years
Purchased and developed Software	5 years
Vehicles	5 years
Office equipment, Locker cabinets, Strong room	6.67 years
ATMs	7 years
Furniture, fittings and work of art	10 years

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

At each Balance Sheet date, the Bank assesses impairment on assets. If any such indication exists, the Bank estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net selling price and its

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value in use. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

7. Employee benefits

Provident Fund

The Bank's contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the Profit and Loss account. The Bank makes contributions to a fund administered by trustees.

Gratuity and Pension

Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial valuation as at the Balance Sheet date as per the Projected Unit Credit method as computed by an independent actuary. Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account.

National Pension Scheme

The Bank contributes 10.0% of the total basic salary of certain employees to National Pension Scheme (NPS), a defined contribution plan, which is managed and administered by pension fund management companies. The Bank also gives an option to its employees allowing them to receive the amount in lieu of such contributions along with their monthly salary during their employment. The amounts so contributed/paid by the Bank to the NPS or to employee during the year are recognized in the profit and loss account.

Compensated Absences

The Bank provides for compensated absence liability of its employees who are eligible for encashment of accumulated leave and sick leave, which is a long-term benefit scheme, based on actuarial valuation of the compensated absences liability at the balance sheet date, carried out by an independent actuary. Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account.

Employee Stock Option Plans

The Bank accounts for Employee Stock Option plans in accordance with the Guidance note on Employee Share Based Payments issued by The Institute of Chartered Accountants of India ('ICAI'). The Bank has applied intrinsic

value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which value of the underlying shares as determined by an independent valuer (prior to the listing of the equity shares on the stock exchanges) or the market price on the date of the grant, as the case may be, exceeds the exercise price of the options. Compensation cost so determined is amortized over the vesting period of the option granted.

8. Revenue Recognition

- a) Interest income is recognized on accrual basis, except in the case of interest on loans categorised as NPA and on loan accounts which are restructured by the Bank under SDR or S4A scheme of RBI, in which case it is recognized on realisation.
- b) Recoveries in respect of past due loan accounts classified as NPA are appropriated towards overdue principal and thereafter towards interest and charges.
- c) Income on discounted instruments is recognized over the tenure of the instrument on a constant yield basis.
- d) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- e) Loan processing fee is accounted for upfront when it becomes due.
- f) Fees received on sale of Priority Sector Lending Certificates (PSLC) is considered as Miscellaneous Income, while the fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI. The fees income or expense is amortized on a straight line basis over the tenor of the certificate.
- g) Arrangership or syndication fee is accounted for on completion of the agreed service and when the right to receive is established.
- h) Interest income on investments in PTCs and loans bought out through the direct assignment route is recognized on accrual basis, at their contractual rate.
- j) All other fees are accounted for as and when they become due.

9. Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are

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classified as operating leases. Operating lease rentals are recognized as an expense on straight-line basis over the lease period.

The Bank has not undertaken any finance leases.

10. Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty (supported by convincing evidence of future taxable income) 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.

11. Provisions and contingencies

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer

probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

12. Provision for reward points on credit cards

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable redemption of credit card reward points and cost per point. Actuarial gains/losses arising during the year are recognized in the Profit and Loss account.

13. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

14. Share issue expenses

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

15. Cash and Cash Equivalents

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

16. 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.

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17. Non- Banking Assets acquired in satisfaction of claims

Non-banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

18. Accounting for proposed dividend

As per AS-4 – 'Contingencies and events occurring after the Balance sheet date', the Bank is not required to create provision for dividend proposed / declared after the Balance Sheet date unless a statute requires otherwise.

19. Corporate Social Responsibility

Expenditures towards corporate social responsibility, in accordance with Companies Act, 2013, are recognized in the Profit and Loss account.

SCHEDULE 18 - NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1. Capital

During the current year, the Bank allotted 7,042,181 equity shares aggregating to ₹ 100.54 crore on various dates to the employees who exercised their stock options.

During the previous year, the Bank issued 32,621,354 equity shares of ₹ 10/- face value on preferential basis, each share allotted at a price of ₹ 515/- aggregating to ₹ 1,680.00 crore. Further the bank allotted 11,843,057 equity shares aggregating to ₹ 122.06 crore on various dates to the employees who exercised their stock options.

2. Proposed Dividend

The Board of Directors at their meeting on April 18, 2019, proposed a dividend of ₹ 2.70 per share (27%) [previous year - ₹ 2.10 per share (21%)], subject to the approval of members at the ensuing Annual General Meeting.

In accordance with the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after the Balance Sheet Date', the Bank has not accounted for proposed dividend ₹ 115.21 crore (previous year - ₹ 88.13 crore) and corporate dividend tax ₹ 23.68 crore (previous year ₹ 18.12 crore), as a liability in the balance sheet both in the current year and the previous year.

3. Employee Stock Option Plan ("ESOP")

The shareholders of the Bank have approved and enabled the Board and / or the Human Resource Committee to grant stock options to employees under one or more Employee Stock Option Plan (ESOP). The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of two years, three years or four years in the proportion of either 20:80, 40:30:30, 30:30:40 or 10:20:30:40, as the case may be. Vested options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank gets listed on a recognized stock exchange (listed since August 31, 2016), whichever is later.

Under Intrinsic Value method there is no charge to the profit and loss account for the current year (previous year – Nil) on account of grant of the ESOPs, since exercise price of the stock options granted is more than the underlying value of the shares (prior to listing) or at the market price (listed since August 31, 2016), as the case may be. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2019, would have increased by ₹ 106.96 crore (previous year ₹ 47.75 crore) and the profit before tax would have been lower correspondingly. Accordingly, on a pro-forma basis, basic and diluted earnings per share for the year ended March 31, 2019 would have been ₹ 18.83 and ₹ 18.43, respectively (Previous year ₹ 14.60 and ₹ 14.03, respectively).

FY 2018-19

Stock option activity under the scheme	No of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Outstanding at the beginning of the year	23,380,255	46.50 – 564.45	279.24	4.03
Granted during the year	16,967,100	479.85 – 580.45	536.19	
Forfeited during the year	2,714,875	55.00 – 564.45	452.68	
Exercised during the year	7,042,181	46.50 – 564.45	142.78	
Expired during the year	15,846	46.50 – 80.00	67.68	
Outstanding at the end of the year	30,574,453	55.00 – 580.45	437.97	4.45
Options exercisable at the end of the year	4,518,941	55.00 – 564.45	232.65	2.14

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During the current year, options were granted at the price determined by the HR&R Committee and was based on the market price per share as on date of grant of options which carried exercise price of ₹ 479.85, ₹ 490.20, ₹ 503.50 ₹ 501.40, ₹ 510.00, ₹ 511.90, ₹ 512.65, ₹ 515.90, ₹ 518.08, ₹ 526.45, ₹ 530.55, ₹ 545.35, ₹ 552.05, ₹ 562.75, ₹ 564.15, ₹ 577.80 and ₹ 580.45. During the year corresponding market value of the shares for these grants at the time of respective grant was ₹ 479.85, ₹ 490.20, ₹ 503.50, ₹ 501.40, ₹ 510.00, ₹ 511.90, ₹ 512.65, ₹ 515.90, ₹ 545.35, ₹ 526.45, ₹ 530.55, ₹ 545.35, ₹ 552.05, ₹ 562.75, ₹ 564.15, ₹ 577.80 and ₹ 580.45 respectively.

FY 2017-18

Stock option activity under the scheme	No of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Outstanding at the beginning of the year	30,982,719	40.00-494.55	138.36	3.92
Granted during the year	8,042,700	506.95-564.45	517.31	
Forfeited during the year	3,782,847	46.50-564.45	184.28	
Exercised during the year	11,843,057	46.50-382.15	103.06	
Expired during the year	19,260	46.50-55.00	51.29	
Outstanding at the end of the year	23,380,255	46.50-564.45	279.24	4.03
Options exercisable at the end of the year	4,122,178	46.50 - 507.75	149.77	2.29

Options granted during the previous year carry an exercise price of ₹ 506.95, ₹ 507.75, ₹ 510.10, ₹ 516.75, ₹ 525.40, ₹ 527.70, ₹ 534.75, ₹ 544.60 and ₹ 564.45 and were issued at the closing market price as at the date of the grant.

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2018-19	2017-18
Expected dividend yield	0.36% - 0.44%	0.32% - 0.36%
Expected volatility	30.34%~32.04%	31.41%~34.86%
Risk free interest rates	6.35% - 7.82%	6.20% - 6.68%
Expected life of options in years (across each tranche)	1.0-5.5	1.0-5.5

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the expected tenor of each tranche.

4. Appropriation to/from Reserves

For the year ended March 31, 2019, the Bank has appropriated ₹ 217.00 crore (previous year: ₹ 158.80 crore) towards Statutory Reserves, ₹ 9.00 crore (previous year: ₹ 9.39 crore) towards Capital Reserves, ₹ 78.36 crore (previous year: Nil) towards Investments Fluctuation reserves (IFR), ₹ 400.00 crore (previous year: ₹ 360.00 crore) towards Revenue & other Reserves.

For the year ended March 31, 2019, the Bank has transferred Nil (previous year – ₹ 2.20 crore) from Investment Reserve Account (IRA) to Profit and Loss account, in accordance with RBI guidelines.

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5. Disclosures as per Accounting Standards

5.1. Disclosures under AS - 15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

(₹ in crore)		
Particulars	2018-19	2017-18
Provident Fund	18.70	16.03
Pension Scheme (employees joining after 01.04.2010)	0.02	0.02
National Pension Scheme	0.74	0.82

Defined Benefit Plans:

The following table sets out the status of the defined benefit Pension and Gratuity Plan as required under Accounting Standard 15.

Change in the present value of the defined benefit obligation

(₹ in crore)				
Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at 1st April	114.05	36.39	108.15	29.85
Current Service cost	5.55	5.86	5.55	5.48
Interest cost	8.77	2.73	7.99	2.02
Actuarial losses/ (gains)	6.74	3.35	(0.65)	0.34
Liability Transferred Out #	–	(0.73)	–	–
Past Service Cost	–	–	–	0.69
Benefits paid	(8.25)	(1.76)	(6.99)	(1.99)
Closing defined benefit obligation at 31st March	126.86	45.84	114.05	36.39

In respect to employees transferred to subsidiary RBL Finserve Limited (RFL) (formerly Swadhaar Finserve Private Limited)

Change in the plan assets

(₹ in crore)				
Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at 1st April	111.63	30.12	105.26	21.77
Expected return on plan assets	8.59	2.26	7.78	1.47
Employers Contributions	4.04	6.27	4.48	8.08
Assets Transferred Out/ Divestments #	–	(0.73)	–	–
Benefit paid	(8.25)	(1.76)	(6.99)	(1.99)
Actuarial gains / (losses) on plan assets	0.74	0.43	1.10	0.79
Closing fair value of plan assets at 31st March	116.75	36.59	111.63	30.12

In respect to employees transferred to subsidiary RBL Finserve Limited (RFL)

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Reconciliation of present value of the obligations and fair value of the plan assets

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	126.86	45.84	114.05	36.39
Fair value of plan assets at 31st March	116.75	36.59	111.63	30.12
Deficit / (Surplus)	10.11	9.25	2.42	6.27
Net Liability / (Asset)	10.11	9.25	2.42	6.27

Net cost recognized in the profit and loss account

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	5.55	5.86	5.55	5.48
Interest cost	8.77	2.73	7.99	2.02
Past Service Cost	—	—	—	0.69
Expected return on plan assets	(8.59)	(2.26)	(7.78)	(1.47)
Net actuarial losses / (gains) recognized during the year	6.00	2.92	(1.75)	(0.45)
Total cost of defined benefit plans included in Schedule 16	11.73	9.25	4.01	6.27
Payments to and provisions for employees				

Reconciliation of Expected return and actual returns on planned assets

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	8.59	2.26	7.78	1.47
Actuarial gain / (loss) on plan assets	0.74	0.43	1.10	0.79
Actual return on plan assets	9.33	2.69	8.88	2.26

Reconciliation of opening and closing net liability / (asset) recognized in balance sheet

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at 1st April	2.42	6.27	2.89	8.08
Expenses as recognized in profit & Loss account	11.73	9.25	4.01	6.27
Employers contribution	(4.04)	(6.27)	(4.48)	(8.08)
Net liability / (asset) recognized in balance sheet	10.11	9.25	2.42	6.27

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Experience Adjustment

(₹ in crore)

Particulars	2018-19		2017-18		2016-17		2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	126.86	45.84	114.05	36.39	108.15	29.85	107.88	23.34	90.65	18.82
Fair value of plan assets at 31st March	116.75	36.59	111.63	30.12	105.26	21.77	87.58	18.46	69.12	14.03
Deficit / (Surplus)	10.11	9.25	2.42	6.27	2.89	8.08	20.30	4.88	21.53	4.79
On Plan Liabilities (gains) / losses	8.55	2.74	1.91	1.52	(6.09)	2.20	18.46	1.35	10.00	1.07
On Plan Assets (losses) / gains	0.74	0.43	1.10	0.79	0.83	0.04	1.01	0.24	0.64	0.12

Other details

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Expected Contribution on Plan assets	7.14	15.59	6.62	12.13

A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:

Category of Assets	2018-19		2017-18	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	16.03	6.22	17.35	19.05
State Government securities	37.52	42.15	35.73	32.10
Corporate Bonds	22.12	28.10	19.98	20.80
Funds with LIC	–	6.29	–	–
Fixed deposits and bank balances	24.33	17.25	26.94	28.05
Total	100.00	100.00	100.00	100.00

Key Actuarial Assumptions

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Discount rate	7.79%	6.96%	7.69%	7.50%
Expected rate of return on Plan Asset	7.79%	6.96%	7.69%	7.50%
Salary Escalation	For 0 yr to 1 yr 12% p.a. thereafter 6% p.a.	8.50% & IBA - 12.00% p.a. for the next 1 year and 6.00% p.a. thereafter, starting from the 2nd year as applicable	6.00%	6.00%
Attrition rate	0.22%	0.22% (IBA) 25.52% (Others)	0.44%	0.44% (IBA) 22.10% (Others)

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Compensated absences

The Bank does not have a policy of encashing unavailed leave for its employees, except for employees under Indian Banks' Association ('IBA') structure. The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Bank is given below:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Privileged leave	14.57	12.86
Sick leave	2.10	1.92
Total actuarial liability	16.67	14.78
Assumptions		
Discount rate	7.79%	7.85%
Salary escalation rate	12% for the next one year, 6% thereafter from 2nd year	10% for the next one year, 6% thereafter from 2nd year

5.2. Segment Reporting: Information about business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP/BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BP/BC No.23/21.04.018/2015-16 dated July 1, 2015 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, bullion business, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, Credit Cards etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment..

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The following table sets forth the business segment results:

(₹ in crore)

Particulars	2018-19					2017-18				
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Gross Revenue	4,348.84	3,923.41	4,657.13	1,470.50	14,399.88	2,910.54	3,006.44	3,648.69	589.99	10,155.66
Unallocated Revenue					-					3.33
Less: Inter Segment Revenue					6,656.81					4,583.23
Total Revenue					7,743.07					5,575.76
Segment Results	493.52	398.77	139.44	267.41	1,299.14	374.21	242.26	258.20	89.02	963.69
Unallocated revenue					(0.01)					3.33
Less: Unallocated expenses					-					0.47
Operating Profit					1,299.15					966.55
Income Tax expense (including deferred tax)					432.20					331.46
Net Profit					866.95					635.09
Segment Assets	33,488.89	16,049.70	23,787.18	5,370.03	78,695.80	26,605.44	11,876.34	19,936.04	2,273.81	60,691.63
Unallocated Assets					1,663.02					1,159.12
Total Assets					80,358.82					61,850.75
Segment Liabilities	21,044.07	29,767.95	21,868.24	124.84	72,805.10	12,839.82	21,910.31	20,250.35	160.95	55,161.43
Unallocated Liabilities					6.40					5.36
Total Liabilities					72,811.50					55,166.79
Capital Employed (Segment Assets – Segment Liabilities)	12,444.82	(13,718.24)	1,918.94	5,245.18	5,890.70	13,765.62	(10,033.97)	(314.31)	2,112.87	5,530.21
Unallocated Capital					1,656.62					1,153.75
Total Capital					7,547.32					6,683.96
Capital Expenditure	64.20	84.97	14.41	20.31	183.89	67.99	73.37	13.49	12.54	167.39
Depreciation	58.04	48.21	9.90	5.72	121.87	40.12	33.80	10.71	2.32	86.95

Notes:

- The business of the Bank is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).
- The Bank commenced its operations at its International Financial Services Centre Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat in April 2017 and the same is included in Corporate and wholesale Banking segment.
- Income, expenses, assets, liabilities, depreciation for the year and Capital expenditure for the year have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, share capital and reserves.

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5.3. Related Party Transactions

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended March 31, 2019 are disclosed below:

1. **Key Management Personnel ('KMP')**
Mr. Vishwvir Ahuja (Managing Director & Chief Executive Officer)
Mr. Rajeev Ahuja (Executive Director)
2. **Relatives of Key Management Personnel**
Mrs. Reva Ahuja, Mr. Dharam Bir Ahuja, Ms. Vasudhaa Ahuja, Ms. Vrinda Ahuja, Mrs. Dipeeka Dhand, Ms. Kanika Ahuja, D. B. Ahuja & Sons (HUF)
Ms. Aishwarya Ahuja, Mrs. Priti Ahuja, Mr. Raman Ahuja, Ms. Nandita Ahuja, Miss Asavari Ahuja
3. **Associates**
RBL Finserve Limited (RFL) (formerly Swadhaar Finserve Private Limited (SFPL)) (till November 7, 2017)
4. **Subsidiary**
RBL Finserve Limited (RFL) (formerly Swadhaar Finserve Private Limited (SFPL)) (w.e.f. November 8, 2017)

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2019.

(₹ in crore)

Items / Related Party	Subsidiary/ Associates/ Joint ventures #	Maximum Balance during the year #	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Dividend Paid	—	—	3.10	—	0.11	—
Remuneration	—	—	4.51	—	—	—
Deposit	—	—	11.55	14.39	4.27	4.41
Deposits placed	—	—	—	—	0.65	—
Advances	—	—	0.57	0.67	—	—
Advance repaid	—	—	0.10	—	—	—
Interest paid	—	—	0.68	—	0.18	—
Interest received	—	—	0.06	—	—	—
Interest payable	—	—	—	0.11	—	0.05
Interest receivable	—	—	—	—	—	—

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the previous year ended March 31, 2018.

(₹ in crore)

Items / Related Party	Subsidiary/ Associates/ Joint ventures #	Maximum Balance during the year #	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Dividend Paid	—	—	2.57	—	0.10	—
Remuneration	—	—	4.57	—	—	—
Deposit	—	—	10.23	10.23	3.01	3.84
Deposits Placed	—	—	—	—	0.69	—
Advances	—	—	0.67	0.76	—	—
Advances repaid	—	—	0.09	—	—	—
Interest paid	—	—	0.48	—	0.20	—
Interest received	—	—	0.07	—	—	—
Interest payable	—	—	—	0.09	—	0.04
Interest receivable	—	—	—	—	—	—

In accordance with RBI guidelines dated March 29, 2003 "Guidance on compliance with the accounting standards by banks", details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

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5.4. Operational Leases

The Bank has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

(₹ in crore)

Period	2018-19	2017-18
Not later than one year	99.41	82.39
Later than one year and not later than five years	274.49	224.12
Later than five years	95.53	83.75
Total	469.43	390.26
Lease payment recognized in profit and loss account for the year	119.36	97.83

5.5. Earnings Per Share (EPS)

(₹ in crore)

Particulars	2018-19	2017-18
Basic		
Weighted Average Number of equity shares	423,523,484	402,311,032
Net Profit after tax available for equity share holders (₹)	866.95	635.09
Basic Earnings Per Share (F V ₹ 10/-)	20.47	15.79
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity shares)	423,690,064	418,498,576
Net Profit after tax available for equity share holders (₹)	866.95	635.09
Diluted Earnings Per Share (F V ₹ 10/-)	20.04	15.18
Nominal Value per share	₹ 10	₹ 10

The dilutive impact is due to stock options granted to employees of the Bank.

5.6. Deferred Tax (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2019 are as under:-

(₹ in crore)

Particulars	Deferred Tax Assets/(Liabilities)	
	2018-19	2017-18
Deferred tax assets:		
Provision for Assets	191.62	125.35
Employee benefits	5.69	4.10
Others	18.00	12.06
Deferred tax liabilities:		
Depreciation on Fixed Assets	(5.82)	(6.21)
Total	209.49	135.30

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5.7. Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets

(₹ in crore)

Particulars	2018-19	2017-18
At cost at the beginning of the year	242.46	159.81
Additions during the year	75.94	82.65
Deductions during the year	2.47	—
Accumulated depreciation at March 31	160.82	110.30
Net Block at March 31	155.11	132.16
Depreciation charge for the year	52.97	37.07

6. 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, 2019 and March 31, 2018. The above is based on the information available with the Bank which has been relied upon by the statutory auditors.

7. Disclosure of complaints / unimplemented awards of Banking Ombudsman

A) Customer Complaints other than ATM transaction disputes

Particulars	2018-19	2017-18
a) No. of complaints pending at the beginning of the year	708	675
b) No. of complaints received during the year	24,777	22,851
c) No. of complaints redressed during the year	24,951	22,818
d) No. of complaints pending at the end of the year	534	708

B) ATM Transaction disputes relating to the Bank's customers on the Bank's ATM

Particulars	2018-19	2017-18
a) No. of complaints pending at the beginning of the year	8	14
b) No. of complaints received during the year	291	725
c) No. of complaints redressed during the year	299	731
d) No. of complaints pending at the end of the year	—	8

C) ATM Transaction disputes relating to the Bank's customers on other Bank's ATM

Particulars	2018-19	2017-18
a) No. of complaints pending at the beginning of the year	74	24
b) No. of complaints received during the year	6,632	3,606
c) No. of complaints redressed during the year	6,611	3,556
d) No. of complaints pending at the end of the year	95	74

D) Total Customer complaints (A+B+C)

Particulars	2018-19	2017-18
a) No. of complaints pending at the beginning of the year	790	713
b) No. of complaints received during the year	31,700	27,182
c) No. of complaints redressed during the year	31,861	27,105
d) No. of complaints pending at the end of the year	629	790

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E) Awards passed by the Banking Ombudsman

Particulars	2018-19	2017-18
a) No. of unimplemented awards at the beginning of the year	–	–
b) No. of awards passed by the Banking Ombudsman during the year	–	–
c) No. of awards implemented during the year	–	–
d) No. of unimplemented awards at the end of the year	–	–

8. Capital Adequacy

The Bank's capital to risk-weighted asset ratio ('Capital Adequacy Ratio') as at March 31, 2019 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:

Minimum ratio of capital to risk-weighted assets	As at March 31,		
	2018	2019	2020
Common equity tier 1 (CET1)	7.375%	7.375%	8.000%
Tier I capital	7.000%	7.000%	7.000%
Total capital	10.875%	10.875%	11.500%

8.1. Capital Adequacy Ratio as per RBI guidelines as per Basel III Capital Regulations dated July 1, 2015 and amended thereafter, as at March 31, 2019 is given below:

			(₹ in crore)
Particulars	2018-19	2017-18	
i) Common Equity Tier 1 (CET) capital ratio (%)	12.10%	13.61%	
ii) Tier I capital ratio (%)	12.10%	13.61%	
iii) Tier II capital ratio (%)	1.36%	1.72%	
iv) Total capital ratio (CRAR) (%)	13.46%	15.33%	
v) Percentage of the shareholding of the Government of India in Public Sector banks	NA	NA	
vi) Amount of Equity capital raised	100.54	1,795.28	
vii) Amount of Additional Tier 1 capital raised	NIL	NIL	
viii) Amount of Tier 2 capital raised	NIL	NIL	

For the computation of CRAR the Bank has reduced the proposed dividend and corporate dividend tax thereon, totaling ₹ 138.89 crore and ₹ 106.25 crore for the year ending March 31, 2019 and of March 31, 2018 respectively, from CET Capital funds.

8.2. Tier II Capital

During the current year, the Bank did not issue any Basel III compliant Tier II bonds (previous year NIL). Basel III compliant Tier II bonds outstanding as at March 31, 2019 are as below:

						(₹ in crore)
Particulars	Nature of Security	Date of Issue	Coupon Rate %	Tenure	Amount	
Redeemable, Unsecured, Non-Convertible	Debentures	September 27, 2016	10.20%	Six years and 7 Months	330.00	
Redeemable, Unsecured, Non-Convertible	Debentures	March 31, 2016	10.25%	Six years and 3 Months	200.00	
Redeemable, Unsecured, Non-Convertible	Debentures	February 16, 2016	10.25%	Six years and 3 Months	200.00	

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9. Investments:

- 9.1.** During the current year and the previous year there has been no sale/transfer from HTM categories in excess of 5% of the book value of investments held in the HTM category. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.
- 9.2.** In the financial year ending March 31, 2016, with RBI's permission, the Bank acquired the shares of a company (investee Company) to realize its dues by exercising a pledge of investee company's shares in its favor by one of the defaulting borrowers of the Bank. The Bank's shareholding in the said investee company stands at 24.38% as at March 31, 2019 (previous year 24.38%). Investments in the shares of the investee company have been acquired and held exclusively with a view to its subsequent disposal in the near future and accordingly has not been accounted for as an associate under the purview of AS-23 – 'Accounting for Investments in Associates in Consolidated Financial Statements'. These equity shares have been classified under AFS category and have been valued as per the extant RBI guidelines for the valuation of investments. Accordingly, these exposures have not been considered as intra-group exposures.
- 9.3.** During the year ended March 31, 2019, the Bank has increased its holding in RBL Finserve Limited (RFL) (formerly Swadhaar Finserve Private Limited (SFPL)) from 60.48% to 100%, following which the company has become a "Wholly Owned Subsidiary" (WOS) of the Bank w.e.f. June 28, 2018. The investment is classified in Held to Maturity (HTM) category, in accordance with the RBI guidelines.

During the previous year ended March 31, 2018, the Bank had increased its holding in RBL Finserve Limited (RFL) (formerly Swadhaar Finserve Private Limited (SFPL)) from 30.00% to 60.48%, following which the company had become a "Subsidiary" of the Bank w.e.f. November 8, 2017. The investment was classified in Held to Maturity (HTM) category, in accordance with RBI guidelines.

9.4. Movement of Investments:

		(₹ in crore)	
Particulars	2018-19	2017-18	
(1) Value of Investments			
(i) Gross Value of Investments			
(a) In India	16,966.04	15,520.23	
(b) Outside India	0.44	0.19	
(ii) Provisions for Depreciation(including provision for NPI)			
(a) In India	126.12	72.93	
(b) Outside India	–	–	
(iii) Net Value of Investments			
(a) In India	16,839.92	15,447.30	
(b) Outside India	0.44	0.19	
(2) Movement of provisions held towards depreciation of investments (including provision for NPIs)			
(i) Opening balance	72.93	50.81	
(ii) Add: Provisions made during the year	67.42	56.84	
(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	14.23	34.72	
(iv) Closing balance	126.12	72.93	

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9.5. Repo / Reverse Repo Transactions:

During the year, the Bank has undertaken Repo / Reverse Repo transactions including Repo / Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) / Marginal Standing Facility (MSF) with RBI. Outstanding lending under Reverse Repo deals with RBI under LAF / MSF as at March 31, 2019 stood at ₹ 2,315.00 crore (previous year: ₹ 628.00 crore). Outstanding borrowing under Repo deals with RBI under LAF / MSF as at March 31, 2019 stood at Nil (previous year: ₹ 500.00 crore). Outstanding lending under Reverse Repo deals with CCIL as at March 31, 2019 were Nil (previous year: ₹ 214.99 crore). Outstanding borrowing under Repo deals with CCIL as at March 31, 2019, Nil (previous year: ₹ 684.98 crore).

(₹ in crore)

Nature	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2019
Securities sold under repo				
i. Government securities	NIL	699.64	9.91	NIL
ii. Corporate debt securities	NIL	NIL	NIL	NIL
Securities purchased under reverse repo				
i. Government securities	NIL	989.29	16.37	NIL
ii. Corporate debt securities	NIL	NIL	NIL	NIL

9.6. Collateralized Borrowing and Lending Obligation (CBLO) \ Tri-party Repo Transactions

CBLO is a discounted money market instrument, established by CCIL and approved by RBI, which involves secured borrowings and lending transactions. At March 31, 2019, the Bank had outstanding net borrowings at Nil (March 31, 2018: ₹ 399.80 crore) in the form of CBLO. The amortized book value of securities given as collateral by the Bank to CCIL for availing the CBLO facility was Nil at March 31, 2019 (March 31, 2018: ₹ 412.79 crore).

At March 31, 2019, the Bank had net outstanding borrowings Nil (March 31, 2018: Nil), and net lending ₹ 99.93 crore (March 31, 2018: Nil) under Tri-party Repo transaction.

9.7. Issuer Composition of Non-SLR investments (investments not qualifying for the purpose of Statutory Liquidity Ratio (SLR) prescribed by RBI):

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

(₹ in crore)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	NIL	NIL	NIL	NIL	NIL
2	FIs	465.43	98.82	NIL	NIL	NIL
3	Banks	230.74	80.00	NIL	NIL	NIL
4	Private Corporates	1,696.74	1,056.67	NIL	47.74	82.27
5	Subsidiaries/ Joint ventures	95.24	NIL	NIL	NIL	95.24
6	Others	2,535.63*	1,661.11	4.27	NIL	110.93
7	Provisions held towards depreciation	(126.12)	NA	NA	NA	NA
	Total	4,897.66	2,896.60	4.27	47.74	288.44

* includes Government securities of ₹ 2.93 crore which does not qualify as SLR securities.

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Issuer composition as at March 31, 2018 of non-SLR investments

(₹ in crore)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	NIL	NIL	NIL	NIL	NIL
2	FIs	195.25	NIL	NIL	NIL	NIL
3	Banks	601.19	180.00	NIL	NIL	NIL
4	Private Corporates	1,303.48	1,161.95	NIL	68.44	206.81
5	Subsidiaries/ Joint ventures	50.50	NIL	NIL	NIL	50.50
6	Others	2,048.05*	1,048.70	28.04	NIL	115.68
7	Provisions held towards depreciation	(72.93)	NA	NA	NA	NA
	Total	4,125.54	2,390.65	28.04	68.44	372.99

* includes Government securities of ₹ 2.93 crore which does not qualify as SLR securities.

9.8. Non Performing Non-SLR investment

(₹ in crore)

No	Particulars	2018-19	2017-18
1	Opening Balance	NIL	28.36
2	Additions during the year	42.74	NIL
3	Reductions during the year	3.76	28.36
4	Closing Balance	38.98	NIL
5	Total provisions held for NPI	25.10	NIL

9.9. Details of Investment 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:

(₹ in crore)

Particulars	As at 31 March 2019				As at 31 March 2018			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government Securities	685.35	3.65	11,253.70	11,942.70	1,173.36	1,623.54	8,525.06	11,321.96
Other Approved securities	–	–	–	–	–	–	–	–
Shares	–	173.77	–	173.77	–	172.16	50.50	222.66
Debentures and Bonds	25.02	1,401.85	–	1,426.87	–	1,991.85	–	1,991.85
Subsidiary / Joint Ventures	–	–	95.24	95.24	–	–	–	–
Others	1,270.61	1,963.00	94.29	3,327.90	544.36	1,361.86	77.74	1,983.96
Total	1,980.98	3,542.27	11,443.23	16,966.48	1,717.72	5,149.41	8,653.30	15,520.43

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9.10 Security Receipts (SR)

Details of the book value of investments held as Security Receipts received by sale of NPA to Securitization / Reconstruction Company are as follows:

(₹ in crore)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/ FIs/ NBFCs as underlying		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Book value of investments in security receipts	32.18	32.18	–	–	32.18	32.18

The bank has made credit provision of ₹ 29.62 crore (previous year ₹ 4.83 crore) in respect of these SR investments.

Ageing analysis of SRs:

(₹ in 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	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
(i) Book Value of SRs Backed by NPAs sold by the bank as underlying.	32.18	32.18	–	–	–	–	32.18	32.18
Provision held against (i)	29.62	4.83	–	–	–	–	29.62	4.83
(ii) Book value of SRs Backed by NPAs sold by Other banks / financial institutions / nonbanking Financial companies as Underlying	–	–	–	–	–	–	–	–
Provision held against (ii)	–	–	–	–	–	–	–	–
Total (i) + (ii)	32.18	32.18	–	–	–	–	32.18	32.18

10. Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:

10.1. Notional and concentration of FRAs and IRS

(₹ in crore)

Particulars	2018-19	2017-18
i) The notional principal of swap agreements	9,866.69	7,356.31
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	107.41	57.75
iii) Collateral required by the Bank upon entering into swaps	NIL	NIL
iv) Concentration of credit risk arising from the swaps	51.58	30.78
v) The fair value of the swap book#	15.87	24.71

fair value of the swap book is inclusive of interest accrual.

10.2. The nature and terms of Interest Rate Swaps (IRS) – FCY as on March 31, 2019 are set out below

Nature	Nos.	Notional Principal (₹ in crore)	Benchmark	Terms
Trading	84	1,123.84	EURIBOR, GBP and USD LIBOR	Receive Fixed and Pay Floating
Trading	84	1,123.84	EURIBOR, GBP and USD LIBOR	Pay Fixed and Receive Floating

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The nature and terms of Interest Rate Swaps (IRS) – FCY as on March 31, 2018 are set out below

Nature	Nos.	Notional Principal (₹ in crore)	Benchmark	Terms
Trading	60	864.01	USD and GBP LIBOR and EURIBOR	Receive Fixed and Pay Floating
Trading	60	864.01	USD and GBP LIBOR and EURIBOR	Pay Fixed and Receive Floating
Hedging	1	97.76	USD LIBOR	Pay Fixed and Receive Floating

10.3. The nature and terms of Interest Rate Swaps (IRS) – INR as on March 31, 2019 are set out below

Nature	Nos.	Notional Principal (₹ in crore)	Benchmark	Terms
Trading	97	3,709.01	FBIL MIBOR	Receive Fixed and Pay Floating
Trading	110	3,635.00	FBIL MIBOR	Pay Fixed and Receive Floating
Hedging	7	275.00	FBIL MIBOR	Receive Fixed and Pay Floating

The nature and terms of Interest Rate Swaps (IRS) – INR as on March 31, 2018 are set out below

Nature	Nos.	Notional Principal (₹ in crore)	Benchmark	Terms
Trading	79	2,670.52	FBIL MIBOR	Receive Fixed and Pay Floating
Trading	89	2,585.00	FBIL MIBOR	Pay Fixed and Receive Floating
Hedging	7	275.00	FBIL MIBOR	Receive Fixed and Pay Floating

10.4. Exchange Traded Interest Rate Derivatives

Exchange Traded Interest Rate Derivatives is set out below.

(₹ in crore)

S.No.	Particulars	2018-19
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year	Nil
2	Notional Principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2019.	Nil
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2019	Nil
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2019.	Nil

S.No.	Particulars	2017-18
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year :	
	679GS2027-FUTIRC-25-Jan-18	30.78
	679GS2027-FUTIRC-26-Oct-17	45.36
	679GS2027-FUTIRC-27-July-17	12.24
	679GS2027-FUTIRC-28-Dec-17	0.02
	679GS2027-FUTIRC-29-Jun-17	20.38
	679GS2027-FUTIRC-31-Aug-17	71.26
	697GS2026-FUTIRC-25-MAY-17	6
	697GS2026-FUTIRC-27-JUL-17	31.36
	697GS2026-FUTIRC-29-Jun-17	154.03
	759GS2026-FUTIRC-27-May-17	81.72
	759GS2026-FUTIRC-27-Apr-17	20.72
	759GS2026-FUTIRC-27-Jul-17	10.75
	759GS2026-FUTIRC-27-Jun-17	102.07
2	Notional Principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2018.	Nil
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2018	N.A.
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2018.	N.A.

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10.5. Risk Exposure in Derivatives:

Qualitative disclosures:

Derivatives are financial instruments whose characteristics are derived from underlying asset or interest rates or exchange rates or indices. The Bank deals in interest rate and foreign exchange (Fx) derivatives for balance sheet management, proprietary trading and market making purposes whereby the Bank offers derivative products to its customers, enabling them to hedge their risks.

Proprietary Traders manages trading positions within the approved risk limits. It deals in fixed income, equity and forex markets. The Bank transacts in derivative products such as forex options, currency swaps, interest rate swap, foreign currency interest rate swaps and long term foreign exchange contracts (LTFX) with its customers to hedge their market risk. The Bank also undertakes derivative transactions to hedge its balance sheet assets or liabilities.

These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

a) The structure and organization for management of risk in derivatives trading.

The Bank has separate Treasury Front Office, Treasury Middle Office, Treasury Back Office and Market Risk functions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the RBI guidelines and the Bank's derivatives policy. The Treasury Middle Office and Market Risk groups are responsible for identifying, measurement, monitoring, and analysis of derivative related risks. Treasury Back Office undertakes activities such as confirmations, settlements, documentation and accounting. Treasury functions are also subject to a concurrent audit.

b) The scope and nature of risk measurement, risk reporting and risk monitoring systems.

Derivative transactions are governed by the Bank's Derivative Policy, Commercial Credit Policy, Market Risk Policy, Liquidity Risk Management, ALM Policy and Client Suitability and Appropriateness Policy as well as by the extant RBI regulations.

The Bank has set up various risk limits taking into account market volatility, business strategy and management experience. The Bank measures and monitors risk of its derivatives portfolio using risk metrics such as Value at Risk (VaR), stop loss limits, PV01 and other risk measures. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported to senior management/Asset and Liability Committee (ALCO) for corrective action/ratification.

All counterparty exposures are monitored against counterparty credit limits on a daily basis and breaches, if any, are reported to senior management/ALCO for corrective action/ratification.

c) Policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants,

The Bank has a Board approved Hedge and Hedge effectiveness Policy, which govern the use of derivative for hedging purpose. Hedging transactions are undertaken by the Bank to protect the variability in the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis.

d) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts.

The Bank undertakes derivative transactions for market making/trading and hedging purposes. Transactions for trading and hedging are recorded separately. The Bank revalue its trading positions on a daily basis and the resulting gain/loss is recorded in the Profit and Loss Account. The receivable and payable on marking the contracts to market are shown under "Other Assets" and "Other Liabilities" in the Balance Sheet.

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 amortized as expense or income over the life of the contract.

The Bank follows the option premium accounting framework prescribed by FEDAI guidelines. Premium on option transaction is recognized as income/ expense on expiry or unwinding of the transaction. MTM gain/ loss, is recorded under 'Other Income'. The amounts received/paid on cancellation of option contracts are recognized as realised gains/ losses on options.

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Charges receivable/payable on cancellation/ termination of foreign exchange Forward contracts and swaps are recognized as income/ expense on the date of cancellation/ termination under 'Other Income'. Pursuant to the RBI guidelines, any receivables (crystallised receivables and positive MTM) under Forex & derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

e) Counterparty Credit Risk Mitigation

The credit risk on customer derivative transactions is mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalations, margin calls and terminations.

The Bank measures the counterparty risk using current exposure method as stipulated by RBI. Counterparty limits are approved as per the Bank's Credit Policies. The sanction terms may include the requirement, on a case to case basis, to provide upfront collateral, or place collateral if the mark to market (MTM) exceeds a specified threshold. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

Collateral requirements for derivative transactions determined through a usual credit appraisal process and are laid down in the credit sanction terms of the transactions. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

Quantitative disclosure on risk exposure in derivatives as at March 31, 2019

(₹ in crore)

S. No.	Particulars	2018-19				2017-18			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivative
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)								
	a) For hedging #	5,650.80	—	475.53	275.00	2,752.10	NIL	665.74	372.76
	b) For trading	18,075.61	2,206.92	4,680.17	9,591.69	14,895.72	2,308.87	6,225.78	6,983.55
(ii)	Marked to Market Positions								
	a) Asset (+)	243.41	65.11	118.79	107.22	133.53	22.59	151.69	48.51
	b) Liability (-)	(204.57)	(58.72)	(95.17)	(94.55)	(120.11)	(21.68)	(119.56)	(33.04)
(iii)	Credit Exposure	1,064.38	145.29	627.26	207.06	669.52	59.85	791.36	131.76
(iv)	Likely impact of one percentage change in interest rate (100*PV01)								
	a) on hedging derivatives #	19.93	NIL	NIL	NIL	17.19	NIL	NIL	NIL
	b) on trading derivatives	0.30	NIL	NIL	NIL	0.08	NIL	NIL	NIL
(v)	Maximum and Minimum of 100*PV01 observed during the year								
	a) on hedging #								
	Max	35.69	NIL	1.14	5.37	17.19	NIL	0.51	7.84
	Min	13.31	NIL	0.05	3.20	1.24	NIL	0.12	5.58
	b) on trading								
	Max	1.19	NIL	—	4.37	0.82	NIL	NIL	2.53
	Min	0.19	NIL	—	0.39	0.01	NIL	NIL	0.01

represents funding swaps undertaken by the Bank.

- (1) Mark to Market for Currency Swap & Interest Rate Derivative includes Interest accrued on the swap.
- (2) Maximum and minimum PV01 for the year is computed based on balances at the end of every month. The Notional principal of Forward Contracts does not include Tom and Spot Foreign Exchange trades.
- (3) The notional principal of derivative contracts reflect the volume of transactions outstanding as at the balance sheet date and do not represent the amount of risk taken by the Bank.

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11. Restructured / Rescheduled / Renegotiated Investments

During the year Nil (Previous year: Nil)

12. Asset Quality

12.1. Movement of NPA and NPA Provision

(₹ in crore)

Particulars	2018-19	2017-18
(i) Net NPAs to Net Advances (%)	0.69%	0.78%
(ii) Provisioning Coverage Ratio (PCR) (%)	65.30%	57.57%
(iii) Movement of Gross NPAs		
(a) Opening balance	566.73	356.84
(b) Additions during the year	707.01	569.19
(c) Reductions during the year	519.12	359.29
(i) Up – gradations	12.42	70.28
(ii) Recoveries (excluding recoveries made from up-graded accounts)	186.49	129.99
(iii) Write – offs	320.21	159.03
(d) Closing balance	754.62	566.73
(iv) Movement of Net NPAs		
(a) Opening balance	312.56	189.94
(b) Additions during the year	454.39	407.15
(c) Reductions during the year	394.21	284.53
(d) Closing balance	372.74	312.56
(v) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	254.17	166.90
(b) Provisions made during the year	386.68	286.29
(c) Write-off / write back of excess provisions during the year	258.97	199.02
(d) Closing balance	381.88	254.17

12.2. Divergence in Asset Classification and Provisioning for NPAs

RBI vide its circular dated 18th April 2017, has directed banks to make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15 percent of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both. The disclosure requirements were amended by RBI circular dated April 1, 2019, where the banks are required make suitable disclosures, wherever either (a) the additional provisioning for NPA assessed by RBI exceeds 10 percent of the reported profits before provisions and contingencies for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both.

The divergence observed by RBI for the financial year 2017-18 and for the financial year 2016-17 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) did not exceed the relevant prescribed thresholds as per the aforesaid circulars in force.

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12.3. Technical Write-off:

(₹ in crore)

Particulars	2018-19	2017-18
Opening balance of Technical / Prudential written-off accounts as at April 1	169.96	113.12
Add : Technical / Prudential write-offs during the year	168.42	63.37
Sub-total (A)	338.39	176.49
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	8.66	6.53
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	10.15	—
Closing balance as at March 31 (A-B)	319.57	169.96

12.4. Particulars of Restructured Accounts:

Details of loan assets subjected to restructuring during the year are given below:

Restructured Advances as at March 31, 2019.

(₹ in crore)

Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Restructured accounts as on 1 April of the FY	A	—	—	—	—	—	—	—	1	—	1	—	—	1	—	1	2
	B	—	—	—	—	—	—	—	16.84	—	16.84	—	—	13.27	—	13.27	30.11
	C	—	—	—	—	—	—	—	9.17	—	9.17	—	—	10.58	—	10.58	19.75
Fresh Restructuring during the year	A	—	—	—	—	—	4	—	—	—	4	—	—	1	—	1	5
	B	—	—	—	—	—	10.23	—	—	—	10.23	—	—	20.94	—	4.91	15.14
	C	—	—	—	—	—	0.51	—	—	—	0.51	—	—	3.33	—	3.12	3.63
Increase / (Decrease) in outstanding of Restructured cases	A	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	B	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	C	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Upgradation to restructured standard during the FY	A	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	B	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	C	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	B	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	C	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Down gradations of restructured accounts during the FY	A	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	B	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	C	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Write-offs of restructured accounts	A	—	—	—	—	—	—	—	(1)	—	(1)	—	—	(1)	—	(1)	(2)
	B	—	—	—	—	—	—	—	(16.84)	—	(16.84)	—	—	(29.31)	—	(13.27)	(30.11)
	C	—	—	—	—	—	—	—	(9.17)	—	(9.17)	—	—	(10.80)	—	(10.58)	(19.75)
Restructured accounts as on 31 March (Closing)	A	—	—	—	—	—	4	—	—	—	4	—	—	1	—	1	5
	B	—	—	—	—	—	10.23	—	—	—	10.23	—	—	4.91	—	4.91	15.14
	C	—	—	—	—	—	0.51	—	—	—	0.51	—	—	3.12	—	3.12	3.63

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

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Restructured Advances as at March 31, 2018

																	(₹ in crore)
Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Restructured accounts as on 1 April of the FY	A	-	-	1	-	1	1	-	-	-	1	-	-	3	-	3	5
	B	-	-	3.86	-	3.86	19.24	-	-	-	19.24	-	-	19.72	-	19.72	42.82
	C	-	-	3.29	-	3.29	4.33	-	-	-	4.33	-	-	10.85	-	10.85	18.47
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in outstanding of Restructured cases	A	-	-	(1)	-	(1)	-	-	-	-	-	-	-	-	-	-	(1)
	B	-	-	(3.86)	-	(3.86)	(2.41)	-	-	-	(2.41)	-	-	(4.98)	-	(4.98)	(11.25)
	C	-	-	(3.29)	-	(3.29)	-	-	-	-	-	-	-	0.53	-	0.53	(2.76)
Upgradation to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Down gradations of restructured accounts during the FY	A	-	-	-	-	-	(1)	-	1	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	(16.84)	-	16.84	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	(4.33)	-	9.17	-	4.84	-	-	-	-	-	4.84
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	(2)	-	(2)	(2)
	B	-	-	-	-	-	-	-	-	-	-	-	-	(1.47)	-	(1.47)	(1.47)
	C	-	-	-	-	-	-	-	-	-	-	-	-	(0.80)	-	(0.80)	(0.80)
Restructured accounts as on 31 March (Closing)	A	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1	2
	B	-	-	-	-	-	-	-	16.84	-	16.84	-	-	13.27	-	13.27	30.11
	C	-	-	-	-	-	-	-	9.17	-	9.17	-	-	10.58	-	10.58	19.75

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

As per the circular DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019, the following is the disclosure pertaining to MSME accounts restructured during the year:-

(₹ in crore)

No. of accounts restructured	Amount
4	10.23

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12.5. Resolution of Stressed Assets / Scheme for Strategic Debt Restructuring Scheme (SDR) / Sustainable Structuring of Stressed Assets (S4A)

Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in crore)

No. of accounts where SDR has been invoked #	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil

Above table does not include accounts where SDR has been invoked but not implemented during the current year.

During the previous year

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil

12.5.1. Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

The Bank did not implement any scheme relating to change in the ownership outside the SDR during the current year and the previous year.

12.5.2. Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

The Bank did not implement any scheme relating to change in the ownership of Projects under Implementation during the current year and the previous year.

12.5.3. Disclosures on Flexible Structuring of Existing

The Bank did not do any flexible structuring of existing loans during the current year and the previous year.

12.5.4. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on March 31, 2019

(₹ in crore)

	No. of accounts where S4A has been applied	Amount outstanding			Provision Held
		Aggregate amount outstanding	In Part A	In Part B	
Classified as Standard	1	17.99	12.91	5.08	3.62
Classified as NPA	—	—	—	—	—

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As on March 31, 2018

	No. of accounts where S4A has been applied	Amount outstanding			Provision Held
		Aggregate amount outstanding	In Part A	In Part B	
Classified as Standard	1	22.42	13.04	9.38	7.69
Classified as NPA	–	–	–	–	–

(₹ in crore)

12.5.5. The Bank has not acquired any equity shares under SDR scheme during the current year (previous year Nil).

12.5.6. During the current year ended March 31, 2019, there are no cases of resolution under the RBI circular RBI/ 2017-18/131/DBR. NO.BP.BC.101/21.04.048/2017-18 dated February 12, 2018 on 'Resolution of Stressed Assets – Revised Framework' (previous year ₹ 55.65 crore). The said RBI circular has been subsequently quashed by the Honorable Supreme Court vide its judgement dated April 2, 2019.

12.6. Details of financial assets sold to Securitization / Reconstruction Company for Asset Reconstruction:

(₹ in crore)

Particulars	2018-19	2017-18
(i) No. of accounts	2	1
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	27.20	37.87
(iii) Aggregate consideration	28.01	37.86
(iv) Additional consideration realized in respect of accounts transferred in earlier years	–	–
(v) Aggregate loss over net book value	(0.81)	0.01

12.7. Details of non-performing financial assets purchased / sold:

12.7.1. Non-performing financial assets purchased:

(₹ in crore)

Particulars	2018-19	2017-18
1 (a) No. of accounts purchased during the year	–	–
(b) Aggregate Outstanding	–	–
2 (a) Of these, number of accounts restructured during the year	–	–
(b) Aggregate Outstanding	–	–

12.7.2. Non-performing financial assets sold:

(₹ in crore)

Particulars	2018-19	2017-18
No. of accounts sold during the year #	1	–
Aggregate Outstanding	–	–
Consideration Received	1.15	–

The account sold to asset reconstruction company forms part of the disclosure in note 12.6. The above account with aggregate book outstanding of ₹ 7.00 crore was technically written-off was sold to NBFC .

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12.8. Overseas Assets, NPAs and Revenue

(₹ in crore)

Particulars	2018-19	2017-18
Total Assets	2,034.38	1,239.13
Total NPAs	—	—
Total Revenue	83.82	28.81

13. The Bank has not done any securitization of loan assets during the current and the previous year.

14. Business Ratios:

Particulars	2018-19	2017-18
(i) Interest income as % to Working funds ¹	9.42%	8.67%
(ii) Non-Interest income as % to Working funds ¹	2.16%	2.05%
(iii) Operating profit as % to Working funds ^{1,2}	2.90%	2.56%
(iv) Return on Assets (Working funds) ¹	1.30%	1.22%
(v) Business (Deposit plus Advance) per employee (₹ in crore) ^{3,4}	18.23	15.06
(vi) Profit per employee (₹ in crore) ⁴	0.15	0.12

1. Working funds is the average of total assets as reported in monthly Form X to RBI under Section 27 of the Banking Regulations Act, 1949.
2. Operating profit is net profit for the year before provisions and contingencies.
3. "Business" is the total of net advances and deposits (net of inter-bank deposits).
4. Productivity ratios are based on closing employee numbers.

15. Maturity Pattern

Maturity pattern of certain items of assets and liabilities is given below:

(₹ in crore)

Particulars	As at March 31, 2019					
	Loans & Advances (INR) #	Investments (INR) #	Deposits (INR) #	Borrowings (INR) #	Foreign currency Assets	Foreign currency Liabilities
1 day	537.52	1,145.60	792.70	32.37	869.79	56.25
2 to 7 days	1,343.89	375.65	3,651.41	0.00	30.57	27.12
8 to 14 days	568.62	1,223.10	2,362.90	0.00	140.45	67.76
15 to 30 Days	2,537.28	1,279.95	4,469.86	0.00	612.21	342.00
31 Days to 2 months	1,799.48	1,691.32	5,635.07	99.65	543.66	1,107.30
Over 2 months to 3 months	1,579.10	1,634.10	5,664.32	24.65	528.46	327.73
Over 3 months to 6 months	3,454.53	1,725.03	5,941.41	259.85	914.46	798.32
Over 6 months to 1 year	11,448.16	3,158.27	12,639.95	1,065.60	722.49	1,482.92
Over 1 year to 3 years	16,971.14	3,293.69	15,826.43	2,377.00	1,201.26	1,860.35
Over 3 years to 5 years	3,044.86	370.22	232.18	1,855.43	943.56	697.47
Over 5 years	5,012.39	942.99	476.68	0.00	363.81	119.51
Total	48,296.97	16,839.92	57,692.91	5,714.55	6,870.72	6,886.73

Foreign currency balances not included.

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(₹ in crore)

Particulars	As at March 31, 2018					
	Loans & Advances (INR) #	Investments (INR) #	Deposits (INR) #	Borrowings (INR) #	Foreign currency Assets	Foreign currency Liabilities
1 day	238.13	3,401.45	382.84	0.00	449.42	27.17
2 to 7 days	711.60	825.31	2,119.68	1,784.78	263.94	85.75
8 to 14 days	486.96	449.84	1,131.75	0.00	84.46	46.91
15 to 30 Days	1,737.73	514.97	3,288.23	0.00	329.98	196.00
31 Days to 2 months	1,273.75	1,015.70	5,852.87	820.00	621.24	347.82
Over 2 months to 3 months	2,013.04	1,699.00	6,627.87	0.00	587.64	566.47
Over 3 months to 6 months	3,449.08	1,569.86	4,677.15	510.57	368.47	356.26
Over 6 months to 1 year	7,769.69	1,568.21	5,879.81	817.70	1,105.67	698.46
Over 1 year to 3 years	11,919.27	2,930.77	12,753.15	549.56	1,760.91	1,227.09
Over 3 years to 5 years	2,192.15	338.92	277.66	453.68	382.80	744.57
Over 5 years	2,882.12	1,133.27	488.72	358.35	69.72	134.63
Total	34,673.52	15,447.30	43,479.73	5,294.64	6,024.25	4,431.13

Foreign currency balances not included.

Classification of assets and liabilities under the different maturity buckets for both current and previous financial years is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of assets and liabilities excludes off balance sheet items.

16. Lending to Sensitive Sector

16.1. Exposure to Real Estate Sector:

(₹ in crore)

Particulars	2018-19	2017-18
1) Direct exposure		
(a) Residential Mortgages -	282.45	218.41
Out of which Individual housing loans eligible for inclusion in priority sector advances	155.43	76.59
(b) Commercial Real Estate	3,610.90	2,718.92
(c) Investments in Mortgage Backed Securities (MBS) and other securitized exposures	-	-
i. Residential Mortgages	-	-
ii. Commercial Real Estate	-	-
2) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	1,115.52	683.35
Total Exposure to Real Estate Sector	5,008.87	3,620.68

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16.2. Exposure to Capital Market:

(₹ in crore)

Particulars	2018-19	2017-18
(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;	246.61	222.47
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	—	—
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	230.15	141.00
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	—	—
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	169.75	105.00
(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	—	—
(vii) Bridge loans to companies against expected equity flows/issues	—	—
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	—	—
(ix) Financing to stockbrokers for margin trading	—	—
(x) All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	104.80	82.65
Total Exposure to Capital Market	751.31	551.12

16.3. Risk Category wise Country Exposure:

(₹ in crore)

Risk Category	Exposure (net) as at March 31, 2019	Provision held as at March 31, 2019	Exposure (net) as at March 31, 2018	Provision held as at March 31, 2018
Insignificant	1,986.34	1.03	1,670.50	1.40
Low	612.77	—	641.09	—
Moderate	—	—	—	—
High	1.24	—	—	—
Very High	—	—	—	—
Restricted	—	—	—	—
Off-credit	—	—	—	—
Total	2,600.35	1.03	2,311.59	1.40

17. Details of Single / Group Borrower limit exceeded by the Bank

During the current year and the previous year, the Bank has complied with the applicable RBI guidelines with regard to exposure to a single borrower and a group of the borrower. As per the exposure limits permitted under the extant RBI regulation, the Bank, with the approval of the Board of Directors, can enhance exposure to a single borrower or borrower group by a further 5 percent of capital funds.

During the current year and the previous year, the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI.

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18. Amount of Provisions made for Income-tax during the year:

(₹ in crore)

Particulars	2018-19	2017-18
Provision for Income tax	500.60	378.18
Provision for Deferred tax	(68.40)	(46.72)

19. Unsecured Advances against Intangible Collaterals:

(₹ in crore)

Particulars	2018-19	2017-18
Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	NIL	NIL
Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	NIL	NIL

20. Penalties imposed by RBI

During the year ended March 31, 2019, RBI had levied penalties on the Bank totaling ₹ 4,100/- relating to currency chest transactions towards detection of counterfeit notes and soiled notes.

For the previous year ended March 31, 2018, RBI levied following penalties:

The Bank received cash deposits from various customers during the demonetisation period and subsequently deposited under chest guarantee scheme with RBI. RBI regional offices counted the deposited cash subsequently and levied penalty of ₹ 0.04 crore for various reasons e.g. mutilated notes & cash shortage, etc.

21. Disclosure of Fees / Remuneration Received in respect of Bancassurance Business

(₹ in crore)

Particulars	2018-19	2017-18
i) Fee / Remuneration from Life Insurance Business	25.59	16.83
ii) Fee / Remuneration from General Insurance Business	12.83	4.55

22. Break up of Provisions and Contingencies debited to Profit & Loss Account

(₹ in crore)

Particulars	2018-19	2017-18
i) Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines		
a) For Advances	466.99	257.09
b) For Investments	25.10	(13.61)
ii) Provisions towards Standard Advances	56.39	42.44
iii) Provision for depreciation on investments	28.10	56.08
iv) Provision / (Write-back) for credit card reward points	40.36	21.09
v) Provision for others	23.74	1.43
vi) Provisions towards Income tax	500.60	378.18
vii) Provision towards deferred tax (net)	(68.40)	(46.72)
Total	1,072.88	695.98

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23. Drawdown from Reserves

The Bank has not undertaken any drawdown from any reserves during the current year and the previous year except for ₹ 2.20 crore drawdown from Investment Reserve Account (IRA) in the previous year, in accordance with RBI guidelines.

24. Floating Provisions

The Bank has not created or utilized any floating provisions during the current year ended March 31, 2019 and the previous year ended March 31, 2018. The floating provision as at March 31, 2019 was Nil (previous year: Nil).

25. Concentration of Deposits, Advances, Exposures and NPAs

25.1. Concentration of Deposits

(₹ in crore)

Particulars	2018-19	2017-18
Total Deposits of twenty largest depositors	10,751.59	8,458.01
Percentage of Deposits of twenty largest depositors to Total Deposits	18.41%	19.27%

25.2. Concentration of Advances

(₹ in crore)

Particulars	2018-19	2017-18
Total Advances to twenty largest borrowers*	9,936.37	7,775.98
Percentage of Advances to twenty largest borrowers to Total Advances	11.71%	12.21%

* Credit Exposure excludes the exposures which are 100% cash backed

25.3. Concentration of Exposures

(₹ in crore)

Particulars	2018-19	2017-18
Total Exposure to twenty largest borrowers / customers *	10,263.44	7,939.66
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	11.41%	11.70%

* Credit Exposure excludes the exposures which are 100% cash backed

25.4. Concentration of NPA's

(₹ in crore)

Particulars	2018-19	2017-18
Total Exposure to top four NPA Accounts (Gross)	196.84	127.59

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26. Sector Wise Advances:

(₹ in crore)

Sl. No.	Sector	Current year (2018-19)			Previous year (2017-18)		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	5,216.25	234.22	4.49	3,950.05	115.52	2.92
2	Advances to industries sector eligible as priority sector lending	1,708.25	24.75	1.45	1,518.34	18.56	1.22
3	Services	6,197.04	63.45	1.02	4,693.97	87.32	1.86
4	Personal loans	881.55	12.24	1.39	1,214.49	49.53	4.08
	Sub-total (A)	14,003.09	334.66	2.39	11,376.85	270.93	2.38
B	Non Priority Sector						
1	Agriculture and allied activities	7.91	0.04	0.51	31.74	—	—
2	Industry	18,491.40	212.52	1.15	14,840.37	—	—
3	Services	13,248.49	105.52	0.80	8,225.04	58.82	0.72
4	Personal loans	8,939.23	101.88	1.14	6,048.01	236.98	3.92
	Sub-total (B)	40,687.03	419.96	1.03	29,145.16	295.80	1.02
	Total (A+B)	54,690.12	754.62	1.38	40,522.01	566.73	1.40

27. Details of Priority Sector Lending Certificates (PSLC)

27.1. Priority Sector Lending Certificates bought during the year

(₹ in crore)

Category	For the year ended March 31, 2019	For the year ended March 31, 2018
PSLC Agriculture	1,140.00	—
PSLC SF/MF	350.00	667.50
PSLC Micro Enterprise	—	—
PSLC General	—	—
Total	1,490.00	667.50

27.2. Priority Sector Lending Certificates sold during the year

(₹ in crore)

Category	For the year ended March 31, 2019	For the year ended March 31, 2018
PSLC Agriculture	—	—
PSLC SF/MF	500.00	—
PSLC Micro Enterprise	100.00	57.50
PSLC General	—	650.00
Total	600.00	707.50

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28. Off- Balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

29. Disclosure on Remuneration

Qualitative Disclosures

A. Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Human Resources and Remuneration Committee (HR&RC) comprises of the following Directors:

1. Mr. P. Sudhir Rao - Chairman of Committee
2. Mr. Prakash Chandra
3. Mr. Jairaj Purandare
4. Mr. Ishan Raina

All members of the HR&RC are independent directors. Mr. P. Sudhir Rao, Mr. Prakash Chandra and Mr. Jairaj Purandare are also members of the Risk Management Committee of the Board. Mr. Vishwvir Ahuja is a permanent attendee.

Following are the terms of reference of Human Resources and Remuneration Committee:

- To assist and advice the MD & CEO in planning for senior management build-up of our Bank so as to ensure appropriate leadership is in place for our Bank's growth strategy, including identifying persons who may be appointed as senior management in accordance with the laid down criteria, and recommend to the Board their appointment or removal, as applicable
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the key managerial personnel and other employees
- To evaluate and approve HR policies of our Bank

- To evaluate and approve various employee stock ownerships schemes that may be required from time to time to ensure that our Bank gets the rights talent and it is able to retain high-performing employees
- To award stock options to employees, whether in the form of joining ESOPs or performance ESOPs. The Committee may determine the level/grade of employees it desires to review and award
- To oversee the framing, review and implementation of compensation policy of our Bank on behalf of our Board
- To work in close co-ordination with the Risk Management Committee of our Bank, in order to achieve effective alignment between remuneration and risks
- To ensure that the cost/income ratio of our Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio
- To appoint/discontinue trustees on the board of trustees of 'The Ratnakar Bank Limited Employees Provident Fund, 'The Ratnakar Bank Limited Employees Gratuity Fund' and 'The Ratnakar Bank Limited Employees Pension Fund' and to approve operational changes in the related trust deeds and/or decide on related matters
- To decide on granting of mandate to the Indian Bank Association for negotiating industry level wage settlements for workmen employee.

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

Bank's remuneration policy is designed and aimed at attracting & retaining best possible / available talent that it requires to effectively grow the business and become a highly respected institution. It comprises of a balanced mix of fixed & variable cash and non-cash compensation and benefits / perquisites to deliver maximum value to the employee and other stakeholders.

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The remuneration is divided into following components:

Fixed Remuneration:

For employees governed by Indian Banking Association's employment and compensation rules (IBA rules), their remuneration is based on the industry-wide bi-partite wage settlement agreements signed with the employees' union. These rules provide for basic salary, allowances and certain retirement benefits to the employees which are uniformly applicable for the employees covered under the IBA scale.

For the employees governed by the 'Cost to Company' (CTC) remuneration structure (i.e. Non-IBA scale employees), the CTC represents the total direct and fixed cost incurred by the Bank across all components of compensation including contributions paid by the Bank towards retiral benefits, and loans at concessional interest rates. It consists of Basic Salary, House Rent Allowance, Personal Allowance / Special Allowances, Car Related Benefits, Medical Reimbursement, Leave Travel Assistance, Conveyance Allowance, Food Allowance and Retiral Benefits.

Employee Stock Options:

In order to align the interest of the Bank, the senior management, its shareholders and the employees, there is an effort to create long term ownership and commitment for the senior officers of the Bank. This is also done with a view to recognize and compensate senior officers for intellectual capital, the domain expertise in terms of product, market knowledge and the business relationships that they bring along. Accordingly, the Bank has formulated Employee Stock Option Program.

The underlying philosophy of Employee Stock Option Plan is to enable the present and future employees to share the value that they help to create for the Bank over a period of time. Joining Employee Stock Options (JESOPs) are granted based on the role in the Bank as well as experience, domain knowledge, current ability, future potential and expertise of the candidate. Further, to reward the performance and recognize the contribution of employees, the Bank has a Performance Employee Stock Option Program (PESOPs). PESOPs are given after periodic evaluation of the individual performance, business unit as well as overall Bank performance during the review period.

These plans are designed and implemented in such a way that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank.

These stock option programs are administered by the HR&RC.

Annual Performance Linked Variable Compensation (APLVC):

APLVC is paid as a percentage of CTC as defined in the Compensation Policy of the Bank.

As per the guidelines issued by RBI vide circular ref. RBI/2011-12/349, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include value of ESOPs.

- C. Description of the ways in which current and future risks are taken into account in the remuneration processes.

Key determinant of the total variable pool is the overall performance of the Bank in any given year.

Further, the following principles apply:

- i. In order for incentive-based remuneration to work, the variable part of remuneration should be truly and effectively variable and can even be reduced to zero.
- ii. Methodologies for adjusting remuneration to risk and performance will be based on the general risk management and corporate governance framework adopted by the Bank.
- iii. Risks taken need to be estimated (ex ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes would have a bearing on the payoffs.
- iv. Risk adjustments would take into account the nature of the risks involved and the time horizons over which they could emerge. The impact of remuneration adjustments would be linked to actions taken by employees and / or business

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units, and their impact on the level of risk taken on by the Bank.

- v. Both ESOP as well as APLVC provides long term remuneration benefits to employees. JESOP/ PESOP are equity settled where the employees will receive one equity share per option. JESOPs and PESOPs granted to employees vest over a period of three / four years, in the following proportion, 40:30:30, 30:30:40, 10:20:30:40 each year. Further, JESOP/PESOP and APLVC are subject to suitable claw-back and malus clauses to protect the Bank against misconduct, sub-optimal performance or decisions or actions leading to adverse financial consequence to the Bank.

- 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 performance management system in place. The Performance management system has goals on four themes namely Shareholder Value as the Focus, Customer at the Heart, Employee as the Pillar and Community as the Cause. Employees are appraised against the goals set at the beginning of the year. Employee performance and competence assessment are both considered for the performance rating. Performance Rating has a direct correlation with the increments and APLVC as well as PESOPs.

- 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 a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs/PESOPs.

Schedule for APLVC vesting and payout is as per pay schedule defined in the Compensation Policy of the Bank.

Deferred APLVC vests only in the year of payment. Voluntary Cessation of employment by the employee or termination with cause as defined in employment contract will result in forfeiture of the remaining APLVC. APLVC is subject to claw-back and malus clauses.

- F. Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

Various forms of variable remuneration used by the Bank are:

APLVC: APLVC provides cash bonus in short to medium term to employees. The bank utilizes APLVC to reward superior performance.

Employee stock option (ESOP) plan: Employee stock option plan is a long term remuneration benefit. ESOP is equity settled where the employees will receive one equity share per option after vesting/ exercise. The stock options granted to employees vest over a period of three / four years, generally. ESOP is used to reward superior performance, aligning employee interests with the Bank, create long term ownership and commitment.

Quantitative Disclosure-

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

Sr. No.	Particulars	(₹ in crore)	
		2018-19	2017-18
1(i)	Number of meetings held by the Remuneration Committee during the financial period.	4	5
1(ii)	Remuneration paid to its members during the financial period	0.04	0.05
2(i)	Number of employees having received a variable remuneration award during the financial period.	177	144
2(ii)	Number and total amount of sign-on awards made during the financial period.	—	—

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		(₹ in crore)	
Sr. No.	Particulars	2018-19	2017-18
2(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	–	–
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	–	–
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	–	–
3(ii)	Total amount of deferred remuneration paid out in the period.	–	–
4	Breakdown of amount of remuneration awards for the financial year:		
	Fixed	107.00	87.26
	Variable	15.50	11.50*
	Deferred	–	–
	Non-deferred	15.50	11.50*
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	–	–
5(ii)	Total amount of reductions during the period due to ex- post explicit adjustments	–	–
5(iii)	Total amount of reductions during the period due to ex- post implicit adjustments	–	–

*Includes deferred pay of ₹ 0.275 cr. awarded in financial year 2016-17

30. Contingent Liabilities

Description of nature of contingent liabilities is set out below:

- i) Claims against the Bank not acknowledged as debts:
These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.
- ii) Liability for partly paid investments:
These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.
- iii) Liability on account of forward exchange and interest rate contracts:
The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.
- iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

As a part of its corporate 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 customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations.

- v) Acceptances, endorsements and other obligations:
These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.
- vi) Other contingent items:
 - a. Commitments for settlement date accounting for securities transactions;
 - b. Demands raised by income tax and other statutory authorities and disputed by the Bank.
 - c. Amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

The Bank makes provident fund contributions to an independently administered Trust. The Bank is currently in dispute with the Provident Fund authorities regarding applicability of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 (the 'Act') on the Bank and the matter is pending with Central Government Industrial Tribunal, Mumbai for further adjudication. Additionally, in light of the recent Honorable Supreme Court of India judgement on 28th February 2019, which clarified

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that any emolument paid universally, necessarily and ordinarily to all employees across the board are to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution.

Any potential likely impact on the financial statements in view of the above will be ascertained on the decision of the Central Government Industrial Tribunal, Mumbai and on clarification from the Provident Fund authorities / courts, if any.

Refer Schedule 12 for amounts relating to contingent liabilities.

- 31.** Bank has not issued any Letters of comfort and Letters of Undertaking during the year (previous year – NIL)
- 32.** The disclosure regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

33. Liquidity Coverage Ratio (LCR)

Qualitative disclosure around LCR

Liquidity Coverage Ratio (LCR) is a global minimum standard aimed at measuring and promoting short-term resilience of banks to potential liquidity stress by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive net cash outflows over next 30 days under stress conditions. It is a ratio of Bank's High Quality Liquid Assets (HQLA) to the estimated net outflows over next 30 day period of significant liquidity stress.

The Board of Directors has the overall responsibility for liquidity risk management. The Board at overall level decides the liquidity risk tolerance and accordingly decides the strategy, policies and procedures of the Bank. The Board has constituted a Risk Management Committee (RMC) consisting of Managing Director & Chief Executive Officer (MD&CEO) /Chairman and other Board members. The committee is responsible for evaluating the overall risks faced by the Bank including liquidity risk. The potential interaction of liquidity risk with other risks is included in the risks addressed by the Risk Management Committee. At the executive level, Asset Liability Management Committee (ALCO) ensures adherence to the risk limits set by the Board and implements the liquidity risk management strategy of the Bank. ALM team within Treasury function of the Bank is responsible for the day-to-day / intra-day liquidity management. ALCO channelizes various business segments of the Bank to target good quality asset and liability profile to meet the Bank's profitability as well as liquidity requirements.

High quality liquid assets (HQLA) under LCR are divided into two parts i.e. Level 1 and Level 2 HQLA.

Level 1 HQLA comprises primarily of cash, excess CRR, government securities in excess of SLR, Marginal Standing Facility (Currently 2% of NDTL) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as permitted under prudential guidelines. Previously FALLCR was 9% of NDTL, this was increased to 11% with effect from June 15, 2018. This has been further increased to 13% w.e.f. October 1, 2018.

Level 2 HQLA comprises of investments in highly rated non-financial corporate bonds, debentures, commercial papers issued by non-financial institutes and are further considered at prescribed haircuts.

Cash outflows are calculated by applying prescribed outflow run-off factors to contractual outflows on account of various categories of liabilities and cash inflows are calculated by applying prescribed weights and factors to the contractual inflows. Additionally, probable outflows on account of contingent liabilities such as letters of credit (LC) and bank guarantees (BGs) and undrawn commitments both for fund & non fund based exposures are considered by applying prescribed run-off factors. The Bank has a very limited exposure to liquidity risk on account of its derivatives portfolio. Further, the Bank is not taking any benefit of classifying any deposit as Operational Deposit on a conservative basis.

The Bank computes LCR on a daily basis in accordance with RBI guidelines. Effective January 1, 2017, the LCR is reported as a simple average of daily observations for the quarter. The Bank believes that all inflows and outflows which might have a material impact under the liquidity stress scenario have been considered for the purpose of LCR.

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Banks have to maintain a LCR of 100% with effect from 1st January 2019. Given below is the quarterly average LCR maintained by the Bank for past years against the minimum prescribed by RBI.

Quarter Ended	Average LCR Maintained	LCR Required
31-Mar-19	127.90%	100%
31-Dec-18	120.67%	90%
30-Sep-18	111.25%	90%
30-Jun-18	99.26%	90%
31-Mar-18	98.84%	90%
31-Dec-17	93.12%	80%
30-Sep-17	96.71%	80%
30-Jun-17	98.93%	80%

The Quantitative disclosures for the current year and the previous year is as below -

Quantitative Disclosures FY2018-19

		(₹ in crore)							
		Q1 - June 2018		Q2 - Sep 2018		Q3 - Dec 2018		Q4 - March 2019	
		Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		7,323.28		8,964.95		10,164.53		13,062.72
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	13,555.05	1,350.72	14,344.51	1,392.28	15,245.53	1,481.63	16,198.92	1,579.29
(i)	Stable deposits	107.41	5.76	861.11	43.49	866.53	43.55	812.14	40.61
(ii)	Less stable deposits	13,447.64	1,344.96	13,483.40	1,348.79	14,379.00	1,438.08	15,386.78	1,538.68
3	Unsecured wholesale funding, of which:	15,702.29	8,705.47	16,965.63	8,948.97	17,822.42	9,680.54	20,914.78	11,415.68
(i)	Operational deposits (all counterparties)	—	—	—	—	—	—	—	—
(ii)	Non-operational deposits (all counterparties)	15,702.29	8,705.47	16,965.63	8,948.97	17,822.42	9,680.54	20,914.78	11,415.68
(iii)	Unsecured debt	—	—	—	—	—	—	—	—
4	Secured wholesale funding	—	—	—	—	—	—	—	—
5	Additional requirements, of which	111.27	111.27	83.20	83.20	83.37	83.37	127.29	127.29
(i)	Outflows related to derivative exposures and other collateral requirements	45.09	45.09	28.66	28.66	—	—	—	—
(ii)	Outflows related to loss of funding on debt products	—	—	—	—	—	—	—	—
(iii)	Credit and liquidity facilities	—	—	—	—	—	—	—	—
6	Other contractual funding obligations	308.74	87.21	124.60	48.54	11.59	4.64	24.64	9.85
7	Other contingent funding obligations	24,821.45	877.46	26,573.10	935.03	28,267.57	984.21	30,411.26	1,064.45
8	Total Cash Outflows		11,132.13		11,408.02		12,234.39		14,196.56

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(₹ in crore)

		Q1 - June 2018		Q2 - Sep 2018		Q3 - Dec 2018		Q4 - March 2019	
		Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
Cash Inflows									
9	Secured lending (e.g. reverse repos)	579.26	–	672.95	–	976.93	–	2,830.36	–
10	Inflows from fully performing exposures	3,559.16	2,050.38	3,537.65	2,180.55	4,132.20	2,339.17	3,784.00	2,251.73
11	Other cash inflows	2,023.43	1,703.70	1,501.48	1,258.65	1,703.68	1,412.14	1,954.77	1,731.67
12	Total Cash Inflows	6,161.85	3,754.08	5,712.08	3,439.20	6,812.81	3,811.31	8,569.13	3,983.40
21	TOTAL HQLA		7,323.28		8,864.95		10,164.53		13,062.72
22	Total Net Cash Outflows		7,378.05		7,968.82		8,423.08		10,213.17
23	Liquidity Coverage Ratio (%)		99.26		111.25		120.67		127.90

FY2017-18

(₹ in crore)

		Q1 - June 2017		Q2 - Sep 2017		Q3 - Dec 2017		Q4 - March 2018	
		Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)	6,627.19		6,552.52		6,248.45		7,151.95	
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	10,472.58	1,038.73	11,293.39	1,120.48	11,911.66	1,181.69	13,144.98	1,306.19
(i)	Stable deposits	170.48	8.52	177.18	8.86	189.54	9.48	166.07	8.30
(ii)	Less stable deposits	10,302.10	1,030.21	11,116.21	1,111.62	11,722.12	1,172.21	12,978.91	1,297.89
3	Unsecured wholesale funding, of which:	12,631.47	6,479.83	13,128.89	6,846.36	13,342.84	6,971.77	14,573.31	7,773.28
(i)	Operational deposits (all counterparties)	–	–	–	–	–	–	–	–
(ii)	Non-operational deposits (all counterparties)	12,631.47	6,479.83	13,128.89	6,846.36	13,342.84	6,971.77	14,573.31	7,773.28
(iii)	Unsecured debt	–	–	–	–	–	–	–	–
4	Secured wholesale funding	–		–		–		–	
5	Additional requirements, of which	140.96	140.96	147.76	147.76	184.88	184.88	189.01	189.01
(i)	Outflows related to derivative exposures and other collateral requirements	38.02	38.02	52.54	52.54	79.33	79.33	117.50	117.50
(ii)	Outflows related to loss of funding on debt products	–	–	–	–	–	–	–	–
(iii)	Credit and liquidity facilities	–	–	–	–	–	–	–	–
6	Other contractual funding obligations	884.71	160.56	1017.45	167.93	939.58	111.66	588.34	145.12
7	Other contingent funding obligations	18,228.25	720.48	19,414.93	769.34	20,918.22	824.27	19,081.17	707.05
8	Total Cash Outflows	8,540.56		9,051.87		9,274.27		10,120.65	

Schedules

forming part of the standalone financial statements for the year ended March 31, 2019

(₹ in crore)

		Q1 - June 2017		Q2 - Sep 2017		Q3 - Dec 2017		Q4 - March 2018	
		Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
Cash Inflows									
9	Secured lending (e.g. reverse repos)	115.99	115.99	75.48	75.48	130.85	130.85	296.47	296.47
10	Inflows from fully performing exposures	1849.26	924.63	2202.38	1101.19	2363.40	1181.70	2,595.98	1,297.99
11	Other cash inflows	840.48	800.90	1136.64	1100.06	1311.79	1251.69	1,433.86	1,290.59
12	Total Cash Inflows	2,805.73	1,841.52	3,414.50	2,276.73	3,806.04	2,564.24	4,326.31	2,885.05
21	TOTAL HQLA		6,627.19		6,552.52		6,248.45		7,151.95
22	Total Net Cash Outflows		6,699.04		6,775.14		6,710.03		7,235.60
23	Liquidity Coverage Ratio (%)		98.93		96.71		93.12		98.84

34 Intra-Group Exposures

(₹ in crore)

Particulars	31-Mar-19	31-Mar-18
Total amount of intra-group exposures	95.24	50.50
Total amount of top-20 intra-group exposures	95.24	50.50
Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	0.11%	0.07%

35 Corporate Social Responsibility (CSR)

Operating expenses include ₹ 10.55 crore for the current year, towards CSR (previous year ₹ 6.98 crore), in accordance with the Companies Act, 2013.

As a responsible organisation, the Bank 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.

Gross Amount required to be spent by the Bank on CSR activities during the current year - ₹ 13.83 crore (previous year ₹ 9.36 crore).

The areas of CSR activities and contributions made thereto are as follows.

(₹ in crore)

Particulars		31-Mar-19			31-Mar-18		
Amount spent during the year on		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i)	Construction / Acquisition of any assets	—	—	—	—	—	—
ii)	For purposes other than (i) above	7.51	3.04	10.55	5.75	1.23	6.98

Schedules

forming part of the standalone financial statements for the year ended March 31, 2019

36 Details of provisioning pertaining to fraud accounts

The following table sets forth for the year ended March 31, 2019, the details of provisioning pertaining to fraud accounts.

(₹ in crore)

Particulars	As at 31 March 2019	As at 31 March 2018
Number of frauds reported	161	52
Amount involved in frauds	20.34	2.39
Amount involved in fraud net of recoveries / write-offs as at the end of the year	1.83	1.54
Provision made	1.83	1.54
Un-amortized provision debited from 'other reserves'	—	—

37 Transfers to Depositor Education and Awareness Fund (DEAF)

Below mentioned are the details of funds transferred to Depositor Education and Awareness Fund during financial year ended March 31, 2019.

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance of amounts transferred to DEAF	13.07	11.28
Add: Amounts transferred to DEAF during the year	2.62	2.49
Less: Amounts reimbursed by DEAF towards claims	0.13	0.70
Closing balance of amounts transferred to DEAF	15.56	13.07

38 Movement in provision for credit cards reward points

The following table sets forth, for the periods indicated, movement in provision for credit cards rewards points

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening provision for reward points	30.49	9.40
Provision for reward points made during the year	112.92	50.36
Utilization/write-back of provision for reward points	72.39	29.27
Closing provision for reward points	71.03	30.49

39 Un-hedged Foreign Currency Exposure (UFCE) of Bank's Customer

The UFCE of corporate borrowers is assessed on a quarterly basis. The assessment includes foreign currency borrowings, foreign currency hedges, natural hedges available, as well as other foreign currency assets and liabilities on the balance sheet. RBI guidelines prescribe the methodology for computation of provision for UFCE. As per the guideline, UFCE leads to the determination of 'likely loss'. The ratio of 'likely loss' to clients' Earnings Before Interest and Depreciation (EBID), determines the provision as per the following grid.

Likely Loss/EBID (%)	Incremental Provisioning Requirement on the total credit exposures over and above extant standard asset provisioning	Incremental Capital Requirement
Up to 15 per cent	—	—
More than 15 per cent and up to 30 per cent	20bps	—
More than 30 per cent and up to 50 per cent	40bps	—
More than 50 per cent and up to 75 per cent	60bps	—
More than 75 per cent	80 bps	25 per cent increase in the risk weight

The Bank has maintained an additional provision of ₹ 8.56 crore (previous year ₹ 6.83 crore) towards UFCE of customers. Further, the Bank has maintained an additional capital of ₹ 18.70 crore (previous year ₹ 26.28) towards UFCE of customers.

Schedules

forming part of the standalone financial statements for the year ended March 31, 2019

40 Credit Default Swap

The Bank has not entered into Credit Default Swap during the current year and the previous year.

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

42 Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current years' presentation.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date : April 18, 2019

For and on behalf of RBL Bank Limited

Prakash Chandra
Chairman

Jairaj Purandare
Director

Deepak Ruiya
Chief Financial Officer (interim)

Vishwavir Ahuja
Managing Director & CEO

Rajeev Ahuja
Executive Director

Vinay Tripathi
Company Secretary

Independent Auditor's Report

To the Members of RBL Bank Limited

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of RBL Bank Limited (the 'Bank'), which comprise the Balance Sheet as at 31 March 2018, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Bank's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ('RBI') from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of standalone financial statements of the Bank including its branches in accordance with the Standards on Auditing (the 'Standards') specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the

Banking Regulation Act, 1949 as well as the Act in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2018, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- (c) Since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. However, during the course of our audit we have visited 22 branches.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

- (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A';
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 32 to the standalone financial statements;
 - (ii) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 42 to the standalone financial statements;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank; and
 - (iv) The disclosures required on holdings as well as dealing in Specified bank notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification G.S.R. 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs is not applicable to the Bank.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

27 April 2018

Annexure A to the Independent Auditor's Report

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF RBL BANK LIMITED **Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of RBL Bank Limited ('the Bank') as at 31 March 2018 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

27 April 2018

Standalone Balance Sheet

as at March 31, 2018

(₹ in '000s)

Particulars	Schedule No.	31-Mar-18	31-Mar-17
CAPITAL & LIABILITIES			
Capital	1	4,196,675	3,752,031
Reserves and Surplus	2	62,643,048	39,603,724
Deposits	3	439,022,636	345,880,914
Borrowings	4	92,614,403	79,797,572
Other Liabilities and Provisions	5	20,030,790	17,713,470
TOTAL		618,507,552	486,747,711
ASSETS			
Cash and Balances with Reserve Bank of India	6	25,893,338	29,479,286
Balances with banks and money at call and short notice	7	16,951,079	12,457,203
Investments	8	154,474,994	134,817,086
Advances	9	402,678,393	294,490,381
Fixed Assets	10	3,340,008	2,587,088
Other Assets	11	15,169,740	12,916,667
TOTAL		618,507,552	486,747,711
Contingent Liabilities	12	513,959,258	419,044,621
Bills for Collection		14,181,930	8,227,083
Significant Accounting Policies	17		
Notes To Accounts	18		

The schedules and accompanying notes to accounts referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Place : Mumbai

Date : April 27, 2018

For and on behalf of RBL Bank Limited

Narayan Ramachandran

Chairman

Jairaj Purandare

Director

Deepak Ruiya

Chief Financial Officer (*interim*)

Vishwavir Ahuja

Managing Director & CEO

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

Standalone Profit & Loss

for the year ended March 31, 2018

(₹ in '000s)

Particulars	Schedule No.	31-Mar-18	31-Mar-17
I INCOME			
Interest Earned	13	45,075,655	37,131,585
Other Income	14	10,681,884	7,554,627
TOTAL		55,757,539	44,686,212
II EXPENDITURE			
Interest Expended	15	27,412,810	24,918,241
Operating Expenses	16	15,034,080	10,563,872
Provisions and Contingencies		6,959,766	4,743,644
TOTAL		49,406,656	40,225,757
III PROFIT/LOSS			
Net Profit /(Loss) for the year		6,350,883	4,460,455
Profit brought forward		880,529	39,174
TOTAL		7,231,412	4,499,629
IV APPROPRIATIONS			
Transfer to Statutory Reserve		1,588,000	1,116,000
Transfer to Capital Reserve		93,900	3,100
Transfer to Revenue & Other Reserves		3,600,000	2,500,000
Transfer from Investment Reserve		(22,008)	–
Dividend Paid		682,749	–
Tax on Dividend		138,991	–
Balance carried over to Balance Sheet		1,149,780	880,529
TOTAL		7,231,412	4,499,629
EPS Basic (₹)		15.79	12.59
EPS Diluted (₹)		15.18	11.80
Face Value of shares (₹)		10.00	10.00

The schedules and accompanying notes to accounts referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

For and on behalf of RBL Bank Limited

Narayan Ramachandran

Chairman

Jairaj Purandare

Director

Deepak Ruiya

Chief Financial Officer (*interim*)

Vishwavir Ahuja

Managing Director & CEO

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : April 27, 2018

Standalone Cash Flow Statement

for the year ended March 31, 2018

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
I Cash Flow from Operating Activities		
Net Profit for the Year (before taxes)	9,665,475	6,814,873
Adjustments for:-		
Add : Loss / (Profit) on Sale of Fixed Assets (Net)	(847)	(7,674)
Add : Non-Cash Expenditure		
Depreciation	869,561	615,048
Provision / write-off of non performing advances	2,570,901	1,524,347
Provision for standard assets	424,444	450,184
Provision for investments	424,659	352,208
Foreign Currency Translation Reserve (FCTL)	2,243	—
Other provisions	225,170	62,487
Cash Flow before Changes in Working Capital	14,181,606	9,811,473
Adjustments for working capital changes:-		
(Increase)/Decrease in Deposits	93,141,722	102,394,402
(Increase)/Decrease in Other Liabilities	1,667,706	4,331,015
(Increase)/Decrease in Deposits placed having original maturity greater than 3 months	2,140,049	(1,083,995)
(Increase)/Decrease in Investments	(20,082,568)	9,191,044
(Increase)/Decrease in Advances	(110,758,913)	(83,723,898)
(Increase)/Decrease in Other Assets	(1,816,265)	(4,373,569)
Direct Taxes paid	(3,751,400)	(2,210,000)
Cash generated from Operating Activities	(25,278,063)	34,336,472
II Cash Flow from Investing Activities		
Addition to Other Fixed Assets	(1,673,876)	(1,290,153)
Addition to Capital Work in Progress	32,580	(154,940)
Sale of Fixed Assets	19,396	23,314
Cash generated from Investing Activities	(1,621,900)	(1,421,779)
III Cash Flow from Financing Activities		
Proceeds of share issue (including ESOPs)	17,952,849	9,003,256
Net Proceeds / (repayments) from borrowings	12,816,831	(25,564,667)
Dividend and Dividend distribution tax	(821,740)	—
Cash generated from financing Activities	29,947,940	(16,561,411)
IV Increase/Decrease during the Year	3,047,977	16,353,282
V Opening Cash and Cash Equivalents	31,664,406	15,311,124
VI Closing Cash and Cash Equivalents	34,712,383	31,664,406
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following:		
(i) Cash and Balances with Reserve Bank of India (Refer Schedule 6)	25,893,338	29,479,286
(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	4,671,590	2,185,120
(iii) Money at Call and Short Notice (Refer Schedule 7)	4,147,455	—
Cash and cash equivalents at the end of the year	34,712,383	31,664,406

As per our report of even date attached

For and on behalf of RBL Bank Limited

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Narayan Ramachandran

Chairman

Jairaj Purandare

Director

Deepak Ruiya

Chief Financial Officer (*interim*)

Vishwavir Ahuja

Managing Director & CEO

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : April 27, 2018

Schedules

forming part of the standalone financial statements for the year ended March 31, 2018

SCHEDULE 1 - CAPITAL

Particulars	31-Mar-18	31-Mar-17
(₹ in '000s)		
Authorised Capital		
700,000,000 ordinary Shares of ₹ 10/- each	7,000,000	4,000,000
(previous year 400,000,000 ordinary Shares of ₹ 10/- each)		
Issued		
419,667,547 ordinary Shares of ₹ 10/- each	4,196,675	3,752,031
(previous year 375,203,136 ordinary Shares of ₹ 10/- each)		
Subscribed & Paid-up		
419,667,547 ordinary Shares of ₹ 10/- each	4,196,675	3,752,031
(previous year 375,203,136 ordinary Shares of ₹ 10/- each)		
TOTAL	4,196,675	3,752,031

SCHEDULE 2 - RESERVES & SURPLUS

Particulars	31-Mar-18	31-Mar-17
(₹ in '000s)		
1. Statutory Reserve		
(i) Opening Balance	3,402,500	2,286,500
(ii) Addition during the year	1,588,000	1,116,000
(iii) Deduction during the year	—	—
Total	4,990,500	3,402,500
2. Capital Reserve		
(i) Opening Balance	158,670	155,570
(ii) Addition during the year	93,900	3,100
(iii) Deduction during the year	—	—
Total	252,570	158,670
3. Revaluation Reserve		
(i) Opening Balance	9,666	9,947
(ii) Addition during the year	—	—
(iii) Deduction during the year (Depreciation on revalued portion credited to Profit and Loss Account)	267	281
Total	9,399	9,666
4. Share Premium		
(i) Opening Balance	28,383,799	19,885,293
(ii) Addition during the year	17,575,924	8,966,933
(iii) Deduction during the year	67,719	468,427
Total	45,892,004	28,383,799
5. Revenue & Other Reserves		
(i) Opening Balance	6,746,552	4,246,552
(ii) Addition during the year	3,600,000	2,500,000
(iii) Deduction during the year	—	—
Total	10,346,552	6,746,552
6. Investment Reserve		
(i) Opening Balance	22,008	22,008
(ii) Addition during the year	—	—
(iii) Deduction during the year	22,008	—
Total	—	22,008
7. Foreign Currency Translation Reserve		
(i) Opening Balance	—	—
(ii) Addition during the year	2,243	—
(iii) Deduction during the year	—	—
Total	2,243	—
8. Balance in Profit & Loss Account	1,149,780	880,529
TOTAL (1 to 8)	62,643,048	39,603,724

Schedules

forming part of the standalone financial statements for the year ended March 31, 2018

SCHEDULE 3 - DEPOSITS

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
A. 1. Demand Deposits		
i) From Banks	4,012,224	1,409,124
ii) From Others	49,375,561	36,131,706
Total	53,387,785	37,540,830
2. Savings Bank Deposits	53,394,735	38,486,454
3. Term Deposits		
i) From Banks	39,350,584	43,099,648
ii) From Others	292,889,532	226,753,982
Total	332,240,116	269,853,630
TOTAL (1 to 3)	439,022,636	345,880,914
B. i. Deposits of Branches in India	439,022,636	345,880,914
ii. Deposits of Branches outside India	–	–
TOTAL	439,022,636	345,880,914

SCHEDULE 4 - BORROWINGS

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Borrowings in India		
(i) Reserve Bank of India	5,000,000	–
(ii) Other Banks	12,974,440	12,442,958
(iii) Other Institutions and Agencies	40,201,672	45,470,762
(iv) Subordinated debt	7,300,000	7,300,000
Total	65,476,112	65,213,720
2. Borrowings outside India	27,138,291	14,583,852
TOTAL (1+2)	92,614,403	79,797,572

Secured Borrowings included in 1 & 2 above are ₹ 17,845,363 thousands (for financial year ending March 31, 2017 ₹ 11,578,953 thousands)

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Bills Payable	2,379,437	2,534,240
2. Inter Office Adjustments (Net)	–	–
3. Interest Accrued	3,497,301	2,892,380
4. Others (Including Provisions) *	14,154,052	12,286,850
TOTAL (1 to 4)	20,030,790	17,713,470
* Includes : Provision against Standard Assets	1,768,023	1,343,579

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forming part of the standalone financial statements for the year ended March 31, 2018

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Cash in hand	2,152,635	1,648,328
2. Balances with Reserve Bank of India		
(i) In Current Account	17,460,703	14,330,958
(ii) In Other Accounts	6,280,000	13,500,000
TOTAL (1+2)	25,893,338	29,479,286

SCHEDULE 7 – BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. In India		
(i) Balances with Banks		
a) In Current Accounts	779,990	1,212,210
b) In other Deposit Accounts	8,132,034	10,272,083
(ii) Money at Call and Short Notice		
a) With Banks	–	–
b) With Other Institutions	4,147,455	–
Total (i+ii)	13,059,479	11,484,293
2. Outside India		
(i) In Current Accounts	3,891,600	972,910
(ii) In Other Deposits Accounts	–	–
(iii) Money at Call and Short Notice	–	–
Total (i+ii+iii)	3,891,600	972,910
TOTAL (1 + 2)	16,951,079	12,457,203

SCHEDULE 8 – INVESTMENTS

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Investments in India (Gross)	155,202,323	135,323,481
Less – Provision for depreciation	729,269	508,059
Total	154,473,054	134,815,422
Break Up		
(i) Government Securities	113,219,579	98,012,178
(ii) Other Approved Securities	–	–
(iii) Shares	1,169,793	1,087,049
(iv) Debentures & Bonds	19,787,314	20,026,972
(v) Subsidiaries and / or Joint Venture	505,050	–
(vi) Others *	19,791,318	15,689,223
Total	154,473,054	134,815,422

Schedules

forming part of the standalone financial statements for the year ended March 31, 2018

SCHEDULE 8 – INVESTMENTS (contd.)

(₹ in '000s)		
Particulars	31-Mar-18	31-Mar-17
* Details of Others (vi)		
(i) Commercial paper & Certificates of deposit	10,101,465	4,444,963
(ii) Mutual Funds	7,770,000	4,412,597
(iii) Venture Capital Fund	815,954	817,778
(iv) Pass Through Certificates	830,332	5,922,457
(v) Security Receipts	273,567	91,428
Total	19,791,318	15,689,223
2. Investments Outside India		
(i) Government Securities (Including Local Authorities)	–	–
(ii) Subsidiaries and / or Joint Venture abroad	–	–
(iii) Other Investments	1,940	1,664
Total	1,940	1,664
TOTAL (1 + 2)	154,474,994	134,817,086

SCHEDULE 9 – ADVANCES

(₹ in '000s)		
Particulars	31-Mar-18	31-Mar-17
A.		
(i) Bills Purchased and Discounted	11,163,910	5,366,986
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	99,235,741	72,361,010
(iii) Term Loans	292,278,742	216,762,385
Total	402,678,393	294,490,381
B.		
(i) Secured by Tangible Assets (Includes advances against Fixed Deposits and Book Debts)	274,209,414	201,076,218
(ii) Coverd by Bank/Government Guarantees	987,122	280,951
(iii) Unsecured	127,481,857	93,133,212
Total	402,678,393	294,490,381
C.1 Advances in India		
(i) Priority Sector	112,915,789	93,455,904
(ii) Public Sector	–	1,917,644
(iii) Banks	3,812,763	6,590,294
(iv) Others	275,232,797	192,526,539
Total	391,961,349	294,490,381
C.2 Advances Outside India		
(i) Due from Banks	–	–
(ii) Due from Others		
a) Bills Purchases and Discounted	–	–
b) Syndicated Loans	–	–
c) Others	10,717,044	–
Total	10,717,044	–
TOTAL (C.1 + C.2)	402,678,393	294,490,381

Schedules

forming part of the standalone financial statements for the year ended March 31, 2018

SCHEDULE 10 – FIXED ASSETS

		(₹ in '000s)	
Particulars	31-Mar-18	31-Mar-17	
1. Premises			
(i) At cost at 31st March of the preceding year	75,241	79,002	
(ii) Additions During the year	–	–	
(iii) Deductions During the year	–	3,761	
(iv) Accumulated Depreciation to date	11,697	10,280	
Total	63,544	64,961	
2. Other Fixed Assets			
(i) At cost at 31st March of the preceding year	4,182,225	2,941,461	
(ii) Additions During the year	1,673,876	1,290,153	
(iii) Deductions During the year	55,593	49,390	
(iv) Accumulated Depreciation to date	2,836,933	2,005,566	
Total	2,963,575	2,176,658	
3. Leased Assets			
(i) Lease equalisation - Opening balance	13,509	13,509	
(ii) Additions During the year	–	–	
(iii) Less: Provision held	13,509	13,509	
(iv) Accumulated Depreciation to date	–	–	
Total	–	–	
4. Capital Work in Progress	312,889	345,469	
TOTAL (1 to 4)	3,340,008	2,587,088	

SCHEDULE 11 – OTHER ASSETS

		(₹ in '000s)	
Particulars	31-Mar-18	31-Mar-17	
1. Inter-Office Adjustment (Net)	–	–	
2. Interest Accrued	4,459,525	3,897,000	
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	62,372	–	
4. Stationery and Stamps	3,877	5,782	
5. Deferred Tax Assets (Net)	1,353,010	885,842	
6. Non-banking assets acquired in satisfaction of claims	591,251	–	
7. Others	8,699,705	8,128,043	
TOTAL (1 to 7)	15,169,740	12,916,667	

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SCHEDULE 12 – CONTINGENT LIABILITIES

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Claims against the bank not acknowledged as debts	77,493	77,575
2. Liability for Partly Paid Investment	189,397	151,800
3. Liability on Account of Outstanding Forward Exchange contracts	220,642,559	172,802,904
4. Liability on Account of Outstanding derivative contracts		
(i) Interest Rate Swaps	73,563,134	51,169,535
(ii) Cross Currency Swaps	68,915,165	55,562,826
(iii) Currency Options	23,088,663	44,043,976
5. Guarantees given on behalf of constituents		
(i) In India	66,753,735	48,169,568
(ii) Outside India	29,792,260	27,312,261
6. Acceptances, Endorsements and other Obligations	28,386,476	17,503,286
7. Other items for which the bank is contingently liable		
a) Income tax & other matters (under appeal)	400,644	80,144
b) Others	2,149,732	2,170,746
TOTAL (1 to 7)	513,959,258	419,044,621

SCHEDULE 13 – INTEREST EARNED

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Interest / Discount on Advances / bills	34,308,975	26,394,024
2. Income on Investments	9,981,686	9,814,681
3. Interest on balance with RBI and Other Inter bank funds	701,485	854,902
4. Others	83,509	67,978
TOTAL (1 to 4)	45,075,655	37,131,585

SCHEDULE 14 – OTHER INCOME

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Commission, Exchange and Brokerage	7,225,909	4,912,488
2. Profit on sale of Investments (Net)	1,665,396	1,189,112
3. Profit / (Loss) on sale of land, building and other assets (Net)	847	7,674
4. Profit on exchange transactions (Net)	1,511,162	1,238,112
5. Miscellaneous Income	278,570	207,241
TOTAL (1 to 5)	10,681,884	7,554,627

Schedules

forming part of the standalone financial statements for the year ended March 31, 2018

SCHEDULE 15 – INTEREST EXPENDED

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Interest on Deposits	23,409,697	19,607,995
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	840,845	1,333,207
3. Others	3,162,268	3,977,039
TOTAL (1 to 3)	27,412,810	24,918,241

SCHEDULE 16 – OPERATING EXPENSES

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Payments to and provisions for employees	5,506,765	4,461,394
2. Rent, taxes and lighting	1,197,235	957,553
3. Printing and stationery	122,298	75,533
4. Advertisement and publicity	160,320	179,998
5. Depreciation on banks property	869,561	615,048
6. Director's fees Allowances and expenses	8,677	8,224
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	8,669	5,516
8. Law Charges	66,963	62,902
9. Postage, Telegrams, Telephones, etc.	203,611	130,028
10. Repairs and maintenance	62,998	37,389
11. Insurance	458,106	319,144
12. Other Expenditure	6,368,877	3,711,143
TOTAL (1 to 12)	15,034,080	10,563,872

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forming part of the standalone financial statements for the year ended March 31, 2018

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

BACKGROUND:

RBL Bank Limited ('the Bank'), incorporated in Kolhapur, India is a banking company governed by the Banking Regulation Act, 1949 with the Reserve Bank of India ('RBI') as its principal regulator. The Bank is engaged in providing a wide range of banking and financial services including commercial banking, retail banking, agriculture finance, financial inclusion, treasury operations and other banking related activities. The Bank commenced its operations at its International Financial Services Centre Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat in April 2017. Ordinary shares of the Bank were listed on August 31, 2016 on the National Stock Exchange of India Limited ('NSE') & BSE Limited ('BSE').

BASIS OF PREPARATION:

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to the Generally Accepted Accounting Principles in India ('Indian GAAP'), the guidelines issued by RBI from time to time, the Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and practices generally prevalent in the banking industry in India.

USE OF ESTIMATES:

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that are considered in the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in the current and future periods.

SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1. Advances

a) Accounting and Classification

Advances are stated net of bills rediscounted and provisions made in respect of Non-Performing Advances ('NPA'). The premium paid on acquisition of portfolio is included in advances and is amortised over the economic life of the portfolio; being 5 years for on-demand working capital loans and credit card portfolios purchased. Advances are classified as Performing and NPA based on the relevant RBI guidelines.

b) Provisioning

Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed from time to time. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines.

In accordance with the RBI guidelines, the Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio including provision for borrowers having un-hedged foreign currency exposures, provisions on loans to specific borrowers in specific stressed sectors and also for credit exposures considered at current marked to market values of interest rate and foreign exchange derivative contracts. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

Further to the provisions 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

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forming part of the standalone financial statements for the year ended March 31, 2018

of India Ltd. ('ECGC') guidelines and provision is held in respect of that country where the net funded exposure is one percent or more of the total assets.

Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account, as credit to 'Miscellaneous Income' under the head 'Other Income' or provision for NPAs, respectively.

2. Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') and Financial Benchmark India Private Limited ('FBIL') guidelines, prescribed in this regard from time to time.

a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures and f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to prudential norms for Classification, valuations and Operation of Investment Portfolio by Banks, prescribed from time to time.

b) Valuation

Investments classified as HTM are carried at amortised cost. Any premium paid on acquisition, over the face value, is amortised over the remaining maturity of the instrument, by applying constant yield

method. Where in the opinion of the management, a diminution, other than temporary, in the value of investments classified under HTM has taken place, appropriate provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per the relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation are aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded / quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions are valued as per the price list of RBI or prices declared by Financial Benchmark India Private Limited ('FBIL') as applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), the bank considers yields / mark-up rates (reflecting associate credit risk) declared by the FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹ 1/- as per the RBI guidelines.

Quoted Mutual Fund units are valued as per the stock exchange quotations and un-quoted mutual fund units are valued at last available re-purchase price or Net Asset Value ('NAV') where re-purchase price is not available.

Units of Venture Capital Funds ('VCF') held under AFS category are valued using the ('NAV') shown by VCF as per the financial statement. The VCFs are valued based on the audited financials. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1/- per VCF.

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Security Receipts ('SR') issued by the asset reconstruction companies are valued in accordance with the guidelines prescribed by the RBI. Accordingly, SRs are valued at NAV provided by the issuing asset reconstruction company.

Investments received in lieu of restructured advances under Strategic Debt Restructuring (SDR) / Sustainable Structuring of Stressed Assets (S4A) schemes are valued in accordance with the RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by the Bank under SDR / S4A schemes is provided as per RBI guidelines.

c) Disposal of investments:

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

d) Transfer between categories

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- b) Transfer from HTM to AFS/HFT is made at acquisition price/amortised cost if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held

is transferred to the provisions for depreciation against the HFT securities or vice-versa.

e) Repurchase transactions

Repurchase ('Repo') and reverse repurchase ('Reverse Repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted for as interest expense and income on reverse repo transactions are accounted for as interest income.

f) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

3. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by 'FEDAI' and the resultant exchange differences are recognised in the Profit and Loss account. Income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.

Outstanding forward exchange contracts (other than deposit and placement swaps) and spot contracts outstanding at the Balance Sheet date are revalued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI, are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resulting profits or losses are recognised in the Profit and Loss Account as per the regulations stipulated by the RBI / FEDAI and is included in 'Other assets' or 'Other liabilities' as the case may be.

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Foreign exchange swaps "linked" to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortised over the period of the swap and the same is recognised in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, letters of credit, bank guarantees and acceptances and endorsements outstanding as at the Balance Sheet date denominated in foreign currencies are translated at year-end rates notified by FEDAI.

The financial statements of IBU which are in the nature of non-integral overseas operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange during the period and (b) All assets and liabilities are translated at closing rate as on Balance Sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus".

4. Derivative transactions

Derivative transactions comprise interest rate swaps, cross currency swaps and currency futures and currency options.

The interest rate and currency swaps are marked to market using appropriate interest rates/exchange rates. Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange/clearing corporation. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in 'Other assets' or 'Other liabilities' as the case may be. The notional value of these swaps / futures contract is recorded as contingent liability. Margin money deposited with the exchange in respect of the futures contracts is included in 'Other assets'.

Option premium paid or received is recognised in the Profit and Loss Account on expiry of the option. Option contracts are marked to market on every reporting date.

Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument.

5. Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

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

6. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Premises acquired up to March 31, 1998 have been revalued by the management and are stated at such revalued figure. The appreciation on revaluation is credited to 'Premises Revaluation Reserve' Account. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the revaluation gain is transferred from Premises Revaluation Reserve to the credit of depreciation in the Profit and Loss account.

Depreciation is provided as per straight-line method from the date put to use over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account up to the date of sale. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets,

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though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

The useful lives of the fixed assets are given below:

Category	Estimated useful life
Premises	50 years
Desktop computers and printers, Laptops	3 years
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	5 years
Purchased and developed Software	5 years
Vehicles	5 years
Office equipment, Locker cabinets, Strong room	6.67 years
ATMs	7 years
Furniture, fittings and work of art	10 years

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

7. Employee benefits

Provident Fund

The Bank's contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the Profit and Loss account.

Gratuity and Pension

Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial

valuation as at the Balance Sheet date as per the Projected Unit Credit method as computed by an independent actuary. Actuarial gains/losses arising during the year are recognised in the Profit and Loss Account.

Leave Encashment

The Bank provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave and sick leave, which is a long-term benefit scheme, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary. Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account.

Employee Stock Option Plans

The Bank accounts for Employee Stock Option plans in accordance with the Guidance note on Employee Share Based Payments issued by The Institute of Chartered Accountants of India ('ICAI'). The Bank has applied intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which value of the underlying shares as determined by an independent valuer (prior to the listing of the equity shares on the stock exchanges) or the market price on the date of the grant, as the case may be, exceeds the exercise price of the options. Compensation cost so determined is amortised over the vesting period of the option granted.

8. Revenue Recognition

- Interest income is recognised on accrual basis, except in the case of interest on loans categorised as NPA and on loan accounts which are restructured by the Bank under SDR or S4A scheme of RBI, in which case it is recognised on realisation.
- Recoveries in respect of past due loan accounts classified as NPA are appropriated towards overdue principal and thereafter towards interest and charges.
- Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- Dividend is accounted on an accrual basis when the right to receive the dividend is established.

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- e) Loan processing fee is accounted for upfront when it becomes due.
- f) Fees received on sale of Priority Sector Lending Certificates (PSLC) is considered as Miscellaneous Income, while the fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI.
- g) All other fees are accounted for as and when they become due.

9. Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period.

The Bank has not undertaken any finance leases.

10. Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence of future taxable income) 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.

11. Provisions and contingencies

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

12. Provision for reward points on credit cards

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable redemption of credit card reward points and cost per point. Actuarial gains/losses arising during the year are recognised in the Profit and Loss account.

13. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the period. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

14. Share issue expenses

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

15. Cash and Cash Equivalents

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

16. 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.

17. Non- Banking Assets acquired in satisfaction of claims

Non-banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

18. Accounting for proposed dividend

As per AS-4 – 'Contingencies and events occurring after the Balance sheet date', the Bank is not required to create provision for dividend proposed / declared after the Balance Sheet date unless a statute requires otherwise.

19. Corporate Social Responsibility

Expenditures towards corporate social responsibility, in accordance with Companies Act, 2013, are recognized in the Profit and Loss account.

SCHEDULE 18 - NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1 Capital

During the current year, the Bank had issued 32,621,354 equity shares of ₹ 10/- face value on preferential basis, each share allotted at a price of ₹ 515/- aggregating to ₹ 1,680.00 crore. Further the Bank allotted 11,843,057 equity shares aggregating to ₹ 122.06 crore on various dates to the employees who exercised their stock options.

During the previous year, the Bank issued 37,000,000 equity shares of ₹ 10/- face value through Initial Public Offer (IPO), each share allotted at a price of ₹ 225/- aggregating to ₹ 832.50 crore. Further the bank allotted 13,475,006 equity shares aggregating to ₹ 114.67 crore on various dates to the employees who exercised their stock options.

2 Proposed Dividend

The Board of Directors at their meeting on April 27, 2018, proposed a dividend of ₹ 2.10 per share (21 %) [previous year - ₹ 1.80 per share (18%)], subject to the approval of members at the ensuing Annual General Meeting.

In accordance with the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after the Balance Sheet Date', the Bank has not accounted for proposed dividend ₹ 88.13 crore (previous year – ₹ 67.54 crore) and corporate dividend tax ₹ 18.12 crore (previous year ₹ 13.75 crore), as a liability in the balance sheet both in the current year and the previous year.

3 Investments

3.1 During the current year and the previous year there has been no sale/transfer from HTM categories in excess of 5% of the book value of investments held in the HTM category. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS /

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HFT consequent to the reduction of ceiling on SLR securities under HTM.

3.2 In the financial year ending March 31, 2016, with RBI's permission, the Bank acquired the shares of a company (investee Company) to realise its dues by exercising a pledge of investee company's shares in its favor by one of the defaulting borrowers of the Bank. The Bank's shareholding in the said investee company stands at 24.38% as at March 31, 2018 (previous year 24.56%). Investments in the shares of the investee company have been acquired and held exclusively with a view to its subsequent disposal in the near future and accordingly has not been accounted for as an associate under the purview of AS-23 – 'Accounting for Investments in Associates in Consolidated Financial Statements'. These equity shares have been classified under AFS category and have been valued as per the extant RBI guidelines for the valuation of investments. Accordingly, these exposures have not been considered as intra-group exposures.

3.3 During the year ended March 31, 2018, the Bank has increased its holding in Swadhaar Finserve Private Limited (SFPL) from 30.00% to 60.48%, following which the company has become a "Subsidiary" of the Bank w.e.f. November 8, 2017. The investment is classified in Held to Maturity (HTM) category, in accordance with the RBI guidelines.

During the previous year ended March 31, 2017, the Bank increased its holding in Swadhaar Finserve Private Limited (SFPL) from 13.74% to 30.00%, following which the company had become an

"Associate" of the Bank. The investment was classified in Held to Maturity (HTM) category, in accordance with RBI guidelines.

4 Employee Stock Option Plan ("ESOP")

The shareholders of the Bank have approved and enabled the Board and / or the Human Resource Committee to grant stock options to employees under one or more Employee Stock Option Plan (ESOP). The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of one year, two years, three years or four years in the proportion of either 20:80, equal proportion, 40:30:30, 30:30:40 or 10:20:30:40, as the case may be. Vested options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank gets listed on a recognised stock exchange (listed since August 31, 2016), whichever is later.

Under Intrinsic Value method there is no charge to the profit and loss account for the current year (previous year – Nil) on account of grant of the ESOPs, since exercise price of the stock options granted is more than the underlying value of the shares (prior to listing) or at the market price (listed since August 31, 2016), as the case may be. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2018, would have increased by ₹ 47.75 crore (previous year ₹ 24.73 crore) and the profit before tax would have been lower correspondingly. Accordingly, on a pro-forma basis, basic and diluted earnings per share for the year ended March 31, 2018 would have been ₹ 14.60 and ₹ 14.03, respectively (Previous year ₹ 11.89 and ₹ 11.15, respectively).

FY 2017-18

Stock option activity under the scheme	No of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Outstanding at the beginning of the year	30,982,719	40.00 – 494.55	138.36	3.92
Granted during the year	8,042,700	506.95 – 564.45	517.31	
Forfeited during the year	3,782,847	46.50 – 564.45	184.28	
Exercised during the year	11,843,057	46.50 – 382.15	103.06	
Expired during the year	19,260	46.50 – 55.00	51.29	
Outstanding at the end of the year	23,380,255	46.50 – 564.45	279.24	4.03
Options exercisable at the end of the year	4,122,178	46.50 – 507.75	149.77	2.29

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During the current year, options were granted at the previous day closing market price and carried an exercise price of ₹ 506.95, ₹ 507.75, ₹ 510.10, ₹ 516.75, ₹ 525.40, ₹ 527.70, ₹ 534.75, ₹ 544.60 and ₹ 564.45.

FY 2016-17				
Stock option activity under the scheme	No of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Outstanding at the beginning of the year	33,814,756	46.50 - 120.00	92.95	3.86
Granted during the year	13,185,450	120.00 - 494.55	193.61	
Forfeited during the year	2,542,481	46.50 - 377.90	103.31	
Exercised during the year	13,475,006	46.50 - 120.00	85.10	
Expired during the year	—	—	—	
Outstanding at the end of the year	30,982,719	40.00 - 494.55	138.36	3.92
Options exercisable at the end of the year	3,567,877	46.50 - 120.00	89.50	2.58

Options granted during the previous year carry an exercise price of ₹ 120.00, ₹ 377.90, ₹ 382.15, ₹ 476.70, ₹ 476.85 and ₹ 494.55. During the year corresponding value of the shares for these grants at the time of respective grant was ₹ 77.88, ₹ 377.90, ₹ 382.15, ₹ 476.70, ₹ 476.85 and ₹ 494.55 respectively.

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2017-18	2016-17
Expected dividend yield	0.32% - 0.36%	0.30% - 1.25%
Expected volatility	31.41%~34.86%	32.74%~45.44%
Risk free interest rates	6.20% - 6.68%	6.18%-7.37%
Expected life of options in years (across each tranche)	1.0-5.5	1.0- 4.0

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the expected tenor of each tranche.

5 Appropriation to/from Reserves

For the year ended March 31, 2018, the Bank has appropriated ₹ 158.80 crore (previous year: ₹ 111.60 crore) towards Statutory Reserves, ₹ 9.39 crore (previous year: ₹ 0.31 crore) towards Capital Reserves and ₹ 360.00 crore (previous year: ₹ 250.00 crore) towards Revenue & other Reserves.

For the year ended March 31, 2018, the Bank has transferred ₹ 2.20 crore (previous year – NIL) from Investment Reserve account to Profit and Loss account, in accordance with RBI guidelines.

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6 Disclosures as per Accounting Standards

6.1 Disclosures under AS - 15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

(₹ in crore)

Particulars	2017-18	2016-17
Provident Fund	16.03	12.95
Pension Scheme (employees joining after 01.04.2010)	0.02	0.02

Defined Benefit Plans:

The following table sets out the status of the defined benefit Pension and Gratuity Plan as required under Accounting Standard 15.

Change in the present value of the defined benefit obligation

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at 1st April	108.15	29.85	107.88	23.34
Current Service cost	5.55	5.48	5.77	3.65
Interest cost	7.99	2.02	8.59	1.80
Actuarial losses/ (gains)	(0.65)	0.34	(2.08)	4.10
Past Service Cost	0.00	0.69	0.00	0.00
Benefits paid	(6.99)	(1.99)	(12.01)	(3.04)
Closing defined benefit obligation at 31st March	114.05	36.39	108.15	29.85

Change in the plan assets

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at 1st April	105.26	21.77	87.58	18.46
Expected return on plan assets	7.78	1.47	6.97	1.43
Employers Contributions	4.48	8.08	21.89	4.88
Benefit paid	(6.99)	(1.99)	(12.01)	(3.04)
Actuarial gains / (losses) on plan assets	1.10	0.79	0.83	0.04
Closing fair value of plan assets at 31st March	111.63	30.12	105.26	21.77

Reconciliation of present value of the obligations and fair value of the plan assets

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	114.05	36.39	108.15	29.85
Fair value of plan assets at 31st March	111.63	30.12	105.26	21.77
Deficit / (Surplus)	2.42	6.27	2.89	8.08
Net Liability / (Asset)	2.42	6.27	2.89	8.08

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Net cost recognized in the profit and loss account

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	5.55	5.48	5.77	3.65
Interest cost	7.99	2.02	8.59	1.80
Past Service Cost	0.00	0.69	0.00	0.00
Expected return on plan assets	(7.78)	(1.47)	(6.97)	(1.43)
Net actuarial losses / (gains) recognised during the year	(1.75)	(0.45)	(2.91)	4.06
Total cost of defined benefit plans included in Schedule 16	4.01	6.27	4.48	8.08
Payments to and provisions for employees				

Reconciliation of Expected return and actual returns on planned assets

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	7.78	1.47	6.97	1.43
Actuarial gain / (loss) on plan assets	1.10	0.79	0.83	0.04
Actual return on plan assets	8.88	2.26	7.80	1.47

Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at 1st April	2.89	8.08	20.30	4.88
Expenses as recognised in profit & Loss account	4.01	6.27	4.48	8.08
Employers contribution	(4.48)	(8.08)	(21.89)	(4.88)
Net liability / (asset) recognised in balance sheet	2.42	6.27	2.89	8.08

Experience Adjustment

(₹ in crore)

Particulars	2017-18		2016-17		2015-16		2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	114.05	36.39	108.15	29.85	107.88	23.34	90.65	18.82	71.15	14.09
Fair value of plan assets at 31st March	111.63	30.12	105.26	21.77	87.58	18.46	69.12	14.03	49.32	11.97
Deficit / (Surplus)	2.42	6.27	2.89	8.08	20.30	4.88	21.53	4.79	21.83	2.12
On Plan Liabilities (gains) / losses	1.91	1.52	(6.09)	2.20	18.46	1.35	10.00	1.07	23.21	0.97
On Plan Assets (losses) / gains	1.10	0.79	0.83	0.04	1.01	0.24	0.64	0.12	0.08	(0.01)

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Other details

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Expected Contribution on Plan assets	6.62	12.13	6.31	13.57

A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:

Category of Assets	2017-18		2016-17	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	17.35	19.05	19.40	12.51
State Government securities	35.73	32.10	32.70	37.63
Corporate Bonds	19.98	20.80	17.28	22.53
Funds with LIC	—	—	—	10.57
Fixed deposits and bank balances	26.94	28.05	30.62	16.76
Total	100.00	100.00	100.00	100.00

Key Actuarial Assumptions

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Discount rate	7.69%	7.50%	7.39%	6.77%
Expected rate of return on Plan Asset	7.69%	7.50%	7.39%	6.77%
Salary Escalation	6.00%	6.00%	6.00%	6.00% (IBA) 8.00% (Others)
Attrition rate	0.44%	0.44% (IBA) 22.10% (Others)	2.00%	2.00% (IBA) 20.00% (Others)

6.2 Segment Reporting: Information about business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated July 1, 2015 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, bullion business, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, Credit Cards etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment..

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The following table sets forth the business segment results:

(₹ in crore)

Particulars	2017-18					2016-17				
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Gross Revenue	2,910.54	3,006.44	3,648.69	589.99	10,155.66	2,570.20	2,320.07	3,181.18	221.02	8,292.47
Unallocated Revenue					3.33					0.77
Less: Inter Segment Revenue					4,583.23					3,824.61
Total Revenue					5,575.76					4,468.63
Segment Results	374.21	242.26	258.20	89.02	963.69	269.17	182.39	179.31	50.03	680.90
Unallocated revenue					3.33					0.77
Less: Unallocated expenses					0.47					0.18
Operating Profit					966.55					681.49
Income Tax expense (including deferred tax)					331.46					235.44
Net Profit					635.09					446.05
Segment Assets	26,605.44	11,876.34	19,936.04	2,273.81	60,691.63	20,341.99	8,597.18	18,183.16	813.44	47,935.77
Unallocated Assets					1,159.12					739.00
Total Assets					61,850.75					48,674.77
Segment Liabilities	12,839.82	21,910.31	20,250.35	160.95	55,161.43	11,005.47	18,965.72	14,301.08	21.02	44,293.29
Unallocated Liabilities					6,689.32					4,381.48
Total Liabilities					61,850.75					48,674.77

Notes:

- The business of the Bank is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).
- The Bank commenced its operations at its International Financial Services Centre Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat in April 2017 and the same is included in Corporate and wholesale Banking segment.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, share capital and reserves.

6.3 Related Party Transactions

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended March 31, 2018 are disclosed below:

1. Key Management Personnel ('KMP')

Mr. Vishwavir Ahuja (Managing Director & Chief Executive Officer)

Mr. Rajeev Ahuja (Executive Director) (identified as related party w.e.f. February 21, 2017)

2. Relatives of Key Management Personnel

Mrs. Reva Ahuja, Mr. Dharam Bir Ahuja, Ms. Vasudhaa Ahuja, Ms. Vrinda Ahuja, Mrs. Dipeeka Dhand, Ms. Kanika Ahuja, D. B. Ahuja & Sons (HUF)

Ms. Aishwarya Ahuja, Mrs. Priti Ahuja, Mr. Raman Ahuja, Ms. Nandita Ahuja, Miss Asavari Ahuja

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3. Associates

Swadhaar Finserve Private Limited (SFPL) (w.e.f. April 5, 2016 till November 7, 2017)

Swadhaar Information and Management Services Private Limited ('SIMSPL'), a wholly owned subsidiary of SFPL, has been merged with SFPL w.e.f. April 1, 2016 vide NCLT order March 8, 2017. All the transactions done by the Bank with SIMSPL during the previous year have been included with SFPL, for the purpose of related party transactions.

4. Subsidiary

Swadhaar Finserve Private Limited (SFPL) (w.e.f. November 8, 2017)

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2018.

(₹ in crore)

Items / Related Party	Subsidiary/ Associates/ Joint ventures #	Maximum Balance during the year #	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Remuneration	—	—	4.57	—	—	—
Deposit	—	—	10.23	10.23	3.01	3.84
Advances	—	—	0.67	0.76	—	—
Interest paid	—	—	0.48	—	0.20	—
Interest received	—	—	0.07	—	—	—
Interest payable	—	—	—	0.09	0.00	0.04

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the previous year ended March 31, 2017.

(₹ in crore)

Items / Related Party	Associates/ Joint ventures #	Maximum Balance during the year #	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Remuneration	—	—	1.92	—	—	—
Deposit	—	—	10.04	11.06	2.73	3.19
Advances	—	—	0.77	0.85	—	—
Interest paid	—	—	0.13	—	0.08	—
Interest received	—	—	0.01	—	—	—
Interest payable	—	—	—	0.07	0.01	0.02

In accordance with RBI guidelines dated March 29, 2003 "Guidance on compliance with the accounting standards by banks", details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

6.4 Operational Leases

The Bank has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

(₹ in crore)

Period	2017-18	2016-17
Not later than one year	82.39	66.39
Later than one year and not later than five years	224.12	200.35
Later than five years	83.75	56.81
Total	390.26	323.55
Lease payment recognized in profit and loss account for the year	97.83	75.36

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6.5 Earnings Per Share (EPS)

(₹ in crore)

Particulars	2017-18	2016-17
Basic		
Weighted Average Number of equity shares	402,311,032	354,220,599
Net Profit after tax available for equity share holders (₹)	635.09	446.05
Basic Earnings Per Share (F V ₹ 10/-)	15.79	12.59
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity shares)	418,498,576	377,947,742
Net Profit after tax available for equity share holders (₹)	635.09	446.05
Diluted Earnings Per Share (F V ₹ 10/-)	15.18	11.80
Nominal Value per share	₹ 10	₹ 10

The dilutive impact is due to stock options granted to employees of the Bank.

6.6 Deferred Tax (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2018 are as under:-

(₹ in crore)

Particulars	Deferred Tax Assets/(Liabilities)	
	2017-18	2016-17
Deferred tax assets:		
Provision for Assets	125.35	88.93
Employee benefits	4.10	3.93
Others	12.06	9.68
Deferred tax liabilities:		
Depreciation on Fixed Assets	(6.21)	(13.95)
Total	135.30	88.59

6.7 Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets

(₹ in crore)

Particulars	2017-18	2016-17
At cost at the beginning of the year	159.81	104.46
Additions during the year	82.65	55.79
Deductions during the year	0.00	0.44
Accumulated depreciation at March 31	110.30	73.23
Closing balance at March 31	132.16	86.58
Depreciation charge for the year	37.07	26.29

7 Small and Micro Industries

Based on information available with the Bank, during the year, there were no amounts outstanding on the due date, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

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8 Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year ended March 31, 2018

A) Customer Complaints

Particulars	2017-18	2016-17
a) No. of complaints pending at the beginning of the year	713	453
b) No. of complaints received during the year*	27,182	20,739
c) No. of complaints redressed during the year	27,105	20,479
d) No. of complaints pending at the end of the year	790	713

*Includes 3,606 (previous Year: 895) ATM Complaints of Bank's customers using other bank ATMs

B) Awards passed by the Banking Ombudsman

Particulars	2017-18	2016-17
a) No. of unimplemented awards at the beginning of the year	–	–
b) No. of awards passed by the Banking Ombudsman during the year	–	–
c) No. of awards implemented during the year	–	–
d) No. of unimplemented awards at the end of the year	–	–

9 Capital Adequacy

9.1 Capital Adequacy Ratio as per RBI guidelines as per Basel III Capital Regulations dated July 1, 2015 and amended thereafter, as at March 31, 2018 is given below:

(₹ in crore)

Particulars	2017-18	2016-17
i) Common Equity Tier 1 (CET) capital ratio (%)	13.61%	11.39%
ii) Tier I capital ratio (%)	13.61%	11.39%
iii) Tier II capital ratio (%)	1.72%	2.33%
iv) Total capital ratio (CRAR) (%)	15.33%	13.72%
v) Percentage of the shareholding of the Government of India in Public Sector banks	NA	NA
vi) Amount of Equity capital raised	1,795.28	947.17
vii) Amount of Additional Tier 1 capital raised	NIL	NIL
viii) Amount of Tier 2 capital raised	NIL	330

For the computation of CRAR the Bank has reduced the proposed dividend and corporate dividend tax thereon, totaling ₹ 106.25 crore and ₹ 81.29 crore for the year ending March 31, 2018 and of March 31, 2017 respectively, from CET Capital funds.

9.2 Tier II Capital

During the current year, the Bank did not issue any Basel III compliant Tier II bonds (previous year ₹ 330.00 crore). Basel III compliant Tier II bonds outstanding as at March 31, 2018 are as below:

(₹ in crore)

Particulars	Nature of Security	Date of Issue	Coupon Rate %	Tenure	Amount
Redeemable, Unsecured, Non Convertible	Debentures	September 27, 2016	10.20%	Six years and 7 Months	330.00
Redeemable, Unsecured, Non Convertible	Debentures	March 31, 2016	10.25%	Six years and 3 Months	200.00
Redeemable, Unsecured, Non Convertible	Debentures	February 16, 2016	10.25%	Six years and 3 Months	200.00

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10 Investments:

10.1 Movement of Investments:

(₹ in crore)

Particulars	2017-18	2016-17
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	15,520.23	13,532.35
(b) Outside India	0.19	0.17
(ii) Provisions for Depreciation (including provision for NPI)		
(a) In India	72.93	50.81
(b) Outside India		—
(iii) Net Value of Investments		
(a) In India	15,447.30	13,481.54
(b) Outside India	0.19	0.17
(2) Movement of provisions held towards depreciation of investments (including provision for NPIs)		
(i) Opening balance	50.81	15.59
(ii) Add: Provisions made during the year	56.84	37.80
(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	34.72	2.58
(iv) Closing balance	72.93	50.81

10.2 Repo / Reverse Repo Transactions:

During the year, the Bank has undertaken Repo / Reverse Repo transactions including Repo / Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) / Marginal Standing Facility (MSF) with RBI. Outstanding lending under Reverse Repo deals with RBI under LAF / MSF as at March 31, 2018 stood at ₹ 628.00 crore (previous year: ₹ 1,350.00 crore). Outstanding borrowing under Repo deals with RBI under LAF / MSF as at March 31, 2018 stood at ₹ 500.00 crore (previous year: Nil). Outstanding lending under Reverse Repo deals with CCIL as at March 31, 2018 were ₹ 214.99 crore (previous year: Nil). Outstanding borrowing under Repo deals with CCIL as at March 31, 2018, ₹ 684.98 crore (previous year: Nil).

(₹ in crore)

Nature	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2018
Securities sold under repo				
i. Government securities	NIL	2,349.83	146.33	699.64
ii. Corporate debt securities	NIL	NIL	NIL	NIL
Securities purchased under reverse repo				
i. Government securities	NIL	723.63	15.35	209.61
ii. Corporate debt securities	NIL	NIL	NIL	NIL

10.3 CBLO transactions

Collateralised Borrowing and Lending Obligation (CBLO) is a discounted money market instrument, established by CCIL and approved by RBI, which involves secured borrowings and lending transactions. At March 31, 2018, the Bank had outstanding net borrowings ₹ 399.80 crore (March 31, 2017: Nil) in the form of CBLO. The amortised book value of securities given as collateral by the Bank to CCIL for availing the CBLO facility was ₹ 412.79 crore at March 31, 2018 (March 31, 2017: ₹ Nil).

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10.4 Issuer Composition of Non-SLR investments (investments not qualifying for the purpose of Statutory Liquidity Ratio (SLR) prescribed by RBI):

Issuer composition as at March 31, 2018 of non-SLR investments

(₹ in crore)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	NIL	NIL	NIL	NIL	NIL
2	FIs	195.25	NIL	NIL	NIL	NIL
3	Banks	601.19	180.00	NIL	NIL	NIL
4	Private Corporates	1,303.48	1,161.95	NIL	68.44	206.81
5	Subsidiaries/ Joint ventures	50.50	NIL	NIL	NIL	50.50
6	Others	2,048.05*	1,048.70	28.04	NIL	115.68
7	Provisions held towards depreciation	(72.93)	—	—	—	—
	Total	4,125.54	2,390.65	28.04	68.44	372.99

* includes Government securities of ₹ 2.93 crore which does not qualify as SLR securities.

Issuer composition as at March 31, 2017 of non-SLR investments

(₹ in crore)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	NIL	NIL	NIL	NIL	NIL
2	FIs	NIL	NIL	NIL	NIL	NIL
3	Banks	30.50	30.00	NIL	NIL	NIL
4	Private Corporates	1,582.72	1,496.83	NIL	6.00	155.27
5	Subsidiaries/ Joint ventures	NIL	NIL	NIL	NIL	NIL
6	Others	2,118.08*	1,254.10	NIL	2.97	118.97
7	Provisions held towards depreciation	(50.81)	NIL	NIL	NIL	NIL
	Total	3,680.49	2,780.93	NIL	8.97	274.24

* includes Government securities of ₹ 2.93 crore which does not qualify as SLR securities.

10.5 Non Performing Non-SLR investment

(₹ in crore)

No	Particulars	2017-18	2016-17
1	Opening Balance	28.36	15.50
2	Additions during the year	NIL	12.86
3	Reductions during the year	28.36	NIL
4	Closing Balance	NIL	28.36
5	Total provisions held for NPI	NIL	13.61

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10.6 Security Receipts (SR)

Details of the book value of investments held as Security Receipts received by sale of NPA to Securitization / Reconstruction Company are as follows:

(₹ in crore)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/ FIs/ NBFCs as underlying		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Book value of investments in security receipts	32.18	20.94	–	–	32.18	20.94

The bank has made credit provision of ₹ 4.83 crore (previous year ₹ 11.80 crore) in respect of these SR investments.

11 Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:

11.1 Notional and concentration of FRAs and IRS

(₹ in crore)

Particulars	2017-18	2016-17
i) The notional principal of swap agreements	7,356.31	5,116.95
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	57.75	43.03
iii) Collateral required by the Bank upon entering into swaps	NIL	NIL
iv) Concentration of credit risk arising from the swaps	30.78	40.14
v) The fair value of the swap book#	24.71	5.87

fair value of the swap book is inclusive of interest accrual.

11.2 The nature and terms of Interest Rate Swaps (IRS) – FCY as on March 31, 2018 are set out below –

Nature	Nos.	Notional Principal (₹ in crore)	Benchmark	Terms
FCY IRS	60	864.01	USD and GBP LIBOR	Receive Fixed and Pay Floating
FCY IRS	61	961.77	USD and GBP LIBOR	Pay Fixed and Receive Floating

The nature and terms of Interest Rate Swaps (IRS) – FCY as on March 31, 2017 are set out below –

Nature	Nos.	Notional Principal (₹ in crore)	Benchmark	Terms
FCY IRS	21	295.96	USD and GBP LIBOR	Receive Fixed and Pay Floating
FCY IRS	21	295.96	USD and GBP LIBOR	Pay Fixed and Receive Floating

11.3 The nature and terms of Interest Rate Swaps (IRS) – INR as on March 31, 2018 are set out below –

Nature	Nos.	Notional Principal (₹ crore)	Benchmark	Terms
IRS	86	2,945.52	FBIL MIBOR	Receive Fixed and Pay Floating
IRS	89	2,585.00	FBIL MIBOR	Pay Fixed and Receive Floating

The nature and terms of Interest Rate Swaps (IRS) – INR as on March 31, 2017 are set out below –

Nature	Nos.	Notional Principal (₹ crore)	Benchmark	Terms
IRS	71	2,625.00	MIBOR	Receive Fixed and Pay Floating
IRS	65	1,900.00	MIBOR	Pay Fixed and Receive Floating

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11.4 Exchange Traded Interest Rate Derivatives

Exchange Traded Interest Rate Derivatives is set out below.

(₹ in crore)

S.No.	Particulars	2017-18
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year :	
	679GS2027-FUTIRC-25-Jan-18	30.78
	679GS2027-FUTIRC-26-Oct-17	45.36
	679GS2027-FUTIRC-27-July-17	12.24
	679GS2027-FUTIRC-28-Dec-17	0.02
	679GS2027-FUTIRC-29-Jun-17	20.38
	679GS2027-FUTIRC-31-Aug-17	71.26
	697GS2026-FUTIRC-25-MAY-17	6
	697GS2026-FUTIRC-27-JUL-17	31.36
	697GS2026-FUTIRC-29-Jun-17	154.03
	759GS2026-FUTIRC-27-May-17	81.72
	759GS2026-FUTIRC-27-Apr-17	20.72
	759GS2026-FUTIRC-27-Jul-17	10.75
	759GS2026-FUTIRC-27-Jun-17	102.07
2	Notional Principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2018.	Nil
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2018	N.A.
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2018.	N.A.

S.No.	Particulars	2016-17
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year :	
	697GS2026-FUTIRC-27-Oct-16	20.62
	697GS2026-FUTIRC-24-Nov-16	13.55
	759GS2026-FUTIRC-23-Feb-17	415.84
	759GS2026-FUTIRC-24-Nov-16	367.44
	759GS2026-FUTIRC-25-Aug-16	133.59
	759GS2026-FUTIRC-25-Jan-17	209.97
	759GS2026-FUTIRC-26-May-16	90.81
	759GS2026-FUTIRC-27-Oct-16	374.07
	759GS2026-FUTIRC-28-Jul-16	240.66
	759GS2026-FUTIRC-29-Dec-16	348.37
	759GS2026-FUTIRC-29-Sep-16	449.69
	759GS2026-FUTIRC-30-Jun-16	145.70
	772GS2025-FUTIRC-26-May-16	18.09
2	Notional Principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2017.	Nil
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2017	N.A.
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2017.	N.A.

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11.5 Risk Exposure in Derivatives:

Qualitative disclosures:

Derivatives are financial instruments whose characteristics are derived from an underlying asset or from interest and exchange rates or indices. The Bank is currently dealing in interest rate and foreign exchange (FX) derivatives for balance sheet management and proprietary trading/ market making. The Bank also offers derivative products to its customers for hedging their interest rate and FX risk.

Proprietary trading also includes interest rate futures, currency futures and rupee interest rate swaps (MIBOR). The Bank undertakes transactions in cross currency swaps, principal only swaps, coupon only swaps, or both, foreign currency interest rate swaps and long term foreign exchange contracts (LTFX) with its customers. The Bank also undertakes derivative transactions in interest rate and currency swaps for hedging its balance sheet.

These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

a) The structure and organization for management of risk in derivatives trading.

The Bank has separate Treasury Front Office, Treasury Middle Office, Market Risk and Treasury Back Office functions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the RBI guidelines and the Bank's policy. The Treasury Middle Office and Market Risk groups are responsible for identifying, measurement, monitoring, and analysis of derivative related risks. Treasury Back Office undertakes activities such as confirmations, settlements, documentation and accounting. The Treasury activities are subject to a concurrent audit.

b) The scope and nature of risk measurement, risk reporting and risk monitoring systems.

Derivative transactions are governed by the Bank's Derivative Policy, Commercial Credit Policy, Market Risk Policy, Liquidity Risk Management and ALM Policy and Client Suitability and Appropriateness Policy as well as by the extant RBI guidelines.

Various risk limits are set up taking into account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, Value at Risk, stop loss, and stress scenario limits. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

The Bank measures the counterparty risk using current exposure method as stipulated by RBI. Counterparty limits are approved as per the Bank's Credit Policies. The sanction terms may include the requirement to post upfront collateral, or post collateral should the mark to market (MTM) exceed a specified threshold; on a case to case basis. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

All counterparty exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

c) Policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants,

The Bank has a Board approved Hedge and Hedge effectiveness Policy, which govern the use of derivative for hedging purpose. Hedging transactions are undertaken by the Bank to protect the variability in the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis.

d) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts.

The Bank undertakes derivative transactions for market making/trading and hedging purposes. Transactions for trading and hedging are recorded separately. The Bank revalues its trading positions on a daily basis and the resulting gain/loss is recorded in the Profit and Loss Account. The receivable and payable on marking the contracts to market are shown under "Other Assets" and "Other Liabilities" in the Balance Sheet.

The Bank follows the option premium accounting framework prescribed by FEDAI circular. Premium on option transaction is recognised as income/ expense on expiry or early termination of the transaction. MTM gain/ loss, is recorded under

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'Other Income'. The amounts received/paid on cancellation of option contracts are recognised as realised gains/ losses on options.

Charges receivable/payable on cancellation/ termination of foreign exchange Forward contracts and swaps are recognised as income/ expense on the date of cancellation/ termination under 'Other Income'. Pursuant to the RBI guidelines, any receivables (crystallised receivables and positive MTM) under Forex & derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

e) Collateral and Credit Risk Mitigation

The credit risk on customer derivative transactions is mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalations, margin calls and terminations.

Collateral requirements for derivative transactions determined through a usual credit appraisal process and are laid down in the credit sanction terms of the transactions. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

11.6 Quantitative disclosure on risk exposure in derivatives as at March 31, 2018

(₹ in crore)

S. No.	Particulars	2017-18				2016-17			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivative
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)								
	a) For hedging	2,752.10	NIL	665.74	372.76	3,266.75#	NIL	665.74	625.00
	b) For trading	14,895.72	2,308.87	6,225.78	6,983.55	10,415.15	4,404.40	4,890.54	4,491.95
(ii)	Marked to Market Positions								
	a) Asset (+)	133.53	22.59	151.69	48.51	294.96	35.53	139.03	39.68
	b) Liability (-)	(120.11)	(21.68)	(119.56)	(33.04)	(195.77)	(35.39)	(103.79)	(37.16)
(iii)	Credit Exposure	669.52	59.85	791.36	131.76	722.61	102.42	782.74	95.57
(iv)	Likely impact of one percentage change in interest rate (100*PV01)								
	a) on hedging derivatives	17.19	NIL	NIL	NIL	1.06#	NIL	0.18	7.89
	b) on trading derivatives	0.08	NIL	NIL	NIL	2.12	NIL	NIL	0.08
(v)	Maximum and Minimum of 100*PV01 observed during the year								
	a) on hedging								
	Max	17.19	NIL	0.51	7.84	16.11#	NIL	0.84	12.38
	Min	1.24	NIL	0.12	5.58	1.06#	NIL	0.00	7.89
	b) on trading								
	Max	0.82	NIL	NIL	2.53	2.21	NIL	NIL	2.67
	Min	0.01	NIL	NIL	0.01	0.09	NIL	NIL	0.08

represents funding swaps undertaken by the Bank.

- (1) Mark to Market for Currency Swap & Interest Rate Derivative includes Interest accrued on the swap.
- (2) Maximum and minimum PV01 for the year is computed based on balances at the end of every month. The Notional principal of Forward Contracts does not include Tom and Spot Foreign Exchange trades.
- (3) The notional principal of derivative contracts reflect the volume of transactions outstanding as at the balance sheet date and do not represent the amount of risk taken by the Bank.

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12 Restructured / Rescheduled / Renegotiated Investments

During the year Nil (Previous year: Nil)

13 Asset Quality

13.1 Movement of NPA and NPA Provision

(₹ in crore)

Particulars	2017-18	2016-17
(i) Net NPAs to Net Advances (%)	0.78%	0.64%
(ii) Provisioning Coverage Ratio (PCR) (%)	57.57%	59.58%
(iii) Movement of Gross NPAs		
(a) Opening balance	356.84	208.05
(b) Additions during the year	569.19	533.41
(c) Reductions during the year	359.29	384.62
(i) Up – gradations	70.28	13.17
(ii) Recoveries (excluding recoveries made from up-graded accounts)	129.99	302.78
(iii) Write – offs	159.03	68.67
(d) Closing balance	566.73	356.84
(iv) Movement of Net NPAs		
(a) Opening balance	189.94	124.44
(b) Additions during the year	407.15	365.62
(c) Reductions during the year	284.53	300.12
(d) Closing balance	312.56	189.94
(v) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	166.90	83.61
(b) Provisions made during the year	286.29	241.26
(c) Write-off / write back of excess provisions during the year	199.02	157.97
(d) Closing balance	254.17	166.90

13.2 Divergence in Asset Classification and Provisioning for NPAs

RBI vide its circular dated 18th April 2017, has directed banks to make suitable disclosures, wherever either (a) the additional provisioning requirements assessed by RBI exceed 15 percent of the published net profits after tax for the reference period or (b) the additional Gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period, or both.

The divergence observed by RBI for the financial year 2016-17 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) did not exceed the prescribed threshold as per the aforesaid circular.

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For the previous year, the divergences observed by RBI for financial year 2015- 16, in respect of the Bank's asset classification and provisioning under the aforesaid RBI guidelines is as below:

(₹ in crore)

Sr.	Particulars	Amount
1	Gross NPAs as on March 31, 2016 as reported by the Bank	208.05
2	Gross NPAs as on March 31, 2016 as assessed by RBI	547.35
3	Divergence in Gross NPAs (2-1) #	339.30
4	Net NPAs as on March 31, 2016 as reported by the Bank	124.44
5	Net NPAs as on March 31, 2016 as assessed by RBI	326.34
6	Divergence in Net NPAs (5-4) #	201.90
7	Provisions for NPAs as on March 31, 2016 as reported by the Bank	83.61
8	Provisions for NPAs as on March 31, 2016 as assessed by RBI	221.01
9	Divergence in provisioning (8-7) #	137.40
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2016	292.48
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2016 after taking into account the divergence in provisioning	202.63

Note: March 31, 2016 is the close of the reference period in respect of which divergences were assessed

This includes five borrower accounts where divergence on the asset classification as at March 31, 2016, was observed by RBI. All these borrower accounts except one have been repaid / realised during the year.

13.3 Technical Write-off:

(₹ in crore)

Particulars	2017-18	2016-17
Opening balance of Technical / Prudential written-off accounts as at April 1	113.12	73.90
Add : Technical / Prudential write-offs during the year	63.37	40.63
Sub-total (A)	176.49	114.53
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	6.53	1.41
Closing balance as at March 31 (A-B)	169.96	113.12

13.4 Particulars of Restructured Accounts:

Details of loan assets subjected to restructuring during the year are given below:

Restructured Advances as at March 31, 2018

(₹ in crore)

Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Restructured accounts as on 1 April of the FY	A	-	-	1	-	1	1	-	-	-	1	-	-	3	-	3	5
	B	-	-	3.86	-	3.86	19.24	-	-	-	19.24	-	-	19.72	-	19.72	42.82
	C	-	-	3.29	-	3.29	4.33	-	-	-	4.33	-	-	10.85	-	10.85	18.47
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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(₹ in crore)

Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Increase / (Decrease) in outstanding of Restructured cases	A	-	-	(1)	-	(1)	-	-	-	-	-	-	-	-	-	-	(1)
	B	-	-	(3.86)	-	(3.86)	(2.41)	-	-	-	(2.41)	-	-	(4.98)	-	(4.98)	(11.25)
	C	-	-	(3.29)	-	(3.29)	-	-	-	-	-	-	-	0.53	-	0.53	(2.76)
Upgradation to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Down gradations of restructured accounts during the FY	A	-	-	-	-	-	(1)	-	1	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	(16.84)	-	16.84	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	(4.33)	-	9.17	-	4.84	-	-	-	-	-	4.84
Write-offs of restructured accounts	A	-	-	-	-	-	-	-	-	-	-	-	-	(2)	-	(2)	(2)
	B	-	-	-	-	-	-	-	-	-	-	-	-	(1.47)	-	(1.47)	(1.47)
	C	-	-	-	-	-	-	-	-	-	-	-	-	(0.80)	-	(0.80)	(0.80)
Restructured accounts as on 31 March (Closing)	A	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1	2
	B	-	-	-	-	-	-	-	16.84	-	16.84	-	-	13.27	-	13.27	30.11
	C	-	-	-	-	-	-	-	9.17	-	9.17	-	-	10.58	-	10.58	19.75

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

Restructured Advances as at March 31, 2017

(₹ in crore)

Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Restructured accounts as on 1 April of the FY	A	-	1	-	-	1	1	-	-	-	1	-	3	1	-	4	6
	B	-	40.60	-	-	40.60	19.90	-	-	-	19.90	-	14.73	17.14	-	31.88	92.38
	C	-	20.14	-	-	20.14	4.40	-	-	-	4.40	-	6.29	10.92	-	17.21	41.75
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	4.37	-	-	4.37	4.37
	C	-	-	-	-	-	-	-	-	-	-	-	4.37	-	-	4.37	4.37
Increase / (Decrease) in outstanding of Restructured cases	A	-	-	1	-	1	-	-	-	-	-	-	-	(1)	-	(1)	-
	B	-	-	3.86	-	3.86	(0.66)	-	-	-	(0.66)	-	0.62	(17.14)	-	(16.52)	(13.32)
	C	-	-	3.29	-	3.29	(0.07)	-	-	-	(0.07)	-	0.19	(10.92)	-	(10.73)	(7.51)
Upgradation to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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(₹ in crore)																	
Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Down gradations of restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	-	-	(3)	3	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	(19.72)	19.72	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	(10.85)	10.85	-	-	-
Write-offs of restructured accounts	A	-	(1)	-	-	(1)	-	-	-	-	-	-	-	-	-	-	(1)
	B	-	(40.60)	-	-	(40.60)	-	-	-	-	-	-	-	-	-	-	(40.60)
	C	-	(20.14)	-	-	(20.14)	-	-	-	-	-	-	-	-	-	-	(20.14)
Restructured accounts as on 31 March (Closing)	A	-	-	1	-	1	1	-	-	-	1	-	-	3	-	3	5
	B	-	-	3.86	-	3.86	19.24	-	-	-	19.24	-	-	19.72	-	19.72	42.82
	C	-	-	3.29	-	3.29	4.33	-	-	-	4.33	-	-	10.85	-	10.85	18.47

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

13.5 Resolution of Stressed Assets / Scheme for Strategic Debt Restructuring Scheme (SDR) / Sustainable Structuring of Stressed Assets (S4A)

13.5.1 Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in crore)

No. of accounts where SDR has been invoked #	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil

Above table does not include accounts where SDR has been invoked but not implemented during the current year.

During the previous year

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
1	56.64	Nil	Nil	Nil	56.64	Nil

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13.5.2 Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

The Bank did not implement any scheme relating to change in the ownership outside the SDR during the current year and the previous year.

13.5.3 Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)

The Bank did not implement any scheme relating to change in the ownership of Projects under Implementation during the current year and the previous year.

13.5.4 Disclosures on Flexible Structuring of Existing Loans

The Bank did not do any flexible structuring of existing loans during the current year and the previous year.

13.5.5 Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), as on March 31, 2018

(₹ in crore)

	No. of accounts where S4A has been applied	Amount outstanding			Provision Held
		Aggregate amount outstanding	In Part A	In Part B	
Classified as Standard	1	22.42	13.04	9.38	7.69
Classified as NPA	–	–	–	–	–

13.5.6 The Bank has not acquired any equity shares under SDR scheme during the current year (previous year ₹ 4.75 crore).

13.5.7 During the quarter ended March 31, 2018, an NPA account of ₹ 55.65 crore was successfully resolved under the RBI guidelines RBI/ 2017-18/131/DBR. NO.BP.BC.101/21.04.048/2017-18 dated February 12, 2018 on 'Resolution of Stressed Assets – Revised Framework'. The account has been subsequently upgraded in line with the extant RBI regulations.

13.6 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction:

(₹ in crore)

Particulars	2017-18	2016-17
(i) No. of accounts	1	–
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	37.87	–
(iii) Aggregate consideration	37.86	–
(iv) Additional consideration realized in respect of accounts transferred in earlier years	–	–
(v) Aggregate loss over net book value	0.01	–

13.7 Details of non-performing financial assets purchased / sold:

13.7.1 Non-performing financial assets purchased:

(₹ in crore)

Particulars	2017-18	2016-17
1 (a) No. of accounts purchased during the year	–	2
(b) Aggregate Outstanding	–	8.50 #
2 (a) Of these, number of accounts restructured during the year	–	–
(b) Aggregate Outstanding	–	–

One account ₹ 3.00 crore closed on receipt of consideration.

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13.7.2 Non- performing financial assets sold:

(₹ in crore)

Particulars	2017-18	2016-17
No. of accounts sold during the year #	—	—
Aggregate Outstanding	—	—
Consideration Received	—	—

The account sold to asset reconstruction company has been disclosed in note 13.6

13.8 Overseas Assets, NPAs and Revenue

(₹ in crore)

Particulars	2017-18	2016-17
Total Assets	1,239.13	—
Total NPAs	—	—
Total Revenue	28.81	—

14 The Bank has not done any securitisation of loan assets during the current and the previous year.

15 Business Ratios:

Particulars	2017-18	2016-17
(i) Interest income as % to Working funds	8.67%	8.99%
(ii) Non-Interest income as % to Working funds	2.05%	1.83%
(iii) Operating profit as % to Working funds	2.56%	2.23%
(iv) Return on Assets (Working funds)	1.22%	1.08%
(v) Business (Deposit plus Advance) per employee (₹ in crore)	15.06	12.16
(vi) Profit per employee (₹ in crore)	0.12	0.09

Working funds represents the average of total assets as reported in Monthly Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

16 Maturity Pattern

Maturity pattern of certain items of assets and liabilities is given below:

(₹ in crore)

Particulars	As at March 31, 2018					
	Loans & Advances (INR) #	Investments (INR) #	Deposits (INR) #	Borrowings (INR) #	Foreign currency Assets	Foreign currency Liabilities
1 day	238.13	3,401.45	382.84	0.00	449.42	27.17
2 to 7 days	711.60	825.31	2,119.68	1,784.78	263.94	85.75
8 to 14 days	486.96	449.84	1,131.75	0.00	84.46	46.91
15 to 30 Days	1,737.73	514.97	3,288.23	0.00	329.98	196.00
31 Days to 2 months	1,273.75	1,015.70	5,852.87	820.00	621.24	347.82
Over 2 months to 3 months	2,013.04	1,699.00	6,627.87	0.00	587.64	566.47
Over 3 months to 6 months	3,449.08	1,569.86	4,677.15	510.57	368.47	356.26

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(₹ in crore)

Particulars	As at March 31, 2018					
	Loans & Advances (INR) #	Investments (INR) #	Deposits (INR) #	Borrowings (INR) #	Foreign currency Assets	Foreign currency Liabilities
Over 6 months to 1 year	7,769.69	1,568.21	5,879.81	817.70	1,105.67	698.46
Over 1 year to 3 years	11,919.27	2,930.77	12,753.15	549.56	1,760.91	1,227.09
Over 3 years to 5 years	2,192.15	338.92	277.66	453.68	382.80	744.57
Over 5 years	2,882.12	1,133.27	488.72	358.35	69.72	134.63
Total	34,673.52	15,447.30	43,479.73	5,294.64	6,024.25	4,431.13

Foreign currency balances not included.

(₹ in crore)

Particulars	As at March 31, 2017					
	Loans & Advances (INR) #	Investments (INR) #	Deposits (INR) #	Borrowings (INR) #	Foreign currency Assets	Foreign currency Liabilities
1 day	340.20	3,145.80	540.66	6.79	152.50	14.94
2 to 7 days	515.56	470.36	2,241.50	1,029.51	43.22	28.59
8 to 14 days	313.78	186.64	1,051.71	3.86	37.55	179.45
15 to 30 Days	817.64	580.18	2,488.80	160.19	166.04	20.42
31 Days to 2 months	1,160.94	799.75	2,700.05	357.15	78.94	97.55
Over 2 months to 3 months	1,284.45	654.03	2,901.24	3.86	155.85	467.53
Over 3 months to 6 months	2,739.57	1,273.86	4,604.79	847.41	328.73	358.43
Over 6 months to 1 year	6,305.64	1,679.56	5,910.35	790.00	878.17	455.11
Over 1 year to 3 years	8,514.46	3,354.71	11,043.15	845.35	1,507.23	457.04
Over 3 years to 5 years	1,939.90	581.73	322.94	100.61	236.75	1,261.79
Over 5 years	1,938.29	754.93	394.67	775.77	117.80	131.04
Total	25,870.43	13,481.55	34,199.86	4,920.50	3,702.78	3,471.89

Foreign currency balances not included.

Classification of assets and liabilities under the different maturity buckets for both current and previous financial years is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of assets and liabilities excludes off balance sheet items.

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17 Lending to Sensitive Sector

17.1 Exposure to Real Estate Sector:

(₹ in crore)

Particulars	2017-18	2016-17
1) Direct exposure		
(a) Residential Mortgages -	218.41	234.18
Out of which Individual housing loans eligible for inclusion in priority sector advances	76.59	80.49
(b) Commercial Real Estate	2,718.92	2,403.13
(c) Investments in Mortgage Backed Securities (MBS) and other securitized exposures	-	-
i. Residential Mortgages	-	-
ii. Commercial Real Estate	-	-
2) Indirect Exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	683.35	397.73
Total Exposure to Real Estate Sector	3,620.68	3,035.04

17.2 Exposure to Capital Market:

(₹ in crore)

Particulars	2017-18	2016-17
(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;	222.47	138.65
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	141.00	169.23
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	105.00	80.00
(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	-	-
(vii) Bridge loans to companies against expected equity flows/issues	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	82.65	81.78
Total Exposure to Capital Market	551.12	469.66

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17.3 Risk Category wise Country Exposure:

(₹ in crore)

Risk Category	Exposure (net) as at March 31, 2018	Provision held as at March 31, 2018	Exposure (net) as at March 31, 2017	Provision held as at March 31, 2017
Insignificant	1,670.50	1.40	161.77	—
Low	641.09	—	511.30	1.20
Moderate	—	—	1.12	—
High	—	—	—	—
Very High	—	—	—	—
Restricted	—	—	—	—
Off-credit	—	—	—	—
Total	2,311.59	1.40	674.19	1.20

18 Details of Single / Group Borrower limit exceeded by the Bank

During the current year and the previous year, the Bank has complied with the applicable RBI guidelines with regard to exposure to a single borrower and a group of the borrower. As per the exposure limits permitted under the extant RBI regulation, the Bank, with the approval of the Board of Directors, can enhance exposure to a single borrower or borrower group by a further 5 percent of capital funds.

During the current, year the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI.

19 Amount of Provisions made for Income-tax during the year:

(₹ in crore)

Particulars	2017-18	2016-17
i) Provision for Income tax	378.18	238.16
ii) Provision for Deferred tax	(46.72)	(2.72)

20 Unsecured Advances against Intangible Collaterals:

(₹ in crore)

Particulars	2017-18	2016-17
Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	NIL	NIL
Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	NIL	NIL

21 Penalties imposed by RBI

The Bank received cash deposits from various customers during the demonetisation period and subsequently deposited under chest guarantee scheme with RBI. RBI regional offices counted the deposited cash subsequently and levied penalty of ₹ 0.04 crore for various reasons e.g. mutilated notes & cash shortage, etc.

For the previous year ended March 31, 2017, RBI levied following penalties:

- ₹ 1.00 crore for lapses in adhering to the RBI guidelines with respect to import of goods and services, lapses in adhering to provisions of the Master Circular on KYC/AML with respect to on-going monitoring of certain customer transactions, diligence of the beneficiaries of foreign exchange remittances and filing of suspicious transaction reports with the Financial Intelligence Unit – India
- ₹ 0.01 crore for shortfall in maintenance Cash Reserve Ratio (CRR) requirement for one day in the financial year.

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22 Disclosure of Fees / Remuneration Received in respect of Bancassurance Business

(₹ in crore)

Particulars	2017-18	2016-17
i) Fee / Remuneration from Life Insurance Business	16.83	10.84
ii) Fee / Remuneration from General Insurance Business	4.55	2.1

23 Break up of Provisions and Contingencies debited to Profit & Loss Account

(₹ in crore)

Particulars	2017-18	2016-17
i) Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines		
a) For Advances	257.09	152.44
b) For Investments	(13.61)	9.74
ii) Provisions towards Standard Advances	42.44	45.02
iii) Provision for depreciation on investments	56.08	25.48
iv) Provision / (Write-back) for credit card reward points	21.09	4.56
v) Provision for others	1.43	1.69
vi) Provisions towards Income tax	378.18	238.16
vii) Provision towards deferred tax (net)	(46.72)	(2.72)
Total	695.98	474.37

24 Drawdown from Reserves

The Bank has not undertaken any drawdown from reserves during the current year and the previous year except towards share issue expenses incurred for raising equity share capital on preferential basis during the current year and through Initial Public Offering (IPO) during the previous year, which had been adjusted against the share premium account, in terms of Section 52 of the Companies Act, 2013.

For the year ended March 31, 2018, the Bank has transferred ₹ 2.20 crore (previous year – NIL) from Investment Reserve account to Profit and Loss account, in accordance with RBI guidelines.

25 Floating Provisions

The Bank has not made any floating provisions (previous year NIL).

26 Market risk in trading book

Quantitative Disclosure:

(₹ in crore)

Particulars	2017-18	2016-17
Capital requirements for:	Basel III	Basel III
a) interest rate risk	222.41	280.78
b) equity position risk	43.38	36.34
c) foreign exchange risk	11.70	11.70

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27 Concentration of Deposits, Advances, Exposures and NPAs

27.1 Concentration of Deposits

(₹ in crore)

Particulars	2017-18	2016-17
Total Deposits of twenty largest depositors	8,458.01	7,403.59
Percentage of Deposits of twenty largest depositors to Total Deposits	19.27%	21.41%

27.2 Concentration of Advances

(₹ in crore)

Particulars	2017-18	2016-17
Total Advances to twenty largest borrowers*	7,775.98	6,973.84
Percentage of Advances to twenty largest borrowers to Total Advances	12.21%	14.73%

* Credit Exposure excludes the exposures which are 100% cash backed

27.3 Concentration of Exposures

(₹ in crore)

Particulars	2017-18	2016-17
Total Exposure to twenty largest borrowers / customers *	7,939.66	7,316.97
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	11.70%	14.32%

* Credit Exposure excludes the exposures which are 100% cash backed

27.4 Concentration of NPA's

(₹ in crore)

Particulars	2017-18	2016-17
Total Exposure to top four NPA Accounts (Gross)	127.59	120.66

28 Sector Wise Advances:

(₹ in crore)

Sl. No.	Sector	Current year (2017-18)			Previous year (2016-17)		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	3,950.05	115.52	2.92	3,371.37	18.82	0.56
2	Advances to industries sector eligible as priority sector lending	1,518.34	18.56	1.22	1,284.50	13.34	1.04
3	Services	4,693.97	87.32	1.86	3,657.66	44.74	1.22
4	Personal loans	1,214.49	49.53	4.08	1,043.19	7.09	0.68
	Sub-total (A)	11,376.85	270.93	2.38	9,356.72	83.99	0.90

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Sl. No.	Sector	Current year (2017-18)			Previous year (2016-17)		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
B	Non Priority Sector						
1	Agriculture and allied activities	31.74	-	-	11.36	0.32	2.82
2	Industry	14,840.37	-	-	7,270.97	122.49	1.68
3	Services	8,225.04	58.82	0.72	6,678.11	104.15	1.56
4	Personal loans	6,048.01	236.98	3.92	6,302.24	45.89	0.73
	Sub-total (B)	29,145.16	295.80	1.02	20,262.68	272.85	1.76
	Total (A+B)	40,522.01	566.73	1.40	29,619.40	356.84	1.20

29 Details of Priority Sector Lending Certificates (PSLC)

29.1 Priority Sector Lending Certificates bought during the year

Category	For the year ended March 31, 2018	For the year ended March 31, 2017
PSLC Agriculture	-	-
PSLC SF/MF	667.50	550.00
PSLC Micro Enterprise	-	-
PSLC General	-	-
Total	667.50	550.00

29.2 Priority Sector Lending Certificates sold during the year

Category	For the year ended March 31, 2018	For the year ended March 31, 2017
PSLC Agriculture	-	-
PSLC SF/MF	-	-
PSLC Micro Enterprise	57.50	123.25
PSLC General	650.00	1,061.25
Total	707.50	1,184.50

30 Off- Balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

31 Disclosure on Remuneration

Qualitative Disclosure

A. Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Human Resources and Remuneration Committee (HR&RC) comprises of the following directors:

1. Mr. P. Sudhir Rao - Chairman of Committee
2. Mr. Narayan Ramachandran
3. Mr. Vimal Bhandari
4. Mr. Jairaj Purandare
5. Mr. Ishan Raina

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All members of the HR&RC are independent directors. Mr. Sudhir Rao, Mr. Narayan Ramachandran and Mr. Vimal Bhandari are also members of the Risk Management Committee of the Board. Mr. Vishwavir Ahuja is a permanent attendee.

Following are the terms of Reference of Human Resources and Remuneration Committee:

- To assist and advise the MD & CEO in planning for senior management build-out of the Bank so as to ensure appropriate leadership is in place for the Bank's transformation strategy.
 - To evaluate and approve HR policies of the Bank
 - To evaluate and approve various Employee Stock Ownership Schemes that may be required from time to time to ensure that the Bank gets the right talent and is able to retain high performing employees etc.
 - To award ESOPs to employees, whether in the form of joining or performance. The Committee may determine the level/grade of employees it desires to review and award.
 - To oversee the framing, review and implementation of compensation policy of the bank on behalf of the Board.
 - To work in close coordination with Risk Management Committee of the bank, in order to achieve effective alignment between remuneration and risks.
 - To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
 - Any other related aspect to the above.
- B. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The remuneration is divided into following components:

Fixed Remuneration:

For employees governed by Indian Banking Association's employment and compensation rules (IBA rules), their remuneration is based on the industry-wide bi-partite wage settlement agreements signed with the employees' unions. These rules provide for basic salary, allowances and certain retirement benefits to the employees which are uniformly applicable for the employees covered under the IBA scale.

For the employees governed by the 'Cost to Company (CTC)' remuneration structure (i.e. Non-IBA scale employees), the CTC represents the total direct and fixed cost incurred by the Bank across all components of compensation including contributions paid by the Bank towards retiral benefits, and loans at concessional interest rates. It consists of Basic Salary, House Rent Allowance, Personal Allowance / Special Allowances, Medical & other Reimbursements, Leave Travel Assistance and Retiral Benefits.

Employee Stock Options:

In order to align the interest of the Bank, the senior management, its shareholders and the employees, there is an effort to create long term ownership and commitment for the senior officers of the Bank. This is also done with a view to recognize and compensate senior officers for intellectual capital, the domain expertise in terms of product and market knowledge and the business relationships that they bring along. Accordingly, the Bank has formulated Employee Stock Option Program.

Further, to reward the performance and recognise the contribution of employees, the Bank has also introduced a Performance Employee Stock Option Program. The Bank had also introduced an Employee Retention Stock option program with the objective of retaining a very select group of highly valued middle and senior management as well as employees in key leadership roles.

The underlying philosophy of Employee Stock Option Plan is to enable the present and future employees to share the value that they help to create for the Bank over a period of time. Joining Employee Stock Options (ESOPs) are granted based on the primacy of the role to the Bank as well as experience, domain knowledge, current ability, future potential and expertise of

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the candidate. Performance ESOPs are given after periodic evaluation of the employee against individual and overall performance of the Bank during the review period. The Plan has been designed and implemented in such a way that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. From FY12, the ESOP has been broad based to include long serving employees of the Bank to make them partners in the growth of the Bank.

These stock option programmes are administered by the HR&RC.

Annual Performance Linked Variable Compensation (APLVC):

APLVC is paid as a percentage of CTC as defined in the Compensation Policy of the Bank.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs.

- C. Description of the ways in which current and future risks are taken into account in the remuneration processes.

Key determinant of the total variable pool is the overall performance of the Bank in any given year.

Further, the following principles apply:

- i. In order for incentive-based remuneration to work, the variable part of remuneration should be truly and effectively variable and can even be reduced to zero.
- ii. Methodologies for adjusting remuneration to risk and performance will be based on the general risk management and corporate governance framework adopted by the Bank.
- iii. Risks taken need to be estimated (ex ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes would have a bearing on the payoffs.

- iv. Risk adjustments would take into account the nature of the risks involved and the time horizons over which they could emerge. The impact of remuneration adjustments would be linked to actions taken by employees and / or business units, and their impact on the level of risk taken on by the Bank.

- v. Both ESOP as well as APLVC provides long term remuneration benefits to employees. The ESOP/PESOP / RESOP are equity settled where the employees will receive one equity share per option. The ESOPs and PESOPs granted to employees vest over a period of three / four years, in the following proportion, 40:30:30, 30:30:40, 10:20:30:40 each year whereas RESOPs vest over a period of two years in a proportion of 20:80 each year. Second vesting of RESOP is linked with IPO i.e. two years from the date of grant or one year from the date of IPO / Listing whichever is later. Similarly, as per the guidelines issued by RBI, APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. Further, the ESOP/PESOP and APLVC are subject to suitable claw-back and malus clauses to protect the Bank against misconduct, sub-optimal performance or decisions or actions leading to adverse financial consequence to the Bank.

- 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 performance management system in place. The Performance management system has goals on four themes namely Shareholder Value as the Focus, Customer at the Heart, Employee as the Pillar and Community as the Cause. Employees are appraised against the goals set at the beginning of the year. Employee performance and competence assessment are both considered for the performance rating. Performance Rating has a direct correlation with the increments and APLVC as well as PESOPs.

- E. A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

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As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs/PESOPs.

Schedule for APLVC vesting and payout is as per pay schedule defined in the Compensation Policy of the Bank.

Deferred APLVC vests only in the year of payment. Voluntary Cessation of employment by the employee or termination with cause as defined in employment contract will result in forfeiture of the remaining APLVC. APLVC is subject to claw-back and malus clauses.

- F. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other

forms) that the bank utilizes and the rationale for using these different forms.

Various forms of variable remuneration used by the Bank are:

APLVC: APLVC provides cash bonus in short to medium term to employees. The bank utilizes APLVC to reward superior performance.

Employee stock option (ESOP) plan: Employee stock option plan is a long term remuneration benefit.

ESOP is equity settled where the employees will receive one equity share per option after vesting. The stock options granted to employees vest over a period of three / four years, generally. ESOP is used to reward superior performance, aligning employee interests with the Bank, create long term ownership and commitment.

Quantitative Disclosure-

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

		(₹ in crore)	
Sr. No.	Particulars	2017-18	2016-17
1(i)	Number of meetings held by the Remuneration Committee during the financial period.	5	7
1(ii)	Remuneration paid to its members during the financial period	0.05	0.56
2(i)	Number of employees having received a variable remuneration award during the financial period.	144	134
2(ii)	Number and total amount of sign-on awards made during the financial period.	—	—
2(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	—	—
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	—	—
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	—	—
3(ii)	Total amount of deferred remuneration paid out in the period.	—	—
4	Breakdown of amount of remuneration awards for the financial year:		
	Fixed	87.26	75.26
	Variable	11.50*	9.43
	Deferred	—	0.275
	Non-deferred	11.50*	9.43
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	—	—
5(ii)	Total amount of reductions during the period due to ex- post explicit adjustments	—	—
5(iii)	Total amount of reductions during the period due to ex- post implicit adjustments	—	—

*Includes deferred pay of ₹ 0.275 cr. awarded in financial year 2016-17

32 Contingent Liabilities

Description of nature of contingent liabilities is set out below:

- i) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

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ii) Liability for partly paid investments:

These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.

iii) Liability on account of forward exchange and interest rate contracts:

The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.

iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

As a part of its corporate 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 customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations.

v) Acceptances, endorsements and other obligations:

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

vi) Other contingent items:

- a. Commitments for settlement date accounting for securities transactions;
- b. Amount of bills rediscounted by the Bank;
- c. Demands raised by income tax and other statutory authorities and disputed by the Bank.
- d. Amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

Refer Schedule 12 for amounts relating to contingent liabilities.

33 Bank has not issued any letters of comfort during the year (previous year – NIL).

34 Liquidity Coverage Ratio (LCR)

Qualitative disclosure around LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard for Liquidity Risk Management framework operating in banks. It aims to ensure that a bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for the 30 calendar day horizon in a stressed liquidity scenario. It is a ratio of Bank's High Quality Liquid Assets (HQLA) to the estimated net outflows over next 30 day period of significant stress.

The Board of Directors has the overall responsibility for liquidity risk management. The Board at overall level decides the liquidity risk tolerance and accordingly decides the strategy, policies and procedures of the Bank. The Board has constituted a Risk Management Committee (RMC) consisting of Managing Director & Chief Executive Officer (MD&CEO) /Chairman and other Board members. The committee is responsible for evaluating the overall risks faced by the Bank including liquidity risk. The potential interaction of liquidity risk with other risks is included in the risks addressed by the Risk Management Committee. At the executive level, Asset Liability Management Committee (ALCO) ensures adherence to the risk limits set by the Board and implements the liquidity risk management strategy of the Bank. ALM team within Treasury function of the Bank is responsible for the day-to-day / intra-day liquidity management. ALCO channelizes various business segments of the Bank to target good quality asset and liability profile to meet the Bank's profitability as well as liquidity requirements.

The LCR is a ratio of High Quality Liquid Assets (HQLA) to total estimated net outflows over a period of 30 calendar days under severe liquidity stress scenario.

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The Bank's HQLA mainly consists of Level 1 Assets comprising of excess of SLR balances, the extent allowed under the Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). Additionally, cash, balances in excess of cash reserve requirement with RBI also form part of Level 1 HQLA.

Level 2 HQLA primarily consists of corporate bonds, debentures, commercial papers issued by non-financial institutions which are rated AA- and above as Level 2A and rated BBB- to A+, as level 2B, respectively, considered after applying prescribed haircuts.

Cash outflows are calculated by applying prescribed outflow run-off factors as prescribed to contractual outflows on account various categories of liabilities. Additionally, probable outflows on account of contingent liabilities such as Letters of Credit (LC) and Bank Guarantees (BGs) and undrawn commitment are estimated and considered by applying prescribed run-off factors.

Cash inflows are calculated by applying prescribed weights and factors to the contractual inflows.

The Bank computes LCR on a daily basis in accordance with RBI guidelines. Effective January 1, 2017, the LCR numbers are reported as a simple average of daily observations for the quarter. The Bank believes that all inflows and outflows which might have a material impact under the liquidity stress scenario have been considered for the purpose of LCR.

In accordance with the RBI guidelines, the minimum LCR requirement for the calendar year 2017 stood at 80% which has been increased to 90% for the calendar year 2018.

The Quantitative disclosures for the current year and the previous year is as below -

Quantitative Disclosures

FY2017-18

(₹ in crore)

	Q1 - June 2017		Q2 - Sep 2017		Q3 - Dec 2017		Q4 - March 2018	
	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		6,627.19		6,552.52		6,248.45		7,151.95
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	10,472.58	1,038.73	11,293.39	1,120.48	11,911.66	1,181.69	13,144.98	1,306.19
(i) Stable deposits	170.48	8.52	177.18	8.86	189.54	9.48	166.07	8.30
(ii) Less stable deposits	10,302.10	1,030.21	11,116.21	1,111.62	11,722.12	1,172.21	12,978.91	1,297.89
3 Unsecured wholesale funding, of which:	12,631.47	6,479.83	13,128.89	6,846.36	13,342.84	6,971.77	14,573.31	7,773.28
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	12,631.47	6,479.83	13,128.89	6,846.36	13,342.84	6,971.77	14,573.31	7,773.28
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding		-		-		-		-
5 Additional requirements, of which	140.96	140.96	147.76	147.76	184.88	184.88	189.01	189.01
(i) Outflows related to derivative exposures and other collateral requirements	38.02	38.02	52.54	52.54	79.33	79.33	117.50	117.50
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	884.71	160.56	1017.45	167.93	939.58	111.66	588.34	145.12

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(₹ in crore)

		Q1 - June 2017		Q2 - Sep 2017		Q3 - Dec 2017		Q4 - March 2018	
		Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
7	Other contingent funding obligations	18,228.25	720.48	19,414.93	769.34	20,918.22	824.27	19,081.17	707.05
8	Total Cash Outflows		8,540.56		9,051.87		9,274.27		10,120.65
Cash Inflows									
9	Secured lending (e.g. reverse repos)	115.99	115.99	75.48	75.48	130.85	130.85	296.47	296.47
10	Inflows from fully performing exposures	1,849.26	924.63	2,202.38	1,101.19	2,363.40	1,181.70	2,595.98	1,297.99
11	Other cash inflows	840.48	800.90	1,136.64	1,100.06	1,311.79	1,251.69	1,433.86	1,290.59
12	Total Cash Inflows	2,805.73	1,841.52	3,414.50	2,276.73	3,806.04	2,564.24	4,326.31	2,885.05
21	TOTAL HQLA		6,627.19		6,552.52		6,248.45		7,151.95
22	Total Net Cash Outflows		6,699.04		6,775.14		6,710.03		7,235.60
23	Liquidity Coverage Ratio (%)		98.93		96.71		93.12		98.84

FY2016-17

(₹ in crore)

		Q1 - June 2016		Q2 - Sep 2016		Q3 - Dec 2016		Q4 - March 2017	
		Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		4,518.93		4,737.13		5,771.43		5,851.71
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	6,239.06	617.97	7,311.06	724.67	8,479.89	840.41	9,430.33	935.03
(i)	Stable deposits	118.66	5.93	128.79	6.44	151.57	7.58	160.01	8.00
(ii)	Less stable deposits	6,120.40	612.04	7,182.27	718.23	8,328.32	832.83	9,270.32	927.03
3	Unsecured wholesale funding, of which:	9,232.42	5,466.91	10,940.24	6,246.00	11,601.14	6,273.14	11,599.88	5,650.74
(i)	Operational deposits (all counterparties)	—	—	—	—	—	—	—	—
(ii)	Non-operational deposits (all counterparties)	9,232.42	5,466.91	10,940.24	6,246.00	11,601.14	6,273.14	11,599.88	5,650.74
(iii)	Unsecured debt	—	—	—	—	—	—	—	—
4	Secured wholesale funding	—	—	—	—	—	—	0.00	—
5	Additional requirements, of which	94.23	94.23	101.87	101.87	147.92	147.92	147.40	147.40
(i)	Outflows related to derivative exposures and other collateral requirements	—	—	25.93	25.93	65.43	65.43	57.13	57.13
(ii)	Outflows related to loss of funding on debt products	—	—	—	—	—	—	—	—
(iii)	Credit and liquidity facilities	—	—	—	—	—	—	—	—
6	Other contractual funding obligations	—	—	—	—	478.59	74.90	448.99	58.52
7	Other contingent funding obligations	6,706.21	201.19	7,612.28	228.37	14,834.04	573.70	16,657.82	644.54
8	Total Cash Outflows		6,380.30		7,300.91		7,910.07		7,436.23

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		(₹ in crore)							
		Q1 - June 2016		Q2 - Sep 2016		Q3 - Dec 2016		Q4 - March 2017	
		Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
Cash Inflows									
9	Secured lending (e.g. reverse repos)	22.91	22.91	127.18	127.18	1.72	1.72	94.19	94.19
10	Inflows from fully performing exposures	1,657.73	828.86	1,510.29	755.14	1,605.39	802.70	1,827.24	913.61
11	Other cash inflows	735.95	702.81	760.91	733.96	733.01	698.53	723.22	689.20
12	Total Cash Inflows	2,416.59	1,554.58	2,398.38	1,616.28	2,340.12	1,502.95	2,644.65	1,697.00
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
21	TOTAL HQLA		4,518.93		4,737.13		5,771.43		5,851.71
22	Total Net Cash Outflows		4,825.72		5,684.63		6,407.12		5,739.23
23	Liquidity Coverage Ratio (%)		93.64		83.33		90.08		101.96

35 Intra-Group Exposures

		(₹ in crore)	
Particulars		31-Mar-18	31-Mar-17
Total amount of intra-group exposures		50.50	20.50
Total amount of top-20 intra-group exposures		50.50	20.50
Percentage of intra-group exposures to total exposure of the bank on borrowers/customers		0.07%	0.04%

36 Corporate Social Responsibility (CSR)

Operating expenses include ₹ 6.98 crore for the current year towards CSR (previous year ₹ 3.68 crore), in accordance with the Companies Act, 2013.

As a responsible organisation, the Bank 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.

Gross Amount required to be spent by the Bank on CSR activities during the current year - ₹ 9.36 crore (previous year ₹ 5.68 crore).

The areas of CSR activities and contributions made thereto are as follows.

		(₹ in crore)					
Particulars		31-Mar-18			31-Mar-17		
Amount spent during the year on		In cash	Yet to be paid in cash	In cash	Yet to be paid in cash	Total	Treasury
i)	Construction / Acquisition of any assets	—	—	—	—	—	—
ii)	For purposes other than (i) above	5.75	1.23	6.98	2.13	1.55	3.68

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37 Details of provisioning pertaining to fraud accounts

The following table sets forth for the year ended March 31, 2018, the details of provisioning pertaining to fraud accounts.

(₹ in crore)

Particulars	As at 31 March 2018	As at 31 March 2017
Number of frauds reported	52	26
Amount involved in frauds	2.39	3.20
Provision made	1.54	3.20
Unamortised provision debited from 'other reserves'	—	—

38 Transfers to Depositor Education and Awareness Fund (DEAF)

Below mentioned are the details of funds transferred to Depositor Education and Awareness Fund during financial year ended March 31, 2018.

(₹ in crore)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance of amounts transferred to DEAF	11.28	9.76
Add: Amounts transferred to DEAF during the year	2.49	2.05
Less: Amounts reimbursed by DEAF towards claims	0.70	0.53
Closing balance of amounts transferred to DEAF	13.07	11.28

39 The disclosure required on holdings as well as dealings in Specified Bank Notes (SBN) during the period from November 8, 2016 to December 30, 2016 as envisaged in notification GSR 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs (MCA), is not applicable to the Bank.

40 Unhedged Foreign Currency Exposure (UFCE) of Bank's Customer

The Bank has maintained an additional provision of ₹ 6.83 crore (previous year ₹ 7.46 crore) on account of UFCE of the customer. Further, the Bank had maintained an additional capital of ₹ 26.28 crore (previous year ₹ 27.73) towards UFCE of the customer.

41 Credit Default Swap

The Bank has not entered into Credit Default Swap during the current year and the previous year.

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

43 Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current years' presentation.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date : April 27, 2018

For and on behalf of RBL Bank Limited

Narayan Ramachandran
Chairman

Jairaj Purandare
Director

Deepak Ruiya
Chief Financial Officer (*interim*)

Vishwavir Ahuja
Managing Director & CEO

Vimal Bhandari
Director

Vinay Tripathi
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of RBL Bank Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of RBL Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2017, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards

on Auditing ('the Standards') specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the relevant requirements of the Companies Act, 2013, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2017, its profit and its cash flows for the year then ended.

Other Matters

The standalone financial statements of the Bank for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 29 April 2016.

Report on Other Legal and Regulatory Requirements

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

Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014.

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

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- (c) since the key operations of the Bank are automated with the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. During the course of our audit, we have visited 20 branches.

Further, as required by Section 143 (3) of the Companies Act, 2013, we further report that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by the RBI;
- (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in

terms of Section 164 (2) of the Act.

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 33 to the financial statements;
 - (ii) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 43 to the financial statements; and
 - (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank; and
 - (iv) as referred in Note 40 of the financial statements, the disclosure required on holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2017 as envisaged in notification GSR 308(E) dated 30 March 2016 issued by the Ministry of Corporate Affairs, is not applicable to the Bank.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

2 May 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

ANNEXURE A to the Independent Auditor's Report of even date on the Standalone Financial Statements of RBL Bank Limited

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

We have audited the internal financial controls over financial reporting of RBL Bank Limited ('the Bank') as at 31 March 2017 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated

in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

2 May 2017

BALANCE SHEET

as at March 31 , 2017

(₹ in '000s)

Particulars	Schedule No.	31-Mar-17	31-Mar-16
Capital & Liabilities			
Capital	1	3,752,031	3,247,281
Reserves and Surplus	2	39,603,724	26,645,043
Deposits	3	345,880,914	243,486,512
Borrowings	4	79,797,572	105,362,239
Other Liabilities and Provisions	5	17,713,470	12,869,784
Total		486,747,711	391,610,859
Assets			
Cash and Balances with Reserve Bank of India	6	29,479,286	13,397,461
Balances with banks and money at call and short notice	7	12,457,203	11,101,751
Investments	8	134,817,086	144,360,338
Advances	9	294,490,381	212,290,830
Fixed Assets	10	2,587,088	1,772,965
Other Assets	11	12,916,667	8,687,514
		486,747,711	391,610,859
Contingent Liabilities	12	419,044,621	297,182,189
Bills for Collection		8,227,083	7,723,229
Significant Accounting Policies	17		
Notes To Accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

For and on behalf of RBL Bank Limited

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Vishwavir Ahuja

Managing Director & CEO

D. Sivanandhan

Director

Jairaj Purandare

Director

Vimal Bhandari

Director

Naresh Karia

Chief Financial Officer

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : May 2, 2017

PROFIT & LOSS

for the year ended March 31, 2017

(₹ in '000s)

Particulars	Schedule No.	31-Mar-17	31-Mar-16
I. Income			
Interest Earned	13	37,131,585	27,443,073
Other Income	14	7,554,627	4,905,427
Total		44,686,212	32,348,500
II. Expenditure			
Interest Expended	15	24,918,241	19,251,004
Operating Expenses	16	10,563,872	7,673,367
Provisions and Contingencies		4,743,644	2,499,283
Total		40,225,757	29,423,654
III. Profit/Loss			
Net Profit /(Loss) for the year		4,460,455	2,924,846
Profit brought forward		39,174	43,165
Total		4,499,629	2,968,011
IV. Appropriations			
Transfer to Statutory Reserve		1,116,000	732,000
Transfer to Capital Reserve		3,100	10,000
Transfer to Revenue & Other Reserves		2,500,000	1,600,000
Interim Dividend Paid		–	487,579
Tax on Dividend		–	99,258
Balance carried over to Balance Sheet		880,529	39,174
Total		4,499,629	2,968,011
EPS Basic (₹)		12.59	9.60
EPS Diluted (₹)		11.80	9.43
Face Value of shares (₹)		10.00	10.00

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Place : Mumbai

Date : May 2, 2017

For and on behalf of RBL Bank Limited

Vishwavir Ahuja

Managing Director & CEO

Jairaj Purandare

Director

Naresh Karia

Chief Financial Officer

D. Sivanandhan

Director

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

CASH FLOW STATEMENT

for the year ended March 31, 2017

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
I Cash Flow from Operating Activities		
Net Profit for the Year (before taxes)	6,814,873	4,280,061
Adjustments for:-		
Add : Loss / (Profit) on Sale of Fixed Assets (Net)	(7,674)	(8,154)
Add : Non-Cash Expenditure		
Depreciation	615,048	483,569
Provision / write-off of non performing advances	1,524,347	800,359
Provision for standard advances	450,184	238,379
Provision for investments	352,208	131,553
Other provisions	62,487	(26,223)
Cash Flow before Changes in Working Capital	9,811,473	5,899,544
Adjustments for working capital changes:-		
Deposits	102,394,402	72,494,004
Other Liabilities	4,331,015	4,534,659
Deposits placed having original maturity greater than 3 months	(1,083,995)	(6,843,420)
Investments	9,191,044	(46,568,931)
Advances	(83,723,898)	(68,592,934)
Other Assets	(4,373,569)	(3,254,939)
Direct Taxes paid	(2,210,000)	(1,510,000)
Cash generated from Operating Activities	34,336,472	(43,842,017)
II Cash Flow from Investing Activities		
Addition to Other Fixed Assets	(1,290,153)	(538,954)
Addition to Capital Work in Progress	(154,940)	(89,656)
Sale of Fixed Assets	23,314	24,319
Cash generated from Investing Activities	(1,421,779)	(604,291)
III Cash Flow from Financing Activities		
Proceeds of share issue	9,003,256	5,250,345
Net Proceeds / (repayments) from borrowings	(25,564,667)	35,735,264
Dividend and Dividend distribution tax	–	(586,837)
Cash generated from financing Activities	(16,561,411)	40,398,772
IV Increase/Decrease during the Year	16,353,282	(4,047,536)
V Opening Cash and Cash Equivalents	15,311,124	19,358,660
VI Closing Cash and Cash Equivalents	31,664,406	15,311,124
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following:		
(i) Cash and Balances with Reserve Bank of India (Refer Schedule 6)	29,479,286	13,397,461
(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	2,185,120	1,913,663
(iii) Money at Call and Short Notice (Refer Schedule 7)	–	–
Cash and cash equivalents at the end of the year	31,664,406	15,311,124

As per our report of even date attached

For and on behalf of RBL Bank Limited

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Vishwavir Ahuja

Managing Director & CEO

Jairaj Purandare

Director

Naresh Karia

Chief Financial Officer

D. Sivanandhan

Director

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : May 2, 2017

SCHEDULES

forming part of the standalone financial statements for the year ended March 31, 2017

Schedule 1 - Capital

(₹ in '000s)		
Particulars	31-Mar-17	31-Mar-16
Authorised Capital		
400,000,000 Ordinary Shares of ₹ 10/- each	4,000,000	4,000,000
(previous year 400,000,000 Ordinary Shares of ₹ 10/- each)		
Issued		
375,203,136 Ordinary Shares of ₹ 10/- each	3,752,031	3,247,281
(previous year 324,728,130 Ordinary Shares of ₹ 10/- each)		
Subscribed & Paid-up		
375,203,136 Ordinary Shares of ₹ 10/- each	3,752,031	3,247,281
(previous year 324,728,130 Ordinary Shares of ₹ 10/- each)		
Total	3,752,031	3,247,281

Schedule 2 - Reserves & Surplus

(₹ in '000s)		
Particulars	31-Mar-17	31-Mar-16
1. Statutory Reserve		
(i) Opening Balance	2,286,500	1,554,500
(ii) Addition during the year	1,116,000	732,000
(iii) Deduction during the year	–	–
Total	3,402,500	2,286,500
2. Capital Reserve		
(i) Opening Balance	155,570	145,570
(ii) Addition during the year	3,100	10,000
(iii) Deduction during the year	–	–
Total	158,670	155,570
3. Revaluation Reserve		
(i) Opening Balance	9,947	10,243
(ii) Addition during the year	–	–
(iii) Deduction during the year (Depreciation on revalued portion credited to Profit and Loss Account)	281	296
Total	9,666	9,947
4. Share Premium		
(i) Opening Balance	19,885,293	14,947,733
(ii) Addition during the year	8,966,933	4,937,560
(iii) Deduction during the year	468,427	–
Total	28,383,799	19,885,293
5. Revenue & Other Reserves		
(i) Opening Balance	4,246,552	2,646,552
(ii) Addition during the year	2,500,000	1,600,000
(iii) Deduction during the year	–	–
Total	6,746,552	4,246,552
6. Investment Reserve		
(i) Opening Balance	22,008	22,008
(ii) Addition during the year	–	–
(iii) Deduction during the year	–	–
Total	22,008	22,008
7. Balance in Profit & Loss Account	880,529	39,173
Total (1 to 7)	39,603,724	26,645,043

SCHEDULES

forming part of the standalone financial statements for the year ended March 31, 2017

Schedule 3 - Deposits

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
A. 1. Demand Deposits		
i) From Banks	1,409,124	1,052,713
ii) From Others	36,131,706	26,743,640
Total	37,540,830	27,796,353
2. Savings Bank Deposits	38,486,454	17,582,115
3. Term Deposits		
i) From Banks	43,099,648	30,892,741
ii) From Others	226,753,982	167,215,303
Total	269,853,630	198,108,044
Total (1 to 3)	345,880,914	243,486,512
B. i. Deposits of Branches in India	345,880,914	243,486,512
ii. Deposits of Branches outside India	–	–
Total	345,880,914	243,486,512

Schedule 4 - Borrowings

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Borrowings in India		
(i) Reserve Bank of India	–	34,170,000
(ii) Other Banks	12,442,958	16,550,244
(iii) Other Institutions and Agencies	45,470,762	43,409,754
(iv) Subordinated debt	7,300,000	4,000,000
Total	65,213,720	98,129,998
2. Borrowings outside India	14,583,852	7,232,241
Total (1 + 2)	79,797,572	105,362,239

Secured Borrowings included in 1 & 2 above are ₹ 11,578,953 thousands (for financial year ending March 31, 2016 ₹ 46,164,616 thousands)

Schedule 5 – Other Liabilities And Provisions

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Bills Payable	2,534,240	716,513
2. Inter Office Adjustments (Net)	–	–
3. Interest Accrued	2,892,380	2,202,625
4. Others (Including Provisions) *	12,286,850	9,950,646
Total (1 to 4)	17,713,470	12,869,784
* Includes : Provision against Standard Assets	1,343,579	893,395

SCHEDULES

forming part of the standalone financial statements for the year ended March 31, 2017

Schedule 6 – Cash and Balances with Reserve Bank of India

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Cash in hand	1,648,328	1,360,911
2. Balances with Reserve Bank of India		
(i) In Current Account	14,330,958	12,036,550
(ii) In Other Accounts	13,500,000	–
Total (1+2)	29,479,286	13,397,461

Schedule 7 – Balance with Banks and Money at Call and Short Notice

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. In India		
(i) Balances with Banks		
a) In Current Accounts	1,212,210	940,550
b) In other Deposit Accounts	10,272,083	9,188,088
(ii) Money at Call and Short Notice		
a) With Banks	–	–
b) With Other Institutions	–	–
Total (i+ii)	11,484,293	10,128,638
2. Outside India		
(i) In Current Accounts	972,910	973,113
(ii) In Other Deposits Accounts	–	–
(iii) Money at Call and Short Notice	–	–
Total (i+ii+iii)	972,910	973,113
Total (1 + 2)	12,457,203	11,101,751

Schedule 8 – Investments

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Investments in India (Gross)	135,323,481	144,514,380
Less – Provision for depreciation	508,059	155,852
Total	134,815,422	144,358,528
Break Up		
(i) Government Securities	98,012,178	102,819,956
(ii) Other Approved Securities	–	–
(iii) Shares	1,087,049	171,248
(iv) Debentures & Bonds	20,026,972	16,914,539
(v) Subsidiaries and / or Joint Venture	–	–
(vi) Others *	15,689,223	24,452,785
Total	134,815,422	144,358,528

SCHEDULES

forming part of the standalone financial statements for the year ended March 31, 2017

Schedule 8 – Investments (contd.)

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
* Details of Others (vi)		
(i) Commercial paper & Certificates of deposit	4,444,963	9,833,729
(ii) Mutual Funds	4,412,597	4,200,000
(iii) Venture Capital Fund	817,778	685,607
(iv) Pass Through Certificates	5,922,457	9,590,949
(v) Security Receipts	91,428	142,500
Total	15,689,223	24,452,785
2. Investments Outside India		
(i) Government Securities (Including Local Authorities)	–	–
(ii) Subsidiaries and / or Joint Venture abroad	–	–
(iii) Other Investments	1,664	1,810
Total	1,664	1,810
Total (1+2)	134,817,086	144,360,338

Schedule 9 – Advances

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
A.		
(i) Bills Purchased and Discounted	5,366,986	6,465,805
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	72,361,010	54,601,141
(iii) Term Loans	216,762,385	151,223,884
Total	294,490,381	212,290,830
B.		
(i) Secured by Tangible Assets (Includes advances against Fixed Deposits and Book Debts)	201,076,218	175,237,619
(ii) Coverd by Bank/Government Guarantees	280,951	264,462
(iii) Unsecured	93,133,212	36,788,749
Total	294,490,381	212,290,830
C.1 Advances in India		
(i) Priority Sector	93,455,904	68,622,211
(ii) Public Sector	1,917,644	–
(iii) Banks	6,590,294	–
(iv) Others	192,526,539	143,668,619
Total	294,490,381	212,290,830
C.2 Advances Outside India		
(i) Due from Banks	–	–
(ii) Due from Others	–	–
a) Bills Purchases and Discounted	–	–
b) Syndicated Loans	–	–
c) Others	–	–
Total	–	–
Total (C.1 + C.2)	294,490,381	212,290,830

SCHEDULES

forming part of the standalone financial statements for the year ended March 31, 2017

Schedule 10 – Fixed Assets

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Premises		
(i) At cost at 31st March of the preceding year	79,002	78,164
(ii) Additions During the year	–	5,086
(iii) Deductions During the year	3,761	4,247
(iv) Accumulated Depreciation to date	10,280	11,094
Total	64,961	67,909
2. Other Fixed Assets		
(i) At cost at 31st March of the preceding year	2,941,461	2,445,702
(ii) Additions During the year	1,290,153	533,868
(iii) Deductions During the year	49,390	38,109
(iv) Accumulated Depreciation to date	2,005,566	1,426,934
Total	2,176,658	1,514,527
3. Leased Assets		
(i) Lease equalisation - Opening balance	13,509	13,509
(ii) Additions During the year	–	–
(iii) Less: Provision held	13,509	13,509
(iv) Accumulated Depreciation to date	–	–
Total	–	–
4. Capital Work in Progress	345,469	190,529
Total (1 to 4)	2,587,088	1,772,965

Schedule 11 – Other Assets

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Inter-Office Adjustment (Net)	–	–
2. Interest Accrued	3,897,000	3,238,619
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	–	254,640
4. Stationery and Stamps	5,782	4,517
5. Deferred Tax Assets (Net)	885,842	243,840
6. Others	8,128,043	4,945,898
Total (1 to 6)	12,916,667	8,687,514

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Schedule 12 – Contingent Liabilities

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Claims against the bank not acknowledged as debts	77,575	97,879
2. Liability for Partly Paid Investment	151,800	313,050
3. Liability on Account of Outstanding Forward Exchange contracts	172,802,904	91,651,856
4. Liability on Account of Outstanding derivative contracts		
(i) Interest Rate Swaps	51,169,535	71,504,849
(ii) Cross Currency Swaps	55,562,826	17,980,150
(iii) Currency Options	44,043,976	48,065,526
(iv) Currency Futures	–	1,325,100
(v) Interest Rate Futures	–	–
5. Guarantees given on behalf of constituents		
(i) In India	48,169,568	32,469,275
(ii) Outside India	27,312,261	17,186,459
6. Acceptances, Endorsements and other Obligations	17,503,286	12,948,145
7. Other items for which the bank is contingently liable		
a) Income tax & other matters (under appeal)	80,144	79,554
b) Others	2,170,746	3,560,346
Total (1 to 7)	419,044,621	297,182,189

Schedule 13 – Interest Earned

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Interest / Discount on Advances / bills	26,394,024	19,528,033
2. Income on Investments	9,814,681	7,453,785
3. Interest on balance with RBI and Other Inter bank funds	854,902	398,372
4. Others	67,978	62,883
Total (1 to 4)	37,131,585	27,443,073

Schedule 14 – Other Income

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Commission, Exchange and Brokerage	4,912,488	3,440,258
2. Profit on sale of Investments (Net)	1,189,112	598,600
3. Profit / (Loss) on sale of land, building and other assets (Net)	7,674	8,154
4. Profit on exchange transactions (Net)	1,129,546	797,666
5. Miscellaneous Income	315,807	60,749
Total (1 to 5)	7,554,627	4,905,427

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Schedule 15 – Interest Expended

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Interest on Deposits	19,607,995	15,070,890
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	1,333,207	1,228,412
3. Others	3,977,039	2,951,702
Total (1 to 3)	24,918,241	19,251,004

Schedule 16 – Operating Expenses

(₹ in '000s)

Particulars	31-Mar-17	31-Mar-16
1. Payments to and provisions for employees	4,461,394	3,699,210
2. Rent, taxes and lighting	957,553	828,773
3. Printing and stationery	75,533	58,549
4. Advertisement and publicity	179,998	69,793
5. Depreciation on banks property	615,048	483,569
6. Director's fees Allowances and expenses	8,224	5,572
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	5,516	7,671
8. Law Charges	62,902	48,991
9. Postage, Telegrams, Telephones, etc.	130,028	95,388
10. Repairs and maintenance	37,389	65,042
11. Insurance	319,144	209,121
12. Other Expenditure	3,711,143	2,101,688
Total (1 to 12)	10,563,872	7,673,367

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Schedule 17 – Significant accounting policies forming part of the financial statements for the year ended March 31, 2017

Background:

RBL Bank Limited, incorporated in Kolhapur, India is a banking company governed by the Banking Regulation Act, 1949 with Reserve Bank of India ('RBI') as its principal regulator. The Bank is engaged in providing a wide range of banking and financial services including commercial banking, retail banking, agriculture finance and financial inclusion, treasury operations and other banking related activities. The Bank's shares were listed on August 31, 2016 on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE).

Basis of preparation:

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and practices generally prevalent in the banking industry in India.

Use of estimates:

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India ('GAAP') requires the management to make estimates and assumptions that are considered in the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

Significant Accounting Policies:

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1. Advances

Advances are stated net of provisions made in respect of non-performing advances ('NPA'). Premium paid on acquisition of portfolio is included in advances and is amortised over the economic life of the portfolio; being 5 years for on-demand working capital loans and credit card portfolios purchased. Advances are classified as Performing and NPA based on the relevant RBI guidelines. Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning prescribed from time to time. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines. The Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio in accordance with RBI guidelines in this regard. Provision made against standard assets is included in 'Other Liabilities and Provisions'. Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account as credit to 'Miscellaneous Income' under the head 'Other Income' or provision for NPAs, respectively.

2. Investments

Classification and valuation of Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' (HTM) categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments.

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Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures and f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to prudential norms for Classification, valuations and Operation of Investment Portfolio by Banks prescribed from time to time.

b) Valuation

Investments classified as HTM are carried at amortised cost. Any premium paid on acquisition, over the face value, is amortised over the remaining period of maturity by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation are aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded/ quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers

Association of India ("PDAI") jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields / mark-up rates (reflecting associate credit risk) declared by the FIMMDA in consultation with PDAI are used.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹ 1 as per the RBI guidelines. Depreciation on equity shares acquired and held by the Bank under SDR scheme is provided in accordance with the RBI guidelines.

Quoted Mutual Fund units are valued as per Stock Exchange quotations and un-quoted Mutual Fund units are valued at last available re-purchase price or Net Asset Value where re-purchase price is not available.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines prescribed by RBI. Accordingly, Security receipts are valued as per the Net Asset Value provided by the issuing Asset Reconstruction Company.

c) Disposal of investments:

Profit / Loss on sale of investments under the aforesaid three categories are recognised in the Statement of Profit and Loss. Cost of investments is based on the weighted average cost method. The profit from sale of investment under HTM category, net of taxes and transferred to statutory reserve

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is appropriated from Statement of Profit and Loss to "Capital Reserve" in accordance with the RBI Guidelines.

d) Transfer between categories

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

e) Repurchase transactions

Repurchase ('Repo') and reverse repurchase ('Reverse Repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions are accounted for as interest income.

f) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

3. Foreign Currency and Rupee Derivative transactions

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss account. Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognized in the Profit and Loss account.

In accordance with RBI Circular No. DBOD No. BP.BC.76/21.04.018/2005-06 dated April 5, 2006 and Accounting Standard 11 - The effect of Changes in Foreign Exchange Rates, foreign exchange trading positions including spot and forward contracts are revalued at each month end at market rates published by FEDAI and then discounted using appropriate curves. Long term foreign exchange contracts (original maturities of over 12 months) where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resulting gains and losses are recorded in the profit and loss account except in case of swaps entered into for hedging an on-balance sheet foreign currency exposure which is accounted for on an accrual basis. The unrealised gain and losses on swaps outstanding at year-end are included in 'Other assets' and 'Other liabilities', respectively. The notional values of these contracts are recorded as contingent liability at the closing exchange rates.

Swap cost arising on account of foreign currency swap contracts to convert rupee assets/liabilities into foreign currency assets/liabilities or vice versa is charged to profit and loss account as interest cost by amortising over the tenor of the swap.

Derivative transactions comprise interest rate swaps, cross currency swaps and currency futures and options.

The interest rate and currency swaps are marked to

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market using appropriate interest rates/exchange rates as applicable. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in 'Other assets' or 'Other liabilities'. The notional value of these swaps is recorded as Contingent Liability.

Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange/clearing corporation. The profit or loss on revaluation is recorded in the profit and loss account and corresponding asset or liability is shown under 'Other assets' or 'Other liabilities', as the case may be. Margin money deposited with the exchange is included in 'Other assets'. The notional value of outstanding futures contract is recorded as Contingent liability.

Foreign currency options are marked to market using market values after considering the premium received or paid. The profit or loss on revaluation is recorded in the profit and loss account and corresponding asset or liability is shown under 'Other assets' or 'Other liabilities', as the case may be. Premium received and premium paid is recognized in the Profit and Loss account upon expiry or exercise of the options. The notional value of these options is recorded as a Contingent liability.

Provisioning of overdue customer receivable on interest rate and foreign exchange derivative transactions, if any, is made as per RBI guidelines.

With respect to credit exposures to counterparties arising on account of the interest rate and foreign exchange derivative transactions, which are computed as per the current mark to market value of the contract, a provision is made as is applicable to the loan assets in the 'standard' category.

4. Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

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

5. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Premises acquired up to March 31, 1998 have been revalued by the management and are stated at such revalued figure. The appreciation on revaluation is credited to 'Premises Revaluation Reserve' Account. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the enhanced value is transferred from Premises Revaluation Reserve to the credit of depreciation in the Profit and Loss account.

Depreciation is provided as per straight-line method from the date of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account up to the date of sale. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

The useful lives of the fixed assets are given below:

Category	Estimated useful life
Premises	50 years
Desktop computers and printers, Laptops	3 years
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	5 years

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Category	Estimated useful life
Purchased and developed Software	5 years
Vehicles	5 years
Office equipment, Locker cabinets, Strong room	6.67 years
ATMs	7 years
Furniture, fittings and work of art	10 years

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

6. Retirement and other employee benefits

The Bank's contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the Profit and Loss account. Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial valuation as at the Balance Sheet date as per the Projected Unit Credit Method as computed by an independent actuary.

The Bank provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave and sick leave, which is a long-term benefit scheme, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary.

Actuarial gains/losses arising during the year are recognized in Profit and Loss Account.

The Bank accounts for Employee Stock Option plans in accordance with the Guidance note on Employee Share Based Payments issued by The Institute of Chartered Accountants of India (ICAI). The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which value of the underlying shares as determined by an independent valuer (prior to the listing of the equity shares on the stock exchanges) or the market price on the date of the grant, as the case may be, exceeds the exercise price of the options. Compensation cost so determined is amortized over the vesting period of the option granted.

7. Revenue Recognition

- Interest income is recognised in the Profit and Loss account on accrual basis, except in the case of interest on NPA and on loan accounts where restructuring has been approved by the Bank under Strategic Debt Restructuring (SDR) scheme of RBI, which is recognised as income on realisation, as per the Income Recognition and Asset Classification norms of RBI.
- Recoveries in respect of past due loan accounts classified as sub-standard are appropriated towards overdue principal and thereafter towards interest and charges
- Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- Loan processing fee is accounted for upfront when it becomes due.
- All other fees are accounted for as and when they become due.

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8. Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period.

The Bank has not undertaken any finance leases.

9. Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence of future taxable income) of realization 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 realized.

10. Provisions and contingencies

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably

will not, require an outflow of resources. 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

11. Provision for reward points on credit cards

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable redemption of credit card reward points and cost per point. Actuarial gains/losses arising during the year are recognised in the Profit and Loss account.

12. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity members by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the period. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

13. Share issue expenses

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

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14. Cash and Cash Equivalents

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

Schedule 18 - Notes to Accounts forming part of Financial Statements for the year ended March 31, 2017

1 Capital

During the year ended March 31, 2017, the Bank issued 37,000,000 equity shares of ₹ 10/- through Initial Public Offer (IPO), each shares allotted at a price of ₹ 225/- aggregating to ₹ 832.50 crore. Further the bank allotted 13,475,006 equity shares aggregating to ₹ 114.67 crore on various dates to the employees who exercised their stock options.

During the previous year, the Bank issued 25,000,000 equity shares of ₹ 10/- aggregating ₹ 487.50 crore through pre-IPO placement. Further, the Bank allotted 6,278,500 equity shares aggregating to ₹ 37.53 crore on various dates to the employees who exercised their stock options.

2 Proposed Dividend

The Board of Directors at their meeting on May 2, 2017, proposed a dividend of ₹ 1.8 per share (18%) [previous year - Nil], subject to the approval of the members at the ensuing Annual General Meeting.

In accordance with the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after the Balance Sheet Date', the Bank has not accounted for proposed dividend ₹ 67.54 crore (previous year - Nil) and corporate dividend tax ₹ 13.75 crore (previous year - Nil), as a liability, as at March 31, 2017.

3 Investments

- 3.1 During the year ended March 31, 2017 and the previous year ending March 31, 2016 there has been no sale/ transfer from HTM categories in excess of 5% of the book value of investments held in the HTM category. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to

AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

- 3.2 During the previous year ending March 31, 2016, in an effort to realise its dues, the Bank with the permission of RBI, acquired the shares of a company (investee Company) by exercise of a pledge of investee company's shares in its favor by one of the defaulting borrowers of the Bank. The Bank's shareholding in the said investee company remained unchanged at 24.56% during whole of the current financial year. Investments in the shares of the investee company have been acquired and held exclusively with a view to its subsequent disposal in the near future and accordingly has not been accounted for as an associate under the purview of AS-23 - 'Accounting for Investments in Associates in Consolidated Financial Statements'. These equity shares have been classified under AFS category and have been valued as per the extant guidelines of the Reserve Bank of India for valuation of investments. Accordingly, these exposures have not been considered as intra-group exposures.

- 3.3 During the year ended March 31, 2017, the Bank has increased its holding in Swadhaar Finserve Private Limited (SFPL) from 13.74% to 30.00%, following which the company has become an "Associate" of the Bank. The investment is classified in Held to Maturity (HTM) category, in accordance with RBI guidelines.

4 Employee Stock Option Plan ("ESOP")

The members of the Bank have approved granting of stock options to employees under one or more Employee Stock Option Plan (ESOP) enabling the Board and / or the Human Resource Committee to grant such number of Options of the Bank not exceeding 12% of the aggregate number of issued and paid up equity shares of the Bank. The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of two years, three years or four years in the proportion of either 20:80, equal proportion, 40:30:30, 30:30:40 or 10:20:30:40, as the case may be. Vested options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank gets listed on a recognised stock exchange (listed since August 31, 2016), whichever is later.

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Under Intrinsic Value method there is no charge to the profit and loss account for the current year (previous year – Nil) on account of grant of the ESOPs, since exercise price of the stock options granted is more than the underlying value of the shares (prior to listing) or at the market price (listed since August 31, 2016), as the case may be. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the

year ended March 31, 2017, would have increased by ₹ 24.73 crore (previous year ₹ 22.62 crore) and the profit before tax would have been lower correspondingly. Accordingly, on a pro-forma basis, basic and diluted earnings per share for the year ended March 31, 2017 would have been ₹ 11.89 and ₹ 11.15, respectively (Previous year ₹ 9.11 and ₹ 8.95, respectively).

FY 2016-17				
Stock option activity under the scheme	No of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Outstanding at the beginning of the year	3,38,14,756	46.50 – 120.00	92.95	3.86
Granted during the year	1,31,85,450	120.00 – 494.55	193.61	
Forfeited during the year	25,42,481	46.50 – 377.90	103.31	
Exercised during the year	1,34,75,006	46.50 – 120.00	85.10	
Expired during the year	–			
Outstanding at the end of the year	3,09,82,719	40.00 – 494.55	138.36	3.92
Options exercisable at the end of the year	35,67,877	46.50 – 120.00	89.50	2.58

Options granted during the year carry an exercise price of ₹ 120.00, ₹ 377.90, ₹ 382.15, ₹ 476.70, ₹ 476.85 and ₹ 494.55. During the year corresponding value of the shares for these grants at the time of respective grant was ₹ 77.88, ₹ 377.90, ₹ 382.15, ₹ 476.70, ₹ 476.85 and ₹ 494.55 respectively.

FY 2015-16				
Stock option activity under the scheme	No of Shares	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Outstanding at the beginning of the year	26,115,467	46.50 – 100.00	66.75	4.15
Granted during the year	16,432,050	100.00 – 120.00	119.25	
Forfeited during the year	2,454,261	46.50 – 120.00	74.98	
Exercised during the year	6,278,500	46.50 – 100.00	59.78	
Expired during the year	–			
Outstanding at the end of the year	33,814,756	46.50 – 120.00	92.95	3.86
Options exercisable at the end of the year	4,965,295	46.50 – 100.00	68.90	2.56

Options granted during the previous year carry an exercise price of ₹ 100.00 and ₹ 120.00. During the previous year corresponding value of the shares for these grants at the time of respective grant was ₹ 85.34, ₹ 96.30, ₹ 94.92 and ₹ 90.38 respectively.

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The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2016-17	2015-16
Expected dividend yield	0.30% -1.25%	0.75% -0.90%
Expected volatility	32.74%-45.44%	44.66%-47.27%
Risk free interest rates	6.18%-7.37%	7.29%-8.07%
Expected life of options in years (across each tranche)	1.0- 4.0	1.0- 3.0

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the expected tenor of each tranche.

5 Appropriation to Reserves

For the year ended March 31, 2017, the Bank has appropriated ₹ 111.60 crore (previous year: ₹ 73.20 crore) towards Statutory Reserves, ₹ 0.31 crore (previous year: ₹ 1.00 crore) towards Capital Reserves and ₹ 250.00 crore (previous year: ₹ 160.00 crore) towards Revenue & other Reserves.

6 Disclosures as per Accounting Standards

6.1 Disclosures under AS - 15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

(₹ in crore)

Particulars	2016-17	2015-16
Provident Fund	12.95	10.08
Pension Scheme (employees joining after 01.04.2010)	0.02	0.02

Defined Benefit Plans:

The following table sets out the status of the defined benefit Pension and Gratuity Plan as required under Accounting Standard 15.

Change in the present value of the defined benefit obligation

(₹ in crore)

Particulars	2016-17		2015-16	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at 1st April	107.88	23.34	90.65	18.82
Current Service cost	5.77	3.65	5.14	2.89
Interest cost	8.59	1.80	7.18	1.51
Actuarial losses/ (gains)	(2.08)	4.10	17.71	1.85
Benefits paid	(12.01)	(3.04)	(12.80)	(1.73)
Closing defined benefit obligation at 31st March	108.15	29.85	107.88	23.34

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Change in the plan assets

(₹ in crore)

Particulars	2016-17		2015-16	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at 1st April	87.58	18.46	69.12	14.03
Expected return on plan assets	6.97	1.43	5.47	1.13
Employers Contributions	21.89	4.88	24.78	4.79
Benefit paid	(12.01)	(3.04)	(12.80)	(1.73)
Actuarial gains / (losses) on plan assets	0.83	0.04	1.01	0.24
Closing fair value of plan assets at 31st March	105.26	21.77	87.58	18.46

Reconciliation of present value of the obligations and fair value of the plan assets

(₹ in crore)

Particulars	2016-17		2015-16	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	108.15	29.85	107.88	23.34
Fair value of plan assets at 31st March	105.26	21.77	87.58	18.46
Deficit / (Surplus)	2.89	8.08	20.30	4.88
Net Liability / (Asset)	2.89	8.08	20.30	4.88

Net cost recognized in the profit and loss account

(₹ in crore)

Particulars	2016-17		2015-16	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	5.77	3.65	5.14	2.89
Interest cost	8.59	1.80	7.18	1.51
Expected return on plan assets	(6.97)	(1.43)	(5.47)	(1.13)
Net actuarial losses / (gains) recognised during the year	(2.91)	4.06	16.70	1.61
Total cost of defined benefit plans included in Schedule 16 Payments to and provisions for employees	4.48	8.08	23.55	4.88

Reconciliation of Expected return and actual returns on planned assets

(₹ in crore)

Particulars	2016-17		2015-16	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	6.97	1.43	5.47	1.13
Actuarial gain / (loss) on plan assets	0.83	0.04	1.01	0.24
Actual return on plan assets	7.80	1.47	6.48	1.37

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Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in crore)

Particulars	2016-17		2015-16	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at 1st April	20.30	4.88	21.53	4.79
Expenses as recognised in profit & Loss account	4.48	8.08	23.55	4.88
Employers contribution	(21.89)	(4.88)	(24.78)	(4.79)
Net liability / (asset) recognised in balance sheet	2.89	8.08	20.30	4.88

Experience Adjustment

(₹ in crore)

Particulars	2016-17		2015-16		2015-16		2015-16		2015-16	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	108.15	29.85	107.88	23.34	90.65	18.82	71.15	14.09	57.31	12.88
Fair value of plan assets at 31st March	105.26	21.77	87.58	18.46	69.12	14.03	49.32	11.97	54.42	11.45
Deficit / (Surplus)	2.89	8.08	20.30	4.88	21.53	4.79	21.83	2.12	2.89	1.43
On Plan Liabilities (gains) / losses	(6.09)	2.20	18.46	1.35	10.00	1.07	23.21	0.97	8.13	1.15
On Plan Assets (losses) / gains	0.83	0.04	1.01	0.24	0.64	0.12	0.08	(0.01)	(1.10)	(0.02)

Other details

(₹ in crore)

Particulars	2016-17		2015-16	
	Pension	Gratuity	Pension	Gratuity
Expected Contribution on Plan assets	6.31	13.57	6.35	8.53

A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:

Category of Assets	2016-17		2015-16	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	19.40	12.51	23.32	14.75
State Government securities	32.70	37.63	25.17	35.21
Corporate Bonds	17.28	22.53	8.16	18.37
Special Deposit Schemes	—	—	—	—
Funds with LIC	—	10.57	—	12.46
Fixed deposits and bank balances	30.62	16.76	43.35	19.21
Total	100.00	100.00	100.00	100.00

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Key Actuarial Assumptions

Particulars	2016-17		2015-16	
	Pension	Gratuity	Pension	Gratuity
Discount rate	7.39%	6.77%	7.96%	7.72%
Expected rate of return on Plan Asset	7.39%	6.77%	7.96%	7.72%
Salary Escalation	6.00%	6.00% (IBA) 8.00% (Others)	6.00%	6.00% (IBA) 8.00% (Others)
Attrition rate	2.00%	2.00% (IBA) 20.00% (Others)	2.00%	2.00% (IBA) 20.00% (Others)

6.2 Segment Reporting: Information about business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated July 1, 2015 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, bullion business, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, Credit Cards etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.

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The following table sets forth the business segment results:

(₹ in crore)

Particulars	2016-17					2015-16				
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Gross Revenue	2,570.20	2,320.07	3,181.18	221.02	8,292.47	2,100.28	1,569.76	2,408.77	101.12	6,179.93
Unallocated Revenue					0.77					0.82
Less: Inter Segment Revenue					3,824.61					2,945.90
Total Revenue					4,468.63					3,234.85
Segment Results	269.17	182.39	179.31	50.03	681.67	156.19	97.77	138.92	34.99	428.69
Unallocated expenses					0.18					0.69
Operating Profit					681.49					428.00
Income Tax expense (including deferred tax)					235.44					135.52
Net Profit					446.05					292.48
Segment Assets	20,341.99	8,597.18	18,183.16	813.44	47,935.77	15,055.32	5,963.46	17,119.92	445.48	38,584.18
Unallocated Assets					739.00					576.90
Total Assets					48,674.77					39,161.08
Segment Liabilities	11,005.47	18,965.72	14,301.08	21.02	44,293.29	7,946.44	11,668.82	16,529.13	15.31	36,159.70
Unallocated Liabilities					4,381.48					3,001.38
Total Liabilities					48,674.77					39,161.08

Notes:

- The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, share capital and reserves.

6.3 Related Party Transactions

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended March 31, 2017 are disclosed below:

1. Key Management Personnel ('KMP')

Mr. Vishwavir Ahuja (Managing Director & Chief Executive Officer)

Mr. Rajeev Ahuja (Executive Director) (identified as related party w.e.f. February 21, 2017)

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2. Relatives of Key Management Personnel

Mrs. Reva Ahuja, Mr. Dharam Bir Ahuja, Ms. Vasudhaa Ahuja, Ms. Vrinda Ahuja, Mrs. Dipeeka Dhand, Ms. Kanika Ahuja, D. B. Ahuja & Sons (HUF)

Ms. Aishwarya Ahuja, Mrs. Priti Ahuja, Mr. Raman Ahuja (identified as related party w.e.f. February 21, 2017)

3. Associates

Swadhaar Finserve Private Limited (SFPL) (identified as related party w.e.f. April 5, 2016)

Swadhaar Information and Management Services Private Limited (SIMSPL), a wholly owned subsidiary of SFPL, has been merged with SFPL w.e.f. April 1, 2016 vide NCLT order March 8, 2017. All the transactions done by the Bank with SIMSPL during the current year have been included with SFPL, for the purpose of related party transactions.

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2017.

(₹ in crore)						
Items / Related Party	Associates/ Joint ventures	Maximum Balance during the year	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Remuneration			1.92	–	–	–
Deposit	–	–	10.04	11.06	2.73	3.19
Advances	–	–	0.77	0.85	–	–
Interest paid	–	–	0.13	0.13	0.08	0.08
Interest received	–	–	0.01	0.01	–	–
Interest payable	–	–	–	0.07	0.01	0.02
Interest Receivable	–	–	–	–	–	–

In accordance with RBI guidelines dated March 29, 2003 "Guidance on compliance with the accounting standards by banks", details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

During the previous year, there was only one related party in each of the relevant category.

6.4 Operational Leases

The Bank has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

(₹ in crore)		
Period	2016-17	2015-16
Not later than one year	66.39	54.59
Later than one year and not later than five years	200.35	160.96
Later than five years	56.81	48.24
Total	323.55	263.79
Lease payment recognized in profit and loss account for the year	75.36	66.41

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6.5 Earnings Per Share (EPS)

(₹ in crore)

Particulars	2016-17	2015-16
Basic		
Weighted Average Number of equity shares	354,220,599	304,710,179
Net Profit after tax available for equity share holders (₹)	446.05	292.48
Basic Earnings Per Share (F V ₹ 10/-)	12.59	9.60
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity shares)	377,947,742	310,217,652
Net Profit after tax available for equity share holders (₹)	446.01	292.48
Diluted Earnings Per Share (F V ₹ 10/-)	11.80	9.43
Nominal Value per share	₹ 10	₹ 10

The dilutive impact is due to stock options granted to employees of the Bank.

6.6 Deferred Tax (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2017 are as under:-

(₹ in crore)

Particulars	Deferred Tax Assets/(Liabilities)	
	2016-17	2015-16
Deferred tax assets:		
Provision for Assets	88.93	51.30
Employee benefits	3.93	10.67
Others	9.68	5.65
Deferred tax liabilities:		
Charge related to acquisition	—	(17.81)
Depreciation on Fixed Assets	(13.95)	(12.01)
MTM Gain on Derivatives	—	(13.42)
Total	88.59	24.38

6.7 Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets

(₹ in crore)

Particulars	2016-17	2015-16
At cost at the beginning of the year	104.46	81.28
Additions during the year	55.79	20.42
Deductions during the year	0.44	0.02
Accumulated depreciation at March 31	73.23	44.69
Closing balance at March 31	86.58	56.99
Depreciation charge for the year	26.29	18.77

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7 Small and Micro Industries

Based on information available with the Bank, during the year, there were no amounts outstanding the due date, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

8 Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year ended March 31, 2017

A) Customer Complaints	2016-17	2015-16
a) No. of complaints pending at the beginning of the year	453	86
b) No. of complaints received during the year*	20,739	5,358
c) No. of complaints redressed during the year	20,479	4,991
d) No. of complaints pending at the end of the year	713	453

*Includes 895 (previous Year: 612) ATM Complaints of Bank's customers using other bank ATMs

B) Awards passed by the Banking Ombudsman	2016-17	2015-16
a) No. of unimplemented awards at the beginning of the year	—	—
b) No. of awards passed by the Banking Ombudsman during the year	—	—
c) No. of awards implemented during the year	—	—
d) No. of unimplemented awards at the end of the year	—	—

9 Capital Adequacy

9.1 Capital Adequacy Ratio as per RBI guidelines as per Basel III Capital Regulations dated July 1, 2015 and amended thereafter, as at March 31, 2017 is given below:

Particulars	2016-17	2015-16
i) Common Equity Tier 1 (CET) capital ratio (%)	11.39%	11.10%
ii) Tier I capital ratio (%)	11.39%	11.10%
iii) Tier II capital ratio (%)	2.33%	1.84%
iv) Total capital ratio (CRAR) (%)	13.72%	12.94%
v) Percentage of the shareholding of the Government of India in Public Sector banks	NA	NA
vi) Amount of Equity capital raised	947.17	525.03
vii) Amount of Additional Tier 1 capital raised	NIL	NIL
viii) Amount of Tier 2 capital raised	330.00	400.00

For computation of CRAR as of March 31, 2017, the Bank has reduced the proposed dividend for the FY 2016-2017 (subject to approval of members in the ensuing Annual general meeting) and corporate dividend tax thereon, totaling ₹ 81.29 crore, for determining the CET Capital funds.

9.2 Tier II Capital

During the financial year, the Bank has raised ₹ 330.00 crore as Tier II capital through issuance of Basel III compliant debt capital instruments, details of which are as follows:

Particulars	Nature of Security	Date of Issue	Coupon Rate %	Tenure	Amount
Redeemable, Unsecured, Non Convertible	Debentures	September 27, 2016	10.20%	Six years and 7 Months	330.00

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During the previous year, the Bank raised ₹ 400.00 crore as Tier II capital through issuance of Basel III compliant debt capital instruments, details of which as follows:

(₹ in crore)

Particulars	Nature of Security	Date of Issue	Coupon Rate %	Tenure	Amount
Redeemable, Unsecured, Non Convertible	Debentures	February 16, 2016	10.25%	Six years and 3 Months	200.00
Redeemable, Unsecured, Non Convertible	Debentures	March 31, 2016	10.25%	Six years and 3 Months	200.00

10 Investments:

10.1 Movement of Investments:

(₹ in crore)

Particulars	2016-17	2015-16
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	13,532.35	14,451.44
(b) Outside India	0.17	0.18
(ii) Provisions for Depreciation(including provision for NPI)		
(a) In India	50.81	15.59
(b) Outside India	—	—
(iii) Net Value of Investments		
(a) In India	13,481.54	14,435.85
(b) Outside India	0.17	0.18
(2) Movement of provisions held towards depreciation of investments (including provision for NPIs)		
(i) Opening balance	15.59	2.43
(ii) Add: Provisions made during the year	37.80	27.10
(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	2.58	13.94
(iv) Closing balance	50.81	15.59

10.2 Repo / Reverse Repo Transactions:

During the year, the Bank has not undertaken Repo / Reverse Repo transactions other than Repo / Reverse Repo transactions under the Liquidity Adjustment Facility (LAF) / Marginal Standing Facility (MSF) with RBI. Outstanding lending under Reverse Repo deals with RBI under LAF / MSF as at March 31, 2017 were ₹ 1,350.00 crore (previous year: Nil). Outstanding borrowing under Repo deals with RBI under LAF / MSF as at March 31, 2017, Nil (previous year: ₹ 3,417.00 crore).

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10.3 Issuer Composition of Non-SLR investments (investments not qualifying for the purpose of Statutory Liquidity Ratio (SLR) prescribed by RBI):

Issuer composition as at March 31, 2017 of non-SLR investments

(₹ in crore)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	NIL	NIL	NIL	NIL	NIL
2	FIs	NIL	NIL	NIL	NIL	NIL
3	Banks	30.50	30.00	NIL	NIL	NIL
4	Private Corporates	1,582.72	1,496.83	NIL	6.00	155.27
5	Subsidiaries/ Joint ventures	NIL	NIL	NIL	NIL	NIL
6	Others	2,118.08*	1,254.10	NIL	2.97	118.97
7	Provisions held towards depreciation	(50.81)				
	Total	3,680.49	2,780.93	NIL	8.97	274.24

* includes Government securities of ₹ 2.93 crore which does not qualify as SLR securities.

Issuer composition as at March 31, 2016 of non-SLR investments

(₹ in crore)

No	Particulars	Amount	Private Placement	Below Investment Grade	Unrated Securities	Unlisted Securities
1	PSU	41.15	41.15	NIL	NIL	NIL
2	FIs	196.94	196.94	Nil	Nil	NIL
3	Banks	198.32	0.50	Nil	Nil	NIL
4	Private Corporates	1,051.95	941.62	Nil	Nil	NIL
5	Subsidiaries/ Joint ventures	Nil	Nil	Nil	Nil	NIL
6	Others	2,681.26*	2,108.08	Nil	Nil	80.24
7	Provisions held towards depreciation	(15.59)				
	Total	4,154.03	3,288.29	Nil	Nil	80.24

* includes Government securities of ₹ 2.93 crore which does not qualify as SLR securities.

10.4 Non Performing Non-SLR investment

(₹ in crore)

No.	Particulars	2016-17	2015-16
1	Opening Balance	15.50	15.50
2	Additions during the year	12.86	—
3	Reductions during the year	—	—
4	Closing Balance	28.36	15.50
5	Total provisions held for NPI	13.61	3.87

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10.5 Security Receipts (SR)

Details of the book value of investments held as Security Receipts received by sale of NPA to Securitization / Reconstruction Company are as follows-

(₹ in crore)

Particulars	Backed by NPAs sold by the Bank as underlying		Backed by NPAs sold by other banks/ FIs/ NBFCs as underlying		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Book value of investments in security receipts #	20.94	23.75	—	—	20.94	23.75

The Bank has made credit provision of ₹ 11.80 crore (previous year ₹ 9.50 crore) in respect of these SR investments.

11 Forward Rate Agreement / Interest Rate Swaps / Exchange Traded Interest Rate Derivatives:

11.1 Notional and concentration of FRAs and IRS

(₹ in crore)

Particulars	2016-17	2015-16
i) The notional principal of swap agreements	5,116.95	7,150.48
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	43.03	44.21
iii) Collateral required by the Bank upon entering into swaps	NIL	NIL
iv) Concentration of credit risk arising from the swaps	40.14	48.13
v) The fair value of the swap book	5.87	1.73#

fair value of the swap book is inclusive of interest accrual.

11.2 The nature and terms of Interest Rate Swaps (IRS) – FCY as on March 31, 2017 are set out below –

Nature	Nos.	Notional Principal (₹ in crore)	Benchmark	Terms
FCY IRS	21	295.96	USD and GBP LIBOR	Receive Fixed and Pay Floating
FCY IRS	21	295.96	USD and GBP LIBOR	Pay Fixed and Receive Floating

The nature and terms of Interest Rate Swaps (IRS) – FCY as on March 31, 2016 are set out below –

Nature	Nos.	Notional Principal (₹ in crore)	Benchmark	Terms
FCY IRS	6	100.24	LIBOR	Receive Fixed and Pay Floating
FCY IRS	6	100.24	LIBOR	Pay Fixed and Receive Floating

11.3 The nature and terms of Interest Rate Swaps (IRS) – INR as on March 31, 2017 are set out below –

Nature	Nos.	Notional Principal (₹ crore)	Benchmark	Terms
IRS	71	2,625.00	MIBOR	Receive Fixed and Pay Floating
IRS	65	1,900.00	MIBOR	Pay Fixed and Receive Floating

The nature and terms of Interest Rate Swaps (IRS) – INR as on March 31, 2016 are set out below –

Nature	Nos.	Notional Principal (₹ crore)	Benchmark	Terms
IRS	75	3,550.00	MIBOR	Receive Fixed and Pay Floating
IRS	70	3,400.00	MIBOR	Pay Fixed and Receive Floating

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11.4 Exchange Traded Interest Rate Derivatives

Exchange Traded Interest Rate Derivatives is set out below.

(₹ in crore)

S.No.	Particulars	2016-17
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year :	
	697GS2026-FUTIRC-27-Oct-16	20.62
	697GS2026-FUTIRC-24-Nov-16	13.55
	759GS2026-FUTIRC-23-Feb-17	415.84
	759GS2026-FUTIRC-24-Nov-16	367.44
	759GS2026-FUTIRC-25-Aug-16	133.59
	759GS2026-FUTIRC-25-Jan-17	209.97
	759GS2026-FUTIRC-26-May-16	90.81
	759GS2026-FUTIRC-27-Oct-16	374.07
	759GS2026-FUTIRC-28-Jul-16	240.66
	759GS2026-FUTIRC-29-Dec-16	348.37
	759GS2026-FUTIRC-29-Sep-16	449.69
	759GS2026-FUTIRC-30-Jun-16	145.70
	772GS2025-FUTIRC-26-May-16	18.09
2	Notional Principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2017.	Nil
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2017	N.A.
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2017.	N.A.

(₹ in crore)

S. No.	Particulars	2015-16
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year :	
	759GS2026-FUTIRC 28-Jan-16	0.40
	772GS2025-FUTIRC 26-Nov-15	0.04
	772GS2025-FUTIRC 31-Dec-15	56.08
	772GS2025-FUTIRC 28-Jan-16	5.23
	772GS2025-FUTIRC 25-Feb-16	12.85
	772GS2025-FUTIRC 31-Mar-16	305.08
	788GS2030-FUTIRC 26-Nov-15	0.04
	788GS2030-FUTIRC 31-Dec-15	1.99
2	Notional Principal amount of exchange traded interest rate derivatives outstanding as on March 31, 2017.	Nil
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2017	N.A.
4	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective" as on March 31, 2017.	N.A.

11.5 Risk Exposure in Derivatives:

Qualitative disclosures:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank is currently dealing in Interest Rate and Foreign Exchange (FX) Derivatives for balance sheet management and proprietary trading/ market making. The Bank also offers derivative products to its customers for hedging their interest rate and FX risk.

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Proprietary trading also includes Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps (MIBOR). The Bank undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps, or both, FCY IRS, and Long Term Forex Contracts (LTFX) to offers them to its customers. The Bank also undertakes derivative transactions in OIS swap and Currency Swap for hedging its Balance Sheet.

These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

a) The structure and organization for management of risk in derivatives trading.

The Bank has separate Treasury Front Office, Treasury Middle Office, Market Risk and Treasury Back Office functions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. Treasury Middle Office and Market Risk Group are responsible for identifying, measurement, monitoring, and analysis of derivative related risks. Treasury Back Office undertakes activities such as confirmations, settlements, documentation and accounting. The Treasury activities are subject to a concurrent audit.

b) The scope and nature of risk measurement, risk reporting and risk monitoring systems.

Derivative transactions are governed by the Bank's Derivative Policy, Commercial Credit Policy, Market Risk Policy, Liquidity Risk Management and ALM Policy and Client Suitability and Appropriateness Policy as well as by the extant RBI guidelines.

Various risk limits are set up taking into account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, Value at Risk, stop loss, and stress scenario limits. All exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

The Bank measures counterparty risk using current exposure method. Counterparty limits are approved as per the Bank's Credit Policies. The sanction terms may include the requirement to post upfront collateral, or post collateral should the mark to market (MTM) exceed a specified threshold; on a case to case basis. The Bank retains the right to terminate transactions as a risk mitigation measure, in case the client does not adhere to the agreed terms.

All counterparty exposures are monitored against these limits on a daily basis and breaches, if any, are reported for corrective action.

c) Policies for hedging and/ or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants,

The Bank has a Board approved Hedge and Hedge effectiveness Policy, which govern the use of derivative for hedging purpose. Hedging transactions are undertaken by the Bank to protect the variability in the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis.

d) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts.

The Bank undertakes derivative transactions for market making/trading and hedging purposes. Transactions for trading and hedging are recorded separately. The Bank revalues its trading positions on a daily basis and the resulting gain/loss is recorded in the Profit and Loss Account. The receivable and payable on marking the contracts to market are shown under "Other Assets" and "Other Liabilities" in the Balance Sheet.

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Derivatives other than FX forward transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties.

The Bank follows the option premium accounting framework prescribed by FEDAI circular. Premium on option transaction is recognised as income/ expense on expiry or early termination of the transaction. MTM gain/ loss, is recorded under 'Other Income'. The amounts received/ paid on cancellation of option contracts are recognised as realised gains/ losses on options.

Charges receivable/ payable on cancellation/ termination of foreign exchange Forward contracts and swaps are recognised as income/ expense on the date of cancellation/ termination under 'Other Income'. Pursuant to the RBI guidelines, any receivables (crystallised receivables and positive MTM) under Forex & derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

e) Collateral and Credit Risk Mitigation

The credit risk on customer derivative transactions is mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalations, margin calls and terminations.

Collateral requirements for derivative transactions determined through a usual credit appraisal process and are laid down in the credit sanction terms of the transactions. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

11.6 Quantitative disclosure on risk exposure in derivatives as at March 31, 2017

(₹ in crore)

S. No.	Particular	2016-17				2015-16			
		Currency derivatives			Interest rate derivatives	Currency derivatives			Interest rate derivative
		Forward Contract	Currency Option	Currency Swap		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)								
a)	For hedging	3,266.75#	NIL	665.74	625.00	644.86#	NIL	NIL	175.00
b)	For trading	10,415.15	4,404.40	4,890.54	4,491.95	6,191.87	4,806.55	1,798.01	6,975.48
(ii)	Marked to Market Positions								
a)	Asset (+)	294.96	35.53	139.03	39.68	106.28	38.93	38.17	44.21
b)	Liability (-)	(195.77)	(35.39)	(103.79)	(37.16)	(73.15)	(40.25)	(28.38)	(42.48)
(iii)	Credit Exposure	722.61	102.42	782.74	95.57	265.17	111.84	193.00	98.71
(iv)	Likely impact of one percentage change in interest rate (100*PV01)								
a)	on hedging derivatives	1.06#	NIL	0.18	7.89	3.73#	NIL	NIL	4.64
b)	on trading derivatives	2.12	NIL	NIL	0.08	2.41	NIL	NIL	0.04
(v)	Maximum and Minimum of 100*PV01 observed during the year								
a)	on hedging								
	Max	16.11#	NIL	0.84	12.38	5.01#	NIL	NIL	4.64
	Min	1.06#	NIL	0.00	7.89	3.16#	NIL	NIL	0.00
b)	on trading								
	Max	2.21	NIL	NIL	2.67	2.41	NIL	NIL	0.80
	Min	0.09	NIL	NIL	0.08	0.09	NIL	NIL	0.02

represents funding swaps undertaken by the Bank.

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- (1) Mark to Market for Currency Swap & Interest Rate Derivative includes Interest accrued on the swap.
- (2) Maximum and minimum PV01 for the year is computed based on balances at the end of every month. The Notional principal of Forward Contracts does not include Tom and Spot Foreign Exchange trades.
- (3) The notional principal of derivative contracts reflect the volume of transactions outstanding as at the balance sheet date and do not represent the amount of risk taken by the Bank.

12 Restructured / Rescheduled / Renegotiated Investments

During the year Nil (Previous year: Nil)

13 Asset Quality

13.1 Movement of NPA and NPA Provision

(₹ in crore)		
Particulars	2016-17	2015-16
(i) Net NPAs to Net Advances (%)	0.64%	0.59%
(ii) Provisioning Coverage Ratio (PCR) (%)	59.58%	55.87%
(iii) Movement of Gross NPAs		
(a) Opening balance	208.05	111.23
(b) Additions during the year #	533.41	199.69
(c) Reductions during the year	384.62	102.87
(i) Up - gradations	13.17	11.40
(ii) Recoveries (excluding recoveries made from up-graded accounts) #	302.78	18.63
(iii) Write - offs	68.67	72.84
(d) Closing balance	356.84	208.05
(iv) Movement of Net NPAs		
(a) Opening balance	124.44	38.59
(b) Additions during the year #	365.62	145.67
(c) Reductions during the year #	300.12	59.82
(d) Closing balance	189.94	124.44
(v) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	83.61	72.64
(b) Provisions made during the year #	241.26	81.38
(c) Write-off / write back of excess provisions during the year #	157.97	70.41
(d) Closing balance	166.90	83.61

This includes five borrower accounts where divergence on the asset classification as at March 31, 2016, was observed by RBI. All these borrower accounts except one have been repaid / realised during the year.

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13.2 Divergence in Asset Classification and Provisioning for NPAs

(₹ in crore)

Sr.	Particulars	Amount
1	Gross NPAs as on March 31, 2016 as reported by the Bank	208.05
2	Gross NPAs as on March 31, 2016 as assessed by RBI	547.35
3	Divergence in Gross NPAs (2-1) #	339.30
4	Net NPAs as on March 31, 2016 as reported by the Bank	124.44
5	Net NPAs as on March 31, 2016 as assessed by RBI	326.34
6	Divergence in Net NPAs (5-4) #	201.90
7	Provisions for NPAs as on March 31, 2016 as reported by the Bank	83.61
8	Provisions for NPAs as on March 31, 2016 as assessed by RBI	221.01
9	Divergence in provisioning (8-7) #	137.40
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2016	292.48
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2016 after taking into account the divergence in provisioning	202.63

Note: March 31, 2016 is the close of the reference period in respect of which divergences were assessed

This includes five borrower accounts where divergence on the asset classification as at March 31, 2016, was observed by RBI. All these borrower accounts except one have been repaid / realised during the year.

13.3 Technical Write-off:

(₹ in crore)

Particulars	2016-17	2015-16
Opening balance of Technical / Prudential written-off accounts as at April 1	73.90	10.44
Add : Technical / Prudential write-offs during the year	40.63	64.19
Sub-total (A)	114.53	74.63
Less : Recoveries made from previously technical / prudential written-off accounts during the year (B)	1.41	0.73
Closing balance as at March 31 (A-B)	113.12	73.90

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13.4 Particulars of Restructured Accounts:

Details of loan assets subjected to restructuring during the year are given below:

Restructured Advances as at March 31, 2017

(₹ in crore)

Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Restructured accounts as on 1 April of the FY	A	-	1	-	-	1	1	-	-	-	1	-	3	1	-	4	6
	B	-	40.60	-	-	40.60	19.90	-	-	-	19.90	-	14.73	17.14	-	31.88	92.38
	C	-	20.14	-	-	20.14	4.40	-	-	-	4.40	-	6.29	10.92	-	17.21	41.75
Fresh Restructuring during the year	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	4.37	-	-	4.37	4.37
	C	-	-	-	-	-	-	-	-	-	-	-	4.37	-	-	4.37	4.37
Increase / (Decrease) in outstanding of Restructured cases	A	-	-	1	-	1	-	-	-	-	-	-	-	(1)	-	(1)	-
	B	-	-	3.86	-	3.86	(0.66)	-	-	-	(0.66)	-	0.62	(17.14)	-	(16.52)	(13.32)
	C	-	-	3.29	-	3.29	(0.07)	-	-	-	(0.07)	-	0.19	(10.92)	-	(10.73)	(7.51)
Upgradation to restructured standard during the FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Down gradations of restructured accounts during the FY	A	-	-	-	-	-	-	-	-	-	-	-	(3)	3	-	-	-
	B	-	-	-	-	-	-	-	-	-	-	-	(19.72)	19.72	-	-	-
	C	-	-	-	-	-	-	-	-	-	-	-	(10.85)	10.85	-	-	-
Write-offs of restructured accounts	A	-	(1)	-	-	(1)	-	-	-	-	-	-	-	-	-	-	(1)
	B	-	(40.60)	-	-	(40.60)	-	-	-	-	-	-	-	-	-	-	(40.60)
	C	-	(20.14)	-	-	(20.14)	-	-	-	-	-	-	-	-	-	-	(20.14)
Restructured accounts as on 31 March (Closing)	A	-	-	1	-	1	1	-	-	-	1	-	-	3	-	3	5
	B	-	-	3.86	-	3.86	19.24	-	-	-	19.24	-	-	19.72	-	19.72	42.82
	C	-	-	3.29	-	3.29	4.33	-	-	-	4.33	-	-	10.85	-	10.85	18.47

* Amount in this column indicates the movement i.e. recovery / (increase) in the balance during the year

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

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Restructured Advances as at March 31, 2016

(₹ in crore)

Type of restructuring		Under CDR					Under SME					Others					Total
Asset Classification		S	SS	D	L	Total	S	SS	D	L	Total	S	SS	D	L	Total	
Details																	
Restructured accounts as on 1 April of the FY	A	1	–	–	–	1	2	–	–	–	2	3	1	–	–	4	7
	B	52.20	–	–	–	52.20	19.74	–	–	–	19.74	6.97	17.14	–	–	24.11	96.05
	C	7.77	–	–	–	7.77	2.89	–	–	–	2.89	0.92	3.66	–	–	4.59	15.25
Fresh Restructuring during the year	A	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	B	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	C	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase / (Decrease) in outstanding of Restructured cases	A	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	B	(11.60)	–	–	–	(11.60)	0.83	–	–	–	0.83	7.77	(0.00)	–	–	7.77	(3.00)
	C	12.37	–	–	–	12.37	1.51	–	–	–	1.51	5.36	7.26	–	–	12.62	26.50
Upgradation to restructured standard during the FY	A	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	B	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	C	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Restructured standard advances which cease to attract higher provision at the year end and need not be shown as restructured advances at the beginning of the next FY	A	–	–	–	–	–	(1.00)	–	–	–	(1.00)	–	–	–	–	–	(1.00)
	B	–	–	–	–	–	(0.67)	–	–	–	(0.67)	–	–	–	–	–	(0.67)
	C	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Down gradations of restructured accounts during the FY	A	(1)	1	–	–	–	–	–	–	–	–	(3)	2	1	–	–	–
	B	(40.60)	40.60	–	–	–	–	–	–	–	–	(14.73)	(2.41)	17.14	–	–	–
	C	(20.14)	20.14	–	–	–	–	–	–	–	–	(6.29)	(4.63)	10.92	–	–	–
Write-offs of restructured accounts	A	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	B	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	C	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Restructured accounts as on 31 March (Closing)	A	–	1	–	–	1	1	–	–	–	1	–	3	1	–	4	6
	B	–	40.60	–	–	40.60	19.90	–	–	–	19.90	–	14.73	17.14	–	31.88	92.38
	C	–	20.14	–	–	20.14	4.40	–	–	–	4.40	0.00	6.29	10.92	–	17.21	41.75

* Amount in this column indicates the movement i.e. recovery / (increase) in the balance during the year

A- No. of borrowers, B- Amt. outstanding, C- Provision thereon

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13.5 Strategic Debt Restructuring

13.5.1 Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in crore)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
1	56.64	Nil	Nil	Nil	56.64	Nil

13.5.2 Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in crore)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity / invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

13.5.3 The Bank has acquired equity shares under Strategic Debt Restructuring scheme during the year amounting to ₹ 4.75 crore.

13.6 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction:

(₹ in crore)

Particulars	2016-17	2015-16
(i) No. of accounts	—	—
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	—	—
(iii) Aggregate consideration	—	—
(iv) Additional consideration realized in respect of accounts transferred in earlier years	—	—
(v) Aggregate loss over net book value	—	—

13.7 Details of non-performing financial assets purchased / sold:

13.7.1 Non-performing financial assets purchased:

(₹ in crore)

Particulars	2016-17	2015-16
1 (a) No. of accounts purchased during the year	2	—
(b) Aggregate Outstanding	8.50#	—
2 (a) Of these, number of accounts restructured during the year	—	—
(b) Aggregate Outstanding	—	—

One account ₹ 3.00 crore closed on receipt of consideration.

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13.7.2 Non- performing financial assets sold:

(₹ in crore)

Particulars	2016-17	2015-16
No. of accounts sold during the year	–	1
Aggregate Outstanding	–	4.15
Consideration Received	–	8.00

14 The Bank has not done any securitisations during the year ended March 31, 2017 and March 31, 2016.

15 Business Ratios:

Particulars	2016-17	2015-16
(i) Interest income as % to Working funds	8.99%	9.31%
(ii) Non-Interest income as % to Working funds	1.83%	1.66%
(iii) Operating profit as % to Working funds	2.23%	1.84%
(iv) Return on Assets (Working funds)	1.08%	0.99%
(v) Business (Deposit plus Advance) per employee (₹ in crore)	12.16	10.95
(vi) Profit per employee (₹ in crore)	0.09	0.08

Working funds represents the average of total assets as reported in Monthly Form X to RBI under Section 27 of the Banking Regulation Act, 1949.

16 Maturity Pattern

Maturity pattern of certain items of assets and liabilities is given below:

(₹ in crore)

Particulars	As at March 31, 2017					
	Loans & Advances (INR) #	Investments (INR) #	Deposits (INR) #	Borrowings (INR) #	Foreign currency Assets	Foreign currency Liabilities
1 day	340.20	3,145.80	540.66	6.79	152.50	14.94
2 to 7 days	515.56	470.36	2,241.50	1,029.51	43.22	28.59
8 to 14 days	313.78	186.64	1,051.71	3.86	37.55	179.45
15 to 30 Days *	817.64	580.18	2,488.80	160.19	166.04	20.42
31 Days to 2 months *	1,160.94	799.75	2,700.05	357.15	78.94	97.55
Over 2 months to 3 months *	1,284.45	654.03	2,901.24	3.86	155.85	467.53
Over 3 months to 6 months	2,739.57	1,273.86	4,604.79	847.41	328.73	358.43
Over 6 months to 1 year	6,305.64	1,679.56	5,910.35	790.00	878.17	455.11
Over 1 year to 3 years	8,514.46	3,354.71	11,043.15	845.35	1,507.23	457.04
Over 3 years to 5 years	1,939.90	581.73	322.94	100.61	236.75	1,261.79
Over 5 years	1,938.29	754.93	394.67	775.77	117.80	131.04
Total	25,870.43	13,481.55	34,199.86	4,920.50	3,702.78	3,471.89

Foreign currency balances not included.

* The bucketing structure has been revised based on the RBI guidelines dated March 23, 2016.

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(₹ in crore)

Particulars	As at March 31, 2016					
	Loans & Advances (INR) #	Investments (INR) #	Deposits (INR) #	Borrowings (INR) #	Foreign currency Assets	Foreign currency Liabilities
1 day	212.28	4,443.33	142.00	6.79	210.58	6.55
2 to 7 days	305.82	325.88	1,097.04	3,136.53	50.54	17.35
8 to 14 days	560.81	348.93	886.19	1,800.00	34.48	8.17
15 to 28 days	476.81	544.86	1,299.18	0.00	52.57	19.07
29 days to 3 months	2,318.65	2,876.82	7,258.36	545.00	209.86	100.15
Over 3 months to 6 months	1,624.32	965.58	2,703.30	743.26	110.18	617.87
Over 6 months to 1 year	5,259.63	1,530.23	3,593.95	555.45	579.24	462.02
Over 1 year to 3 years	5,443.21	2,142.37	6,414.55	1,214.71	542.75	263.82
Over 3 years to 5 years	1,559.03	663.18	366.05	183.48	116.65	677.30
Over 5 years	1,588.76	594.67	170.37	472.80	90.21	133.75
Total	19,349.32	14,435.85	23,930.99	8,658.02	1,997.06	2,306.05

Foreign currency balances not included.

Classification of assets and liabilities under the different maturity buckets for both current and previous financial years is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of assets and liabilities excludes off balance sheet items.

17 Lending to Sensitive Sector

17.1 Exposure to Real Estate Sector:

(₹ in crore)

Particulars	2016-17	2015-16
1) Direct exposure		
(a) Residential Mortgages -	234.18	265.64
Out of which Individual housing loans eligible for inclusion in priority sector advances	80.49	98.29
(b) Commercial Real Estate	2,403.13	1,465.22
(c) Investments in Mortgage Backed Securities (MBS) and other securitized exposures	—	—
i. Residential Mortgages	—	—
ii. Commercial Real Estate	—	—
2) Indirect Exposure	—	—
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	397.73	517.16
Total Exposure to Real Estate Sector	3,035.04	2,248.02

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17.2 Exposure to Capital Market:

(₹ in crore)

Particulars	2016-17	2015-16
(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;	138.65	19.52
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	—	—
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	169.23	280.49
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	—	—
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	80.00	80.00
(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	—	—
(vii) Bridge loans to companies against expected equity flows/issues	—	—
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	—	—
(ix) Financing to stockbrokers for margin trading	—	—
(x) All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	81.78	68.56
Total Exposure to Capital Market	469.66	448.57

17.3 Risk Category wise Country Exposure:

(₹ in crore)

Risk Category	Exposure (net) as at March 31, 2017	Provision held as at March 31, 2017	Exposure (net) as at March 31, 2016	Provision held as at March 31, 2016
Insignificant	161.77	—	152.37	—
Low	511.30	1.20	7.62	—
Moderate	1.12	—	0.72	—
High	—	—	—	—
Very High	—	—	—	—
Restricted	—	—	0.12	—
Off-credit	—	—	—	—
Total	674.19	1.20	160.83	—

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18 Details of Single / Group Borrower limit exceeded by the Bank

During the current year and the previous year, the Bank has complied with the applicable RBI guidelines with regard to exposure to a single borrower and a group of the borrower. As per the exposure limits permitted under the extant RBI regulation, the Bank, with the approval of the Board of Directors, can enhance exposure to a single borrower or borrower group by a further 5 percent of capital funds.

During the current, year the Bank's credit exposures to single borrowers and group borrowers were within the prudential limits prescribed by RBI. During the previous year, the Bank with the prior approval of the Board of Directors, sanctioned enhancement to single borrower limit for Gujarat State Petronet Limited (infrastructure company within the definition of RBI exposure norms) from 20% of Capital Funds to 25% of Capital Funds.

19 Amount of Provisions made for Income-tax during the year:

(₹ in crore)

Particulars	2016-17	2015-16
i) Provision for Income tax	238.16	157.54
ii) Provision for Deferred tax	(2.72)	(22.02)

20 Unsecured Advances against Intangible Collaterals:

(₹ in crore)

Particulars	2016-17	2015-16
Total Advances against intangible securities such as charge over the rights, licenses, authority etc.	NIL	NIL
Estimated Value of intangible collateral such as charge over the rights, licenses, authority etc.	NIL	NIL

21 Penalties imposed by RBI

During the current year, RBI levied following penalties:

- ₹ 1.00 crore for lapses in adhering to the RBI guidelines with respect to import of goods and services, lapses in adhering to provisions of the Master Circular on KYC/AML with respect to on-going monitoring of certain customer transactions, diligence of the beneficiaries of foreign exchange remittances and filing of suspicious transaction reports with the Financial Intelligence Unit – India
- ₹ 0.01 crore for shortfall in maintenance Cash Reserve Ratio (CRR) requirement for one day in the financial year.

For the previous year ended March 31, 2016, no penalty was imposed by RBI on the Bank.

22 Disclosure of Fees / Remuneration Received in respect of Bancassurance Business

(₹ in crore)

Particulars	2016-17	2015-16
i) Fee / Remuneration from Life Insurance Business	10.84	8.67
ii) Fee / Remuneration from General Insurance Business	2.10	2.11

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23 Break up of Provisions and Contingencies debited to Profit & Loss Account

(₹ in crore)

Particulars	2016-17	2015-16
i) Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines		
a) For Advances	152.44	80.04
b) For Investments	9.74	1.55
c) For Lease Assets	–	–
ii) Provisions towards Standard Advances	45.02	23.82
iii) Provision for depreciation on investments	25.48	11.61
iv) Provision / (Write-back) for credit card reward points	4.56	(3.46)
v) Provision for others	1.69	0.84
vi) Provisions towards Income tax	238.16	157.54
vii) Provision towards deferred tax (net)	(2.72)	(22.02)
Total	474.37	249.92

24 Drawdown from Reserves

The Bank has not undertaken any drawdown from reserves during the year ended March 31, 2017 and March 31, 2016 except towards share issue expenses of ₹ 46.84 crore, incurred for raising equity share capital through Initial Public Offering (IPO) during the year ended March 31, 2017, which have been adjusted against the share premium account, in terms of Section 52 of the Companies Act, 2013.

25 Floating Provisions

The Bank has not made any floating provisions.

26 Market risk in trading book

Quantitative Disclosure:

(₹ in crore)

Particulars	2016-17	2015-16
	Basel III	Basel III
Capital requirements for:		
a) Interest rate risk	280.78	290.96
b) Equity position risk	36.34	19.91
c) Foreign exchange risk	11.70	11.70

27 Concentration of Deposits, Advances, Exposures and NPAs

27.1 Concentration of Deposits

(₹ in crore)

Particulars	2016-17	2015-16
Total Deposits of twenty largest depositors	7,403.59	5,572.13
Percentage of Deposits of twenty largest depositors to Total Deposits	21.41%	22.88%

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27.2 Concentration of Advances

(₹ in crore)

Particulars	2016-17	2015-16
Total Advances to twenty largest borrowers*	6,973.84	4,635.29
Percentage of Advances to twenty largest borrowers to Total Advances	14.73%	14.00%

* Credit Exposure excludes the exposures which are 100% cash backed

27.3 Concentration of Exposures

(₹ in crore)

Particulars	2016-17	2015-16
Total Exposure to twenty largest borrowers / customers *	7,316.97	5,003.69
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	14.32%	13.42%

* Credit Exposure excludes the exposures which are 100% cash backed

27.4 Concentration of NPA's

(₹ in crore)

Particulars	2016-17	2015-16
Total Exposure to top four NPA Accounts (Gross)	120.66	85.12

28 Sector Wise Advances:

(₹ in crore)

S. No.	Sector	Current year (2016-17)			Previous year (2015-16)		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	3,371.37	18.82	0.56	2,539.54	7.94	0.31
2	Advances to industries sector eligible as priority sector lending	1,284.50	13.34	1.04	873.81	3.38	0.39
3	Services	3,657.66	44.74	1.22	1,849.72	13.48	0.73
4	Personal loans	1,043.19	7.09	0.68	1,605.75	2.54	0.16
	Sub-total (A)	9,356.72	83.99	0.90	6,868.82	27.34	0.40
B	Non Priority Sector						
1	Agriculture and allied activities	11.36	0.32	2.82	19.21	0.00	0.00
2	Industry	7,270.97	122.49	1.68	6,073.15	68.74	1.13
3	Services	6,678.11	104.15	1.56	5,023.79	77.27	1.54
4	Personal loans	6,302.24	45.89	0.73	3,331.21	34.70	1.04
	Sub-total (B)	20,262.68	272.85	1.76	14,447.36	180.71	1.25
	Total (A+B)	29,619.40	356.84	1.20	21,316.18	208.05	0.98

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29 Details of Priority Sector Lending Certificates (PSLC)

29.1 Priority Sector Lending Certificates bought during the year

(₹ in crore)

Category	For the year ended March 31, 2017	For the year ended March 31, 2016
PSLC Agriculture	–	–
PSLC SF / MF	550.00	–
PSLC Micro Enterprise	–	–
PSLC General	–	–
Total	550.00	–

29.2 Priority Sector Lending Certificates sold during the year

(₹ in crore)

Category	For the year ended March 31, 2017	For the year ended March 31, 2016
PSLC Agriculture	–	–
PSLC SF / MF	–	–
PSLC Micro Enterprise	123.25	–
PSLC General	1,061.25	–
Total	1,184.50	–

30 Overseas Assets, NPAs and Revenue

(₹ in crore)

Particulars	2016-17	2015-16
Total Assets	NIL	NIL
Total NPAs	NIL	NIL
Total Revenue	NIL	NIL

31 Off- Balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

2. Mr. Narayan Ramachandran

3. Mr. Vimal Bhandari

4. Mr. Jairaj Purandare

5. Mr. Ishan Raina

32 Disclosure on Remuneration

Qualitative Disclosure

A. Information relating to the composition and mandate of the Remuneration Committee.

The Bank's Human Resources and Remuneration Committee (HR&RC) comprises of the following directors:

1. Mr. P. Sudhir Rao - Chairman of Committee

All members of the HR&RC are independent directors. Mr. Sudhir Rao, Mr. Narayan Ramachandran and Mr. Vimal Bhandari are also members of the Risk Management Committee of the Board. Mr. Vishwavir Ahuja is a permanent attendee.

Following are the terms of Reference of Human Resources and Remuneration Committee:

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- To assist and advise the MD & CEO in planning for senior management build-out of the Bank so as to ensure appropriate leadership is in place for the Bank's transformation strategy.
 - To evaluate and approve HR policies of the Bank
 - To evaluate and approve various Employee Stock Ownership Schemes that may be required from time to time to ensure that the Bank gets the right talent and is able to retain high performing employees etc.
 - To award ESOPs to employees, whether in the form of joining or performance. The Committee may determine the level/grade of employees it desires to review and award.
 - To oversee the framing, review and implementation of compensation policy of the bank on behalf of the Board.
 - To work in close coordination with Risk Management Committee of the bank, in order to achieve effective alignment between remuneration and risks.
 - To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.
 - Any other related aspect to the above.
- B. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The remuneration is divided into following components:

Fixed Remuneration:

For employees governed by Indian Banking Association's employment and compensation rules (IBA rules), their remuneration is based on the industry-wide bi-partite wage settlement

agreements signed with the employees' unions. These rules provide for basic salary, allowances and certain retirement benefits to the employees which are uniformly applicable for the employees covered under the IBA scale.

For the employees governed by the 'Cost to Company (CTC)' remuneration structure (i.e. Non-IBA scale employees), the CTC represents the total direct and fixed cost incurred by the Bank across all components of compensation including contributions paid by the Bank towards retiral benefits, and loans at concessional interest rates. It consists of Basic Salary, House Rent Allowance, Personal Allowance / Special Allowances, Medical & other Reimbursements, Leave Travel Assistance and Retiral Benefits.

Employee Stock Options:

In order to align the interest of the Bank, the senior management, its members and the employees, there is an effort to create long term ownership and commitment for the senior officers of the Bank. This is also done with a view to recognize and compensate senior officers for intellectual capital, the domain expertise in terms of product and market knowledge and the business relationships that they bring along. Accordingly, the Bank has formulated Employee Stock Option Program.

Further, to reward the performance and recognise the contribution of employees, the Bank has also introduced a Performance Employee Stock Option Program. The Bank had also introduced an Employee Retention Stock option program with the objective of retaining a very select group of highly valued middle and senior management as well as employees in key leadership roles.

The underlying philosophy of Employee Stock Option Plan is to enable the present and future employees to share the value that they help to create for the Bank over a period of time. Joining Employee Stock Options (ESOPs) are granted based on the primacy of the role to the Bank as well as experience, domain knowledge, current ability, future potential and expertise of the candidate. Performance ESOPs

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are given after periodic evaluation of the employee against individual and overall performance of the Bank during the review period. The Plan has been designed and implemented in such a way that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. From FY12, the ESOP has been broad based to include long serving employees of the Bank to make them partners in the growth of the Bank.

These stock option programmes are administered by the HR&RC.

Annual Performance Linked Variable Compensation (APLVC):

APLVC is paid as a percentage of CTC as defined in the Compensation Policy of the Bank.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs.

- C. Description of the ways in which current and future risks are taken into account in the remuneration processes.

Key determinant of the total variable pool is the overall performance of the Bank in any given year.

Further, the following principles apply:

- i. In order for incentive-based remuneration to work, the variable part of remuneration should be truly and effectively variable and can even be reduced to zero.
- ii. Methodologies for adjusting remuneration to risk and performance will be based on the general risk management and corporate governance framework adopted by the Bank.

iii. Risks taken need to be estimated (ex ante), risk outcomes observed (ex post) and both ex ante estimates and ex post outcomes would have a bearing on the payoffs.

iv. Risk adjustments would take into account the nature of the risks involved and the time horizons over which they could emerge. The impact of remuneration adjustments would be linked to actions taken by employees and / or business units, and their impact on the level of risk taken on by the Bank.

v. Both ESOP as well as APLVC provides long term remuneration benefits to employees. The ESOP/PESOP / RESOP are equity settled where the employees will receive one equity share per option. The ESOPs and PESOPs granted to employees vest over a period of three / four years, in the following proportion, 40:30:30, 30:30:40, 10:20:30:40 each year whereas RESOPs vest over a period of two years in a proportion of 20:80 each year. Second vesting of RESOP is linked with IPO i.e. two years from the date of grant or one year from the date of IPO / Listing whichever is later. Similarly, as per the guidelines issued by RBI, APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. Further, the ESOP/PESOP and APLVC are subject to suitable claw-back and malus clauses to protect the Bank against misconduct, sub-optimal performance or decisions or actions leading to adverse financial consequence to the Bank.

- 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 performance management system in place. The Performance management system has goals on four perspectives namely Financial, Customer, Process and People. Employees are appraised against the goals set at the beginning of the year. Employee performance and competence

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assessment are both considered for the performance rating. Performance Rating has a direct correlation with the increments and APLVC as well as PESOPs.

- E. A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

As per the guidelines issued by RBI, APLVC is capped at 70% of CTC for Whole-time Directors / CEO / Senior Executive Team and 40% for Risk Management & Compliance Staff. Also, the APLVC could be paid in a staggered manner based on the quantum of APLVC as a percentage of the CTC. APLVC does not include ESOPs/PESOPs.

Schedule for APLVC vesting and payout is as per pay schedule defined in the Compensation Policy of the Bank.

Deferred APLVC vests only in the year of payment. Voluntary Cessation of employment by the employee or termination with cause as defined in employment contract will result in forfeiture of the remaining

APLVC. APLVC is subject to claw-back and malus clauses.

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

Various forms of variable remuneration used by the Bank are:

APLVC: APLVC provides cash bonus in short to medium term to employees. The bank utilizes APLVC to reward superior performance.

Employee stock option (ESOP) plan: Employee stock option plan is a long term remuneration benefit.

ESOP is equity settled where the employees will receive one equity share per option after vesting. The stock options granted to employees vest over a period of three / four years, generally. ESOP is used to reward superior performance, aligning employee interests with the Bank, create long term ownership and commitment.

Quantitative Disclosure-

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

		(₹ in crore)	
Sr. No.	Particulars	2016-17	2015-16
1(i)	Number of meetings held by the Remuneration Committee during the financial period.	7	5
1(ii)	Remuneration paid to its members during the financial period	0.56	0.37
2(i)	Number of employees having received a variable remuneration award during the financial period.	134	93
2(ii)	Number and total amount of sign-on awards made during the financial period	—	—
2(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	—	—
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	—	—
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	—	—
3(ii)	Total amount of deferred remuneration paid out in the period.	—	—
4	Breakdown of amount of remuneration awards for the financial year:		
	Fixed	75.26	56.96

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(₹ in crore)

Sr. No.	Particulars	2016-17	2015-16
	Variable	9.43	6.24
	Deferred	0.275	—
	Non-deferred	9.43	6.24
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	—	—
5(ii)	Total amount of reductions during the period due to ex- post explicit adjustments.	—	—
5(iii)	Total amount of reductions during the period due to ex- post implicit adjustments	—	—

33 Contingent Liabilities

Description of nature of contingent liabilities is set out below:

i) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

ii) Liability for partly paid investments:

These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.

iii) Liability on account of forward exchange and interest rate contracts:

The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.

iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

As a part of its corporate 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 customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations.

v) Acceptances, endorsements and other obligations:

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

vi) Other contingent items:

- Commitments for settlement date accounting for securities transactions;
- Amount of bills rediscounted by the Bank;

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c. Demands raised by income tax and other statutory authorities and disputed by the Bank.

Refer Schedule 12 for amounts relating to contingent liabilities.

34 Bank has not issued any letters of comfort during the year.

35 Liquidity Coverage Ratio (LCR)

Qualitative disclosure around LCR

Liquidity Coverage Ratio (LCR) is a global minimum standard for Bank's liquidity. The ratio aims to ensure that a bank has an adequate stock of unencumbered High - Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar days of severe liquidity stress scenario.

Bank monitors and measures Liquidity Coverage Ratio in accordance with the guidelines issued by Reserve Bank of India (RBI) i.e. *Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards* Based and amendments thereto issued from time to time.

LCR became effective on January 1, 2015 with minimum requirement set at 60%, increasing in equal annual increments of 10% to reach 100 per cent on January 1, 2019. The minimum LCR requirement was 70% for calendar year 2016 and increased to 80% for calendar year 2017. LCR has to be computed based on simple average of monthly observations during the quarter. W.e.f. from January 1, 2017, LCR has to be computed based on simple average of daily observations during the quarter.

The LCR is a ratio of High Quality Liquid unencumbered Assets (HQLA) to total estimated net outflows over a stressed period of 30 calendar days.

The Bank has been maintaining HQLA (Level 1) primarily in the form of Excess CRR, excess SLR investments over and above mandatory requirement; and regulatory dispensation allowed up to 8% of Net Demand and Time Liabilities (NDTL) and additional 3% effective from February 2016, in the form of borrowing limit available through Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). While, a small portion of HQLA (Level 2) is accounted with corporate bonds, debentures, Commercial Papers issued by Non-Financial Institutions which are rated AA- and above and rated BBB- to A+ as level 2A and 2B respectively.

The Bank has not been maintaining HQLA in FCY given the lack of regulatory options available as well as limited availability of non-callable FCY liabilities. The Bank believes that all inflows and outflows which might have a material impact under the liquidity stress scenario have been considered for the purpose of LCR.

SLR investments as well as Corporate Bond portfolio of the Bank considered for HQLA is well diversified across various instruments and liquid asset type mix and should provide the Bank with adequate and timely liquidity.

The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivative-related exposures, partially offset by inflows from assets maturing within 30 days.

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the liquidity risk tolerance/limits and accordingly decides the strategy, policies and procedures of the Bank for managing liquidity risk.

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The Board has constituted a Risk Management Committee (RMC), and consisting of Chief Executive Officer (CEO) /Chairman and certain other Board members. The committee is responsible for evaluating the overall risks faced by the Bank including liquidity risk. The potential interaction of liquidity risk with other risks is included in the risks addressed by the Risk Management Committee.

At the executive level, Asset Liability Management Committee (ALCO) ensures adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Bank. ALM team within Treasury function of the Bank is responsible for the day-to-day / intra-day liquidity management.

ALCO of the Bank channelises various business segments of the Bank to target good quality asset and liability profile to meet the Bank's profitability as well as Liquidity requirements with the help of robust MIS and Risk Limit architecture of the Bank.

Quantitative Disclosures

FY 2016-17

(₹ in crore)

		Q1 - June 2016		Q2 - Sep 2016		Q3 - Dec 2016		Q4 - March 2017 *	
		Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		4,518.93		4,737.13		5,771.43		5,851.71
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	6,239.06	617.97	7,311.06	724.67	8,479.89	840.41	9,430.33	935.03
(i)	Stable deposits	118.66	5.93	128.79	6.44	151.57	7.58	160.01	8.00
(ii)	Less stable deposits	6,120.40	612.04	7,182.27	718.23	8,328.32	832.83	9,270.32	927.03
3	Unsecured wholesale funding, of which:	9,232.42	5,466.91	10,940.24	6,246.00	11,601.14	6,273.14	11,599.88	5,650.74
(i)	Operational deposits (all counterparties)	—	—	—	—	—	—	—	—
(ii)	Non-operational deposits (all counterparties)	9,232.42	5,466.91	10,940.24	6,246.00	11,601.14	6,273.14	11,599.88	5,650.74
(iii)	Unsecured debt	—	—	—	—	—	—	—	—
4	Secured wholesale funding		—		—		—	0.00	—
5	Additional requirements, of which	94.23	94.23	101.87	101.87	147.92	147.92	147.40	147.40
(i)	Outflows related to derivative exposures and other collateral requirements	—	—	25.93	25.93	65.43	65.43	57.13	57.13
(ii)	Outflows related to loss of funding on debt products	—	—	—	—	—	—	—	—
(iii)	Credit and liquidity facilities	—	—	—	—	—	—	—	—
6	Other contractual funding obligations	—	—	—	—	478.59	74.90	448.99	58.52

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(₹ in crore)

		Q1 - June 2016		Q2 - Sep 2016		Q3 - Dec 2016		Q4 - March 2017 *	
		Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
7	Other contingent funding obligations	6,706.21	201.19	7,612.28	228.37	14,834.04	573.70	16,657.82	644.54
8	Total Cash Outflows		6,380.30		7,300.91		7,910.07	0.00	7,436.23
Cash Inflows									
9	Secured lending (e.g. reverse repos)	22.91	22.91	127.18	127.18	1.72	1.72	94.19	94.19
10	Inflows from fully performing exposures	1,657.73	828.86	1,510.29	755.14	1,605.39	802.70	1,827.24	913.61
11	Other cash inflows	735.95	702.81	760.91	733.96	733.01	698.53	723.22	689.20
12	Total Cash Inflows	2,416.59	1,554.58	2,398.38	1,616.28	2,340.12	1,502.95	2,644.65	1,697.00
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
21	TOTAL HQLA	4,518.93		4,737.13		5,771.43		5,851.71	
22	Total Net Cash Outflows	4,825.72		5,684.63		6,407.12		5,739.23	
23	Liquidity Coverage Ratio (%)	93.64		83.33		90.08		101.96	

FY 2015-16

(₹ in crore)

		Q1 2015-16		Q2 2015-16		Q3 2015-16		Q4 2015-16	
		Total	Total Wtd	Total	Total Wtd	Total	Total Wtd	Total	Total Wtd
		Unwtd	Value	Unwtd	Value	Unwtd	Value	Unwtd	Value
		Value	(Avg)	Value	(Avg)	Value	(Avg)	Value	(Avg)
		(Avg)		(Avg)		(Avg)		(Avg)	
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		2,560.23		2,758.83		2,944.77		3,342.54
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	4,300.20	425.20	4,612.91	456.02	5,065.42	500.79	5,561.68	550.50
(i)	Stable deposits	96.29	4.81	105.39	5.27	115.17	5.76	113.24	5.66
(ii)	Less stable deposits	4,203.91	420.39	4,507.52	450.75	4,950.25	495.03	5,448.44	544.84
3	Unsecured wholesale funding, of which:	7,042.00	3,866.30	7,956.09	4,393.00	7,731.32	4,232.25	8,371.89	4,723.73
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	7,042.00	3,866.30	7,956.09	4,393.00	7,731.32	4,232.25	8,371.89	4,723.73
(iii)	Unsecured debt	-	-	-	-	-	-	-	-

SCHEDULES

forming part of the standalone financial statements for the year ended March 31, 2017

(₹ in crore)

	Q1 2015-16		Q2 2015-16		Q3 2015-16		Q4 2015-16	
	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)	Total Unwtd Value (Avg)	Total Wtd Value (Avg)
4 Secured wholesale funding	-	-	-	-	-	-	-	-
5 Additional requirements, of which	95.69	95.69	128.54	128.54	116.41	116.41	110.95	110.95
(i) Outflows related to derivative exposures and other collateral requirements	5.38	5.38	22.00	22.00	0.20	0.20	6.98	6.98
(ii) Outflows related to loss of funding on debt products								
(iii) Credit and liquidity facilities								
6 Other contractual funding obligations	-	-	-	-	-	-	-	-
7 Other contingent funding obligations	5,477.76	273.89	5,742.43	287.12	5,623.11	281.16	6,088.32	223.03
8 Total Cash Outflows	4,661.08		5,264.68		5,130.61		5,608.21	
Cash Inflows								
9 Secured lending (e.g. reverse repos)	-	-	143.33	143.33	120.69	120.69	78.15	78.15
10 Inflows from fully performing exposures	837.16	418.58	1,167.25	583.63	1,432.45	716.22	1,440.38	720.19
11 Other cash inflows	536.75	514.94	411.16	391.92	555.21	531.16	643.98	618.03
12 Total Cash Inflows	1,373.91	933.52	1,722.24	1,118.88	2,108.35	1,368.07	2,162.51	1,416.37
	Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
21 TOTAL-HQLA	2,560.23		2,758.83		2,944.77		3,342.54	
22 Total Net Cash Outflows	3,727.57		4,145.80		3,762.52		4,191.85	
23 Liquidity Coverage Ratio (%)	68.68		66.55		78.27		79.74	

36 Intra-Group Exposures

(₹ in crore)

Particulars	31-Mar-17	31-Mar-16
Total amount of intra-group exposures	20.50	-
Total amount of top-20 intra-group exposures	20.50	-
Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	0.04%	-

37 Corporate Social Responsibility (CSR)

Operating expenses include ₹ 3.68 crore (previous year ₹ 1.60 crore) for the year ended March 31, 2017 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

As a responsible organisation, the Bank 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

SCHEDULES

forming part of the standalone financial statements for the year ended March 31, 2017

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.

Gross Amount required to be spent by the Bank on CSR activities during current year – ₹ 5.68 crore (previous year ₹ 3.71 crore).

The areas of CSR activities and contributions made thereto are as follows.

(₹ in crore)

Particulars	31-Mar-17			31-Mar-16		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
Amount spent during the year on						
i) Construction / Acquisition of any assets	–	–	–	–	–	–
ii) For purposes other than (i) above	2.13	1.55	3.68	1.44	0.16	1.60

38 Details of provisioning pertaining to fraud accounts

The following table sets forth for the year ended March 31, 2017, the details of provisioning pertaining to fraud accounts.

(₹ in crore)

Particulars	As at 31 March 2017	As at 31 March 2016
Number of frauds reported	26	15
Amount involved in frauds	3.20	3.87
Provision made *	3.20	3.87
Unamortised provision debited from 'other reserves'	–	–

* Of this provision amount, ₹ 2.49 crore (previous year ₹ 2.47 crore) has been taken as credit provision / write- off or expensed off.

39 Transfers to Depositor Education and Awareness Fund (DEAF)

Below mentioned are the details of funds transferred to Depositor Education and Awareness Fund during financial year ended March 31, 2017.

(₹ in crore)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening balance of amounts transferred to DEAF	9.76	8.00
Add: Amounts transferred to DEAF during the year	2.05	1.76
Less: Amounts reimbursed by DEAF towards claims	0.54	–
Closing balance of amounts transferred to DEAF	11.27	9.76

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forming part of the standalone financial statements for the year ended March 31, 2017

- 40** The disclosure required on holdings as well as dealings in Specified Bank Notes (SBN) during the period from November 8, 2016 to December 30, 2016 as envisaged in notification GSR 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs (MCA), is not applicable to the Bank.
- 41 Credit Default Swap**
The Bank has not entered into Credit Default Swap during the financial year 2016-17 and 2015-16.
- 42 Unhedged Foreign Currency Exposure (UFCE) of Bank's Customer**
The Bank has maintained an additional provision of ₹ 7.46 crore (previous year ₹ 4.67 crore) on account of UFCE of the customer. Further, the Bank had maintained an additional capital of ₹ 27.73 crore (previous year ₹ 8.45) towards UFCE of the customer.
- 43** The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

As per our report of even date attached

For and on behalf of RBL Bank Limited

For B S R & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner
Membership No. 046882

Vishwavir Ahuja
Managing Director & CEO

Jairaj Purandare
Director

Naresh Karia
Chief Financial Officer

D. Sivanandhan
Director

Vimal Bhandari
Director

Vinay Tripathi
Company Secretary

Place : Mumbai
Date : May 2, 2017

Independent Auditor's Report

To the Members of RBL Bank Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Financial Statements of RBL Bank Limited (hereinafter referred to as the 'Bank' or 'Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as the 'Group'), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated profit and loss Account, and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the 'Consolidated Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated

Financial Statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Bank as at 31 March 2019, of consolidated profit, and its consolidated cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accounts of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
IDENTIFICATION OF NON-PERFORMING ASSET ('NPA') AND PROVISIONS ON ADVANCES	
P&L CHARGE (INCLUDING WRITE-OFF): INR 466.99 CRORE FOR YEAR ENDED 31 MARCH 2019	
Provision on advances: INR 381.88 crore as at 31 March 2019	
<i>Refer to the accounting policies in "Note 17(1) to the Consolidated Financial Statements: Significant Accounting Policies - Advances"</i>	
Significant estimate and judgment involved Identification of NPAs and provisions in respect of NPAs are made based on management's assessment of the degree of impairment of the advances subject to and guided by the minimum provisioning levels prescribed under the RBI guidelines with regard to the 'Prudential Norms on Income Recognition, Asset Classification & Provisioning', prescribed from time to time. The provision on NPA are also based on the valuation of the security available. We identified identification of NPAs and provision on advances as a key audit matter because of the level of significant management judgement involved in determining the provision and the valuation of the security of the NPA loans and on account of the significance of these estimates to the financial statements of the Bank.	Our key audit procedures included: Design / controls • We have assessed the design, implementation and operating effectiveness of key internal controls over approval, recording and monitoring of loans, monitoring process of overdue loans, measurement of provisions, identification of NPA accounts and assessed the reliability of management information (including overdue reports). • In addition, for corporate loans we tested controls over the internal ratings process, monitoring of stressed accounts including credit file review processes and review controls over the approval of significant individual impairment provisions. • We have evaluated the design, implementation and operating effectiveness of key internal controls over the valuation of security for NPAs. • We tested management review controls over measurement of provisions and disclosures in financial statements. • We involved our information system specialist in the audit of this area to gain comfort over data integrity and calculations, including system reconciliations.

Key audit matter	How the matter was addressed in our audit
	Substantive tests • We performed test of details for a selection of exposures over calculation of NPA provisions including valuation of collaterals for NPAs as at 31 March 2019; the borrower-wise NPA identification and provisioning determined by the Bank and also tested related disclosures by assessing the completeness, accuracy and relevance of data and ensured that the same is in compliance with the RBI guidelines with regard to the 'Prudential Norms on Income Recognition, Asset Classification & Provisioning'. • We selected a sample (based on quantitative and qualitative thresholds) of large corporate clients where impairment indicators had been identified by management. We obtained management's assessment of the recoverability of these exposures (including individual provisions calculations) and challenged whether individual impairment provisions, or lack of, were appropriate. This included the following procedures: • Reviewed the statement of accounts, approval process, board minutes, credit review of customer, review of special mention accounts reports and other related documents to assess recoverability and the classification of the facility; and • For a risk based sample of corporate loans not identified as displaying indicators of impairment by management, challenged this assessment by reviewing the historical performance of the customer and assessed whether any impairment indicators were present.
VALUATION OF FINANCIAL INSTRUMENTS (INVESTMENTS - BONDS AND DEBENTURES, COMMERCIAL PAPERS, CERTIFICATE OF DEPOSITS AND PASS THROUGH CERTIFICATES) Net value of investments: INR 3,788.18 crore as at 31 March 2019	
<i>Refer to the accounting policies in "Note 17(2) to the Consolidated Financial Statements: Significant Accounting Policies – Investments" and "Schedule 8 to the Consolidated Financial Statements: Investments"</i>	
Significant estimate and judgment involved Investments Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. We identified fair valuation of investments such as Bonds and Debentures, Commercial papers, Certificate of deposits and Pass through certificates classified into HFT and AFS as a key audit matter because of the significant management judgement involved in determining its valuation and the overall significance of these investments to the financial statements of the Bank.	Our key audit procedures included: Design / controls • We tested the design, implementation and operating effectiveness of management's key internal controls over classification and valuation of Investments. • We assessed appropriateness of the valuation methodologies with reference to accounting standards / RBI guidelines and Bank's own valuation policy. • Read investment agreements / term sheets entered into during the current year, on a sample basis, to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments. Substantive tests • We independently verified the fair valuation of investments on a sample basis with direct observable inputs and external input data such as market value from 'Financial Benchmarks India Private Limited' ('FBIL'), spreads from 'The Fixed Income Money Market and Derivatives Association of India' ('FIMMDA') etc after considering the requirements of RBI guidelines. • We assessed that the financial statement disclosures appropriately reflected the requirements of the prevailing accounting standards and the RBI guidelines.

Independent Auditor's Report

Key audit matter	How the matter was addressed in our audit
Information technology ('IT') IT systems and controls The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Bank uses several systems for its overall financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture.	Our key IT audit procedures included: • We have understood General IT Control i.e. Access Controls, Program/ System Change, Program Development, Computer Operations (i.e. Job Processing, Data/System Backup Incident Management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems). • We tested the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems. • We understood IT application controls covering • user access and roles, segregation of duties, and • key interfaces, reports, reconciliations and system processing • We tested the IT application controls for design and operating effectiveness for the audit period. • We performed testing to determine that these controls remained unchanged during the audit period or were changed following the standard change management process. • We understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems. • We tested controls over the IT infrastructure covering user access (including privilege users), data center and system change (e.g. patches).

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Bank's Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's management and the Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, the consolidated financial profit and the consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, and guidelines issued by Reserve Bank of India ('RBI') from time to time. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated

Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of

the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company and other entity included in the Consolidated Financial Statements of which we are the independent auditors

Independent Auditor's Report

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A. As required by Section 143(3) of the Act, based on our audit on separate financial statements and the other financial information of subsidiary, we report, to the extent applicable, that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books;
- c) the consolidated balance sheet, the consolidated profit and loss account, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- d) in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act to the extent

they are not inconsistent with the accounting policies prescribed by RBI;

- e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and
 - f) with respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group – Refer Schedule 12 and Note 1.10 to the Consolidated Financial Statements.
 - ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 3 to the Consolidated Financial Statements in respect of such items as it relates to the Group.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India during the year ended 31 March 2019.
 - iv. The disclosures in the Consolidated Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been

made in the financial statements since they do not pertain to the financial year ended 31 March 2019.

- C. With respect to the matter to be included in the Auditors' Report under section 197(16) of the Companies Act, 2013:

The Holding Company is a banking company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Companies Act, 2013 do not apply to the Holding Company.

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the subsidiary

company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

18 April 2019

Annexure A to the Independent Auditor's Report

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RBL BANK LIMITED Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

In conjunction with our audit of the Consolidated Financial Statements of RBL Bank Limited (hereinafter referred to as the 'Holding Company') as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of RBL Bank Limited and its subsidiary company (together referred to as the 'Group'), which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls over financial reporting

The respective Board of Directors of the Holding Company and its subsidiary company, which are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditor's responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial

reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Group, considering the essential

components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

18 April 2019

Consolidated Balance Sheet

as at March 31, 2019

(₹ in '000s)

Particulars	Schedule No.	31-Mar-19	31-Mar-18
CAPITAL & LIABILITIES			
Capital	1	4,267,097	4,196,675
Reserves and Surplus	2	71,080,804	62,608,885
Deposits	3	583,576,321	438,831,015
Borrowings	4	118,320,654	92,614,403
Other Liabilities and Provisions	5	26,733,022	20,333,572
Minority Interest		—	188,174
TOTAL		803,977,898	618,772,724
ASSETS			
Goodwill on Consolidation		406,776	182,909
Cash and Balances with Reserve Bank of India	6	48,400,467	25,894,619
Balances with banks and money at call and short notice	7	18,086,654	17,206,927
Investments	8	167,451,749	153,970,444
Advances	9	543,082,427	402,678,393
Fixed Assets	10	4,155,062	3,396,429
Other Assets	11	22,394,763	15,443,003
TOTAL		803,977,898	618,772,724
Contingent Liabilities	12	613,025,896	513,959,258
Bills for Collection		23,089,435	14,181,930
Significant Accounting Policies	17		
Notes To Accounts	18		

The schedules and accompanying notes to accounts referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

For and on behalf of RBL Bank Limited

Prakash Chandra

Chairman

Jairaj Purandare

Director

Deepak Ruiya

Chief Financial Officer (interim)

Vishwavir Ahuja

Managing Director & CEO

Rajeev Ahuja

Executive Director

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : April 18, 2019

Consolidated Profit & Loss

for the year ended March 31, 2019

(₹ in '000s)

Particulars	Schedule No.	31-Mar-19	31-Mar-18
I INCOME			
Interest Earned	13	63,020,853	45,614,830
Other Income	14	14,409,791	10,688,123
TOTAL		77,430,644	56,302,953
II EXPENDITURE			
Interest Expended	15	37,606,482	27,409,021
Operating Expenses	16	20,438,995	15,480,890
Provisions and Contingencies		10,771,519	7,021,055
TOTAL		68,816,996	49,910,966
III PROFIT/LOSS			
Net Profit /(Loss) for the year		8,613,648	6,391,987
Add : Share in Profit/(Loss) of Associate		–	(59,020)
Less : Share of minority interest		35,270	16,244
Profit brought forward		1,115,617	888,144
TOTAL		9,693,995	7,204,867
IV APPROPRIATIONS			
Transfer to Statutory Reserve		2,170,000	1,588,000
Transfer to Capital Reserve		90,000	93,900
Transfer to Revenue & Other Reserves		4,000,000	3,600,000
Transfer to Investment Fluctuation Reserve		783,600	–
Transfer from Investment Reserve		–	(22,008)
Dividend and Corporate dividend tax		1,069,990	829,358
Balance carried over to Balance Sheet		1,580,405	1,115,617
TOTAL		9,693,995	7,204,867
EPS Basic (₹)		20.25	15.70
EPS Diluted (₹)		19.83	15.09
Face Value of shares (₹)		10.00	10.00

The schedules and accompanying notes to accounts referred to above form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date attached

For and on behalf of RBL Bank Limited

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No. 046882

Prakash Chandra
Chairman

Jairaj Purandare
Director

Deepak Ruiya
Chief Financial Officer (interim)

Vishwavir Ahuja
Managing Director & CEO

Rajeev Ahuja
Executive Director

Vinay Tripathi
Company Secretary

Place : Mumbai
Date : April 18, 2019

Consolidated Cash Flow Statement

for the year ended March 31, 2019

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
I Cash Flow from Operating Activities		
Net Profit for the Year (before taxes)	12,978,374	9,738,225
Adjustments for:-		
Add : Loss / (Profit) on Sale of Fixed Assets (Net)	42	(847)
Add : Non-Cash Expenditure		
Depreciation	1,258,144	887,382
Provision / write-off of non performing advances	4,669,869	2,570,901
Provision for standard assets	563,893	424,444
Provision for investments	531,916	424,659
Foreign Currency Translation Reserve (FCTL)	2,934	2,243
ESOP Reserve	1,084	—
Other provisions	598,402	261,812
Share in profit of Associate		
Cash Flow before Changes in Working Capital	20,604,658	14,308,819
Adjustments for working capital changes:-		
Increase/(Decrease) in Deposits	144,921,522	92,950,101
Increase/(Decrease) in Other Liabilities	5,517,877	1,467,730
Increase/(Decrease) in Deposits placed having original maturity greater than 3 months	869,972	2,140,049
(Increase)/Decrease in Investments	(14,460,533)	(20,082,568)
(Increase)/Decrease in Advances	(145,073,903)	(110,758,913)
(Increase)/Decrease in Other Assets	(5,587,217)	(1,833,884)
	(13,812,282)	(36,117,485)
Direct Taxes paid	(6,009,989)	(3,751,400)
Cash generated from Operating Activities	782,387	(25,560,066)
II Cash Flow from Investing Activities		
Addition to Other Fixed Assets	(1,951,781)	(1,703,861)
Deductions to Premises		
Deductions to Lease Assets (Provision held)		
Addition to Capital Work in Progress		
Addition to Capital Work in Progress	(86,511)	32,580
Sale of Fixed Assets	21,219	19,396
Cash generated from Investing Activities	(2,017,073)	(1,651,885)
III Cash Flow from Financing Activities		
Proceeds of share issue	1,030,188	17,952,849
Net Proceeds / (repayments) from borrowings	25,706,251	12,816,831
Dividend and Dividend distribution tax	(1,069,990)	(829,358)
Cash generated from financing Activities	25,666,449	29,940,322
IV Increase/Decrease during the Year	24,431,763	2,728,371
V Opening Cash and Cash Equivalents (includes opening adjustment for subsidiary consolidation)	34,803,057	32,074,686
VI Closing Cash and Cash Equivalents	59,234,820	34,803,057
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following:		
(i) Cash and Balances with Reserve Bank of India (Refer Schedule 6)	48,400,467	25,894,619
(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	9,835,067	4,760,983
(iii) Money at Call and Short Notice (Refer Schedule 7)	999,286	4,147,455
Cash and cash equivalents at the end of the year	59,234,820	34,803,057

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

For and on behalf of RBL Bank Limited

Prakash Chandra

Chairman

Jairaj Purandare

Director

Deepak Ruiya

Chief Financial Officer (interim)

Vishwavir Ahuja

Managing Director & CEO

Rajeev Ahuja

Executive Director

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : April 18, 2019

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2019

SCHEDULE 1 - CAPITAL

(₹ in '000s)		
Particulars	31-Mar-19	31-Mar-18
Authorised Capital		
700,000,000 Ordinary Shares of ₹ 10/- each	7,000,000	7,000,000
(previous year 700,000,000 Ordinary Shares of ₹ 10/- each)		
Issued		
426,709,728 ordinary Shares of ₹ 10/- each	4,267,097	4,196,675
(previous year 419,667,547 ordinary Shares of ₹ 10/- each)		
Subscribed & Paid-up		
426,709,728 ordinary Shares of ₹ 10/- each	4,267,097	4,196,675
(previous year 419,667,547 ordinary Shares of ₹ 10/- each)		
TOTAL	4,267,097	4,196,675

SCHEDULE 2 - RESERVES & SURPLUS

(₹ in '000s)		
Particulars	31-Mar-19	31-Mar-18
1. Statutory Reserve		
(i) Opening Balance	4,990,500	3,402,500
(ii) Addition during the year	2,170,000	1,588,000
(iii) Deduction during the year	—	—
Total	7,160,500	4,990,500
2. Capital Reserve		
(i) Opening Balance	252,570	158,670
(ii) Addition during the year	90,000	93,900
(iii) Deduction during the year	—	—
Total	342,570	252,570
3. Revaluation Reserve		
(i) Opening Balance	9,399	9,666
(ii) Addition during the year	—	—
(iii) Deduction during the year (Depreciation on revalued portion credited to Profit and Loss Account)	253	267
Total	9,146	9,399
4. Share Premium		
(i) Opening Balance	45,892,004	28,383,799
(ii) Addition during the year	959,766	17,575,924
(iii) Deduction during the year	—	67,719
Total	46,851,770	45,892,004
5. Revenue & Other Reserves		
(i) Opening Balance	10,346,552	6,746,552
(ii) Addition during the year	4,000,000	3,600,000
(iii) Deduction during the year	—	—
Total	14,346,552	10,346,552
6. Investment Reserve		
(i) Opening Balance	—	22,008
(ii) Addition during the year	—	—
(iii) Deduction during the year	—	22,008
Total	—	—
7. Investment Fluctuation Reserve		
(i) Opening Balance	—	—
(ii) Addition during the year	783,600	—
(iii) Deduction during the year	—	—
Total	783,600	—

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2019

SCHEDULE 2 - RESERVES & SURPLUS (contd.)

Particulars	31-Mar-19	(₹ in '000s) 31-Mar-18
8. Foreign Currency Translation Reserve		
(i) Opening Balance	2,243	–
(ii) Addition during the year	2,934	2,243
(iii) Deduction during the year	–	–
Total	5,177	2,243
9 ESOP Reserve		
(i) Opening Balance	–	–
(ii) Addition during the year	1,084	–
(iii) Deduction during the year	–	–
Total	1,084	–
10 Balance in Profit & Loss Account	1,580,405	1,115,617
TOTAL (1 to 10)	71,080,804	62,608,885

SCHEDULE 3 - DEPOSITS

Particulars	31-Mar-19	(₹ in '000s) 31-Mar-18
A. 1. Demand Deposits		
i) From Banks	2,929,205	4,012,224
ii) From Others	60,130,120	49,327,576
Total	63,059,325	53,339,800
2. Savings Bank Deposits	82,447,591	53,394,735
3. Term Deposits		
i) From Banks	58,674,281	39,350,584
ii) From Others	379,395,124	292,745,896
Total	438,069,405	332,096,480
TOTAL (1 to 3)	583,576,321	438,831,015
B. i. Deposits of Branches in India	582,667,926	438,831,015
ii. Deposits of Branches outside India	908,395	–
TOTAL	583,576,321	438,831,015

SCHEDULE 4 - BORROWINGS

Particulars	31-Mar-19	(₹ in '000s) 31-Mar-18
1. Borrowings in India		
(i) Reserve Bank of India	–	5,000,000
(ii) Other Banks	14,877,498	12,974,440
(iii) Other Institutions and Agencies	53,155,742	40,201,672
(iv) Subordinated debt	7,300,000	7,300,000
Total	75,333,240	65,476,112
2. Borrowings outside India	42,987,414	27,138,291
TOTAL (1+2)	118,320,654	92,614,403

Secured Borrowings included in 1 & 2 above is Nil for March 31, 2019 (for financial year ending March 31, 2018 ₹ 17,845,363 thousands)

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2019

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Bills Payable	1,994,252	2,379,437
2. Inter Office Adjustments (Net)	–	–
3. Interest Accrued	4,719,845	3,496,022
4. Others (Including Provisions) *	20,018,925	14,458,113
TOTAL (1 to 4)	26,733,022	20,333,572
* Includes : Provision for Standard Assets	2,335,344	1,768,023

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Cash in hand	1,533,803	2,153,916
2. Balances with Reserve Bank of India		
(i) In Current Account	23,716,664	17,460,703
(ii) In Other Accounts	23,150,000	6,280,000
TOTAL (1 + 2)	48,400,467	25,894,619

SCHEDULE 7 – BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. In India		
(i) Balances with Banks		
a) In Current Accounts	952,372	869,383
b) In other Deposit Accounts	7,939,991	8,298,489
(ii) Money at Call and Short Notice		
a) With Banks	–	–
b) With Other Institutions	999,286	4,147,455
Total (i+ii)	9,891,649	13,315,327
2. Outside India		
(i) In Current Accounts	8,195,005	3,891,600
(ii) In Other Deposits Accounts	–	–
(iii) Money at Call and Short Notice	–	–
Total (i+ii+iii)	8,195,005	3,891,600
TOTAL (1+2)	18,086,654	17,206,927

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2019

SCHEDULE 8 – INVESTMENTS

		(₹ in '000s)	
Particulars	31-Mar-19	31-Mar-18	
1. Investments in India (Gross)	168,708,533	154,697,773	
Less – Provision for depreciation	1,261,185	729,269	
Total	167,447,348	153,968,504	
Break Up			
(i) Government Securities	119,426,981	113,219,579	
(ii) Other Approved Securities	–	–	
(iii) Shares	1,044,851	1,170,293	
(iv) Debentures & Bonds	14,035,284	19,787,314	
(v) Subsidiaries and / or Joint Venture	–	–	
(vi) Others *	32,940,232	19,791,318	
Total	167,447,348	153,968,504	
* Details of Others (vi)			
(i) Commercial Paper & Certificates of Deposit	14,886,362	10,101,465	
(ii) Mutual Funds	8,020,000	7,770,000	
(iii) Venture Capital Fund	1,048,011	815,954	
(iv) Pass Through Certificates	8,960,170	830,332	
(v) Security Receipts	25,689	273,567	
Total	32,940,232	19,791,318	
2. Investments Outside India			
(i) Government Securities (Including Local Authorities)	–	–	
(ii) Subsidiaries and / or Joint Venture abroad	–	–	
(iii) Other Investments	4,401	1,940	
Total	4,401	1,940	
TOTAL (1+2)	167,451,749	153,970,444	

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2019

SCHEDULE 9 – ADVANCES

		(₹ in '000s)	
Particulars	31-Mar-19	31-Mar-18	
A.			
(i) Bills Purchased and Discounted	13,372,980	11,163,910	
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	151,928,882	99,235,741	
(iii) Term Loans	377,780,565	292,278,742	
Total	543,082,427	402,678,393	
B.			
(i) Secured by Tangible Assets ⁽¹⁾ (Includes Advances against Fixed Deposits and Book Debts)	358,108,505	274,209,414	
(ii) Covered by Bank/Government Guarantees	2,656,815	987,122	
(iii) Unsecured	182,317,107	127,481,857	
Total	543,082,427	402,678,393	
C.1 Advances in India			
(i) Priority Sector	136,684,368	112,915,789	
(ii) Public Sector	2,074,877	–	
(iii) Banks	646,623	3,812,763	
(iv) Others	386,023,822	275,232,797	
Total	525,429,690	391,961,349	
C.2 Advances Outside India			
(i) Due from Banks	17,289	–	
(ii) Due from Others			
a) Bills Purchases and Discounted	–	–	
b) Syndicated Loans	–	–	
c) Others	17,635,448	10,717,044	
Total	17,652,737	10,717,044	
TOTAL (C.1 + C.2)	543,082,427	402,678,393	

⁽¹⁾ Includes Advances for which security documentation is being perfected.

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2019

SCHEDULE 10 – FIXED ASSETS

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Premises		
(i) At cost at 31st March of the preceding year	75,241	75,241
(ii) Additions during the year	430,582	—
(iii) Deductions during the year	—	—
(iv) Accumulated depreciation to date	20,120	11,697
Total	485,703	63,544
2. Other Fixed Assets		
(i) At cost at 31st March of the preceding year	5,933,357	4,263,583
(ii) Additions during the year	1,521,199	1,725,409
(iii) Deductions during the year	243,732	55,635
(iv) Accumulated depreciation to date	3,940,865	2,913,361
Total	3,269,959	3,019,996
3. Leased Assets		
(i) Lease equalisation – Opening balance	13,509	13,509
(ii) Additions during the year	—	—
(iii) Less: Provision held / Deductions	13,509	13,509
(iv) Accumulated depreciation to date	—	—
Total	—	—
4. Capital Work in Progress	399,400	312,889
TOTAL (1 to 4)	4,155,062	3,396,429

SCHEDULE 11 – OTHER ASSETS

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Inter-Office Adjustment (Net)	—	—
2. Interest Accrued	6,085,505	4,461,321
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	452,117	133,914
4. Stationery and Stamps	1,108	3,877
5. Deferred Tax Assets (Net)	2,094,914	1,395,723
6. Non-banking assets acquired in satisfaction of claims	400,420	591,251
7. Others	13,360,699	8,856,917
TOTAL (1 to 7)	22,394,763	15,443,003

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2019

SCHEDULE 12 – CONTINGENT LIABILITIES

(₹ in '000s)		
Particulars	31-Mar-19	31-Mar-18
1. Claims against the bank not acknowledged as debts	167,386	77,493
2. Liability for Partly Paid Investment	560,316	189,397
3. Liability on Account of Outstanding Forward Exchange contracts	265,864,508	220,642,559
4. Liability on Account of Outstanding derivative contracts		
(i) Interest Rate Swaps	98,666,814	73,563,134
(ii) Cross Currency Swaps	51,556,966	68,915,165
(iii) Currency Options	22,069,158	23,088,663
5. Guarantees given on behalf of constituents		
(i) In India	101,071,597	66,753,735
(ii) Outside India	16,578,893	29,792,260
6. Acceptances, Endorsements and other Obligations	54,096,618	28,386,476
7. Other items for which the bank is contingently liable		
a) Income tax & other matters (under appeal)	659,660	400,644
b) Others	1,733,980	2,149,732
TOTAL (1 to 7)	613,025,896	513,959,258

SCHEDULE 13 – INTEREST EARNED

(₹ in '000s)		
Particulars	31-Mar-19	31-Mar-18
1. Interest / Discount on Advances / bills	50,498,265	34,843,613
2. Income on Investments	10,934,447	9,981,686
3. Interest on balance with RBI and Other Inter bank funds	1,112,393	701,485
4. Others	475,748	88,046
TOTAL (1 to 4)	63,020,853	45,614,830

SCHEDULE 14 – OTHER INCOME

(₹ in '000s)		
Particulars	31-Mar-19	31-Mar-18
1. Commission, Exchange and Brokerage	11,656,129	7,234,673
2. Profit on sale of Investments (Net)	783,551	1,665,396
3. Profit / (Loss) on sale of land, building and other assets (Net)	(30)	844
4. Profit on exchange transactions (Net)	1,634,520	1,511,162
5. Miscellaneous Income	335,621	276,048
TOTAL (1 to 5)	14,409,791	10,688,123

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2019

SCHEDULE 15 – INTEREST EXPENDED

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Interest on Deposits	32,434,897	23,405,908
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	1,811,624	840,845
3. Others	3,359,961	3,162,268
TOTAL (1 to 3)	37,606,482	27,409,021

SCHEDULE 16 – OPERATING EXPENSES

(₹ in '000s)

Particulars	31-Mar-19	31-Mar-18
1. Payments to and provisions for employees	7,523,073	5,818,246
2. Rent, taxes and lighting	1,537,071	1,224,136
3. Printing and stationery	173,928	126,643
4. Advertisement and publicity	213,596	160,574
5. Depreciation on Bank's property	1,258,144	887,382
6. Director's fees Allowances and expenses	12,752	8,927
7. Auditors' fees and expenses	17,033	9,074
8. Law Charges	135,751	67,908
9. Postage, Telegrams, Telephones, etc.	270,803	212,114
10. Repairs and maintenance	373,469	63,027
11. Insurance	628,544	458,784
12. Other Expenditure	8,294,831	6,444,075
TOTAL (1 to 12)	20,438,995	15,480,890

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2019

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

BACKGROUND:

RBL Bank Limited ('the Bank'), incorporated in Kolhapur, India is a banking company governed by the Banking Regulation Act, 1949 with Reserve Bank of India ('RBI') as its principal regulator. The Bank is engaged in providing a wide range of banking and financial services including commercial banking, retail banking, agriculture finance and financial inclusion, treasury operations and other banking related activities. The Bank's shares were listed on August 31, 2016 on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE).

During the previous year ended March 31, 2018, the Bank increased its stake in RBL Finserve Limited (RFL) (formerly Swadhaar Finserve Private Limited) from 30% to 60.48% and hence RFL became a 'Subsidiary' of the Bank w.e.f. November 8, 2017. During the current year ended March 31, 2019, the Bank further increased its stake in RFL to 100%, following which the company has become a 'Wholly Owned Subsidiary' (WOS) w.e.f. June 28, 2018. Accordingly, the Bank has presented the Consolidated Financial Statements including that of RFL for the current and previous financial year based on the nature of relationship with RFL existing during that corresponding period. RFL is acting as a business correspondent operating exclusively for the Bank, distributing comprehensive financial services (in particular Loans and Savings products) to low income households and micro entrepreneurs.

BASIS OF PREPARATION:

The accompanying consolidated financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Group used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.

PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements relate to RBL Bank Limited ("the Bank") and its subsidiary or associate (together

'the Group'). The consolidated financial statements have been prepared on the following basis:

- In respect of a subsidiary, the financial statement has been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 - Consolidated Financial Statements.
- In case of an Associate, the financial statements have been consolidated as per Accounting Standard 23 - Accounting for Investment in Associates.

The difference between the cost of investment in the subsidiary and the Bank's share of net asset, at the time of acquisition of share in the subsidiary, is recorded in the consolidated financial statement as goodwill or capital reserve, as the case may be.

- Minority interest representing the part of net results of operations and of the net assets of subsidiary attributable to interests not owned directly or indirectly is presented separately from liabilities and the equity.
- The financial statements of the subsidiary and associates used in consolidation are drawn up to the same reporting date as that of the holding Company i.e. March 31, 2019.

Consolidated Financial Statements incorporates audited results of the following subsidiary:

Name of the Subsidiary	Country of Origin	% of shareholding (March 31, 2019)
RBL Finserve Limited (RFL) (formerly Swadhaar Finserve Private Limited (SFPL))	India	100% (w.e.f. June 28, 2018)

USE OF ESTIMATES:

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India ('GAAP') requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual

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results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1. Advances

a) Accounting and Classification

Advances are stated net of bills rediscounted and provisions made in respect of Non-Performing Advances ('NPA'). The premium paid on acquisition of portfolio is included in advances and is amortized over the economic life of the portfolio. Advances are classified as Performing and NPA based on the relevant RBI guidelines.

b) Provisioning

Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed from time to time. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines.

In accordance with the RBI guidelines, the Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio including provision for borrowers having un-hedged foreign currency exposures, provisions on loans to specific borrowers in specific stressed sectors and also for credit exposures considered at current marked to market values of interest rate and foreign exchange derivative contracts. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

Further to the provisions 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 provision is held in

respect of that country where the net funded exposure is one percent or more of the total assets.

Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account, as credit to 'Miscellaneous Income' under the head 'Other Income' or provision for NPAs, respectively.

2. Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') and Financial Benchmark India Private Limited ('FBIL') guidelines, prescribed in this regard from time to time.

a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures and f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to prudential norms for Classification, valuations and Operation of Investment Portfolio by Banks, prescribed from time to time.

b) Valuation

Investments classified as HTM are carried at amortized cost. Any premium paid on acquisition, over the face value, is amortized over the remaining maturity of the instrument, by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary, in the value of investments classified under HTM has taken place, appropriate provisions are made.

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Investments classified as AFS and HFT are marked-to-market on a periodic basis as per the relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation are aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded / quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions are valued as per the price list of RBI or prices declared by Financial Benchmark India Private Limited ('FBIL') as applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), the bank considers yields / mark-up rates (reflecting associate credit risk) declared by the FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹ 1/- as per the RBI guidelines.

Quoted Mutual Fund units are valued as per the stock exchange quotations and un-quoted mutual fund units are valued at last available re-purchase price or Net Asset Value ('NAV') where re-purchase price is not available.

Units of Venture Capital Funds ('VCF') held under AFS category are valued using the ('NAV') shown by VCF as per the financial statement. The VCFs are valued based on the audited financials. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1/- per VCF.

Security Receipts ('SR') issued by the asset reconstruction companies are valued in accordance with the guidelines prescribed by the RBI. Accordingly, SRs are valued at NAV provided by the issuing asset reconstruction company.

Investments received in lieu of restructured advances under Strategic Debt Restructuring (SDR) / Sustainable Structuring of Stressed Assets (S4A) schemes are

valued in accordance with the RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by the Bank under SDR / S4A schemes is provided as per RBI guidelines.

Pass Through Certificates (PTC) excluding Priority Sector-PTCs are valued using FBIL GOI par yield and FIMMDA credit spreads as applicable to NBFC category, based on the credit rating & tenor of the respective PTC instruments. PSL-PTCs are valued at book value.

c) Disposal of investments:

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

d) Transfer between categories

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- b) Transfer from HTM to AFS/HFT is made at acquisition price/amortized cost if originally placed in HTM at par or at a discount and at amortized cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

e) Repurchase transactions

Repurchase ('Repo') and reverse repurchase ('Reverse Repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions respectively.

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Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted for as interest expense and income on reverse repo transactions are accounted for as interest income.

f) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

3. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by 'Foreign Exchange Dealers' Association of India' (FEDAI) and the resultant exchange differences are recognised in the Profit and Loss account. Income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.

Outstanding forward exchange contracts (other than deposit and placement swaps) and spot contracts outstanding at the Balance Sheet date are revalued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward contracts of greater maturities where exchange rates are not notified by FEDAI, are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resulting profits or losses are recognised in the Profit and Loss Account as per the regulations stipulated by the RBI / FEDAI and is included in 'Other assets' or 'Other liabilities' as the case may be.

Foreign exchange swaps "linked" to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortized over the period of the swap and the same is recognised in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, letters of credit, bank guarantees and acceptances and endorsements outstanding as at the Balance Sheet date denominated in foreign currencies are translated at year-end rates notified by FEDAI.

The financial statements of IBU which are in the nature of non-integral overseas operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange during the period and (b) All assets and liabilities are translated at closing rate as on Balance Sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus".

4. Derivative transactions

Derivative transactions comprise interest rate swaps, cross currency swaps and currency futures and currency options.

The interest rate and currency swaps are marked to market using appropriate interest rates/exchange rates. Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange/clearing corporation. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in 'Other assets' or 'Other liabilities' as the case may be. The notional value of these swaps / futures contract is recorded as contingent liability. Margin money deposited with the exchange in respect of the futures contracts is included in 'Other assets'.

Option premium paid or received is recognised in the Profit and Loss Account on expiry of the option. Option contracts are marked to market on every reporting date.

Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument.

Pursuant to the RBI guidelines, any receivable under a derivative contract with a counterparty which remains overdue for more than 90 days, mark-to-market gains on any other derivative contract with the same counterparty, is reversed through profit and loss account.

5. Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

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

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6. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Premises acquired up to March 31, 1998 have been revalued by the management and are stated at such revalued figure. The appreciation on revaluation is credited to 'Premises Revaluation Reserve' Account. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the revaluation gain is transferred from Premises Revaluation Reserve to the credit of depreciation in the Profit and Loss account.

Depreciation is provided as per straight-line method from the date put to use over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account up to the date of sale. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase. In case of the subsidiary, depreciation has been provided using the straight line method at the rates specified in Schedule II of the Companies Act, 2013. In case of the Bank, if the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

The useful lives of the fixed assets are given below:

Category	Estimated useful life
Premises	50 years
Desktop computers and printers, Laptops	3 years
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	5 years
Purchased and developed Software	5 years
Vehicles	5 years
Office equipment, Locker cabinets, Strong room	6.67 years
ATMs	7 years
Furniture, fittings and work of art	10 years

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

At each balance sheet date, the Group assesses impairment of assets. If any such indication exists, the Group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

7. Employee benefits

Provident Fund

The Group's contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the Profit and Loss account. The Bank makes contributions to a fund administered by trustees.

Gratuity and Pension

Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial valuation as at the Balance Sheet date as per the Projected Unit Credit method as computed by an independent actuary. Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account.

National Pension Scheme:-

The Bank contributes 10.0% of the total basic salary of certain employees to National Pension Scheme (NPS), a defined contribution plan, which is managed and administered by pension fund management companies. The Bank also gives an option to its employees allowing them to receive the amount in lieu of such contributions along with their monthly salary during their employment. The amounts so contributed/paid by the Bank to the NPS or to employee during the year are recognised in the profit and loss account.

Compensated Absences

The Bank provides for compensated absences liability of its employees who are eligible for encashment of accumulated leave and sick leave, which is a long-term benefit scheme, based on actuarial valuation of the compensated absences

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liability at the balance sheet date, carried out by an independent actuary. Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account.

Employee Stock Option Plans

The Bank accounts for Employee Stock Option plans in accordance with the Guidance note on Employee Share Based Payments issued by The Institute of Chartered Accountants of India ('ICAI'). The Bank has applied intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which value of the underlying shares as determined by an independent valuer (prior to the listing of the equity shares on the stock exchanges) or the market price on the date of the grant, as the case may be, exceeds the exercise price of the options. Compensation cost so determined is amortized over the vesting period of the option granted.

8. Revenue Recognition

- a) Interest income is recognized on accrual basis, except in the case of interest on loans categorised as NPA and on loan accounts which are restructured by the Bank under SDR or S4A scheme of RBI, in which case it is recognized on realisation.
- b) Recoveries in respect of past due loan accounts classified as NPA are appropriated towards overdue principal and thereafter towards interest and charges.
- c) Income on discounted instruments is recognized over the tenure of the instrument on a constant yield basis.
- d) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- e) Loan processing fee is accounted for upfront when it becomes due.
- f) Fees received on sale of Priority Sector Lending Certificates (PSLC) is considered as Miscellaneous Income, while the fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI. The fees income or expense is amortized on a straight line basis over the tenor of the certificate.
- g) Arrangership or syndication fee is accounted for on completion of the agreed service and when the right to receive is established.

- h) Interest income on investments in PTCs and loans bought out through the direct assignment route is recognized on accrual basis, at their contractual rate.

- i) All other fees are accounted for as and when they become due.

9. Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period.

The Group has not undertaken any finance leases.

10. Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence of future taxable income) 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.

11. Provisions and contingencies

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be

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made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

12. Provision for reward points on credit cards

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable redemption of credit card reward points and cost per point. Actuarial gains/losses arising during the year are recognised in the Profit and Loss account.

13. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – 'Earnings per share'.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were

exercised or converted during the period. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

14. Share issue expenses

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

15. Cash and Cash Equivalents

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

16. Impairment of assets

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

17. Non- Banking Assets acquired in satisfaction of claims

Non-banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

18. Accounting for proposed dividend

As per AS-4 – 'Contingencies and events occurring after the Balance sheet date', the Bank is not required to create provision for dividend proposed / declared after the Balance Sheet date unless a statute requires otherwise.

19. Corporate Social Responsibility

Expenditures towards corporate social responsibility, in accordance with Companies Act, 2013, are recognized in the Profit and Loss account.

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SCHEDULE 18 - NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1. Disclosures under Accounting Standards

1.1. Disclosures under AS - 15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

(₹ in crore)

Particulars	2018-19	2017-18
Provident Fund	24.52	19.33
Pension Scheme (employees joining after 01.04.2010)	0.02	0.02
Employee state insurance corporation	2.08	1.15
National Pension Scheme	0.74	—
Labour welfare	0.02	0.01

Defined Benefit Plans:

The following table sets out the status of the defined benefit Pension and Gratuity Plan as required under Accounting Standard 15.

Change in the present value of the defined benefit obligation

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at 1st April	114.05	38.42	108.15	30.89 #
Current Service cost	5.55	7.16	5.55	6.16
Interest cost	8.77	2.99	7.99	2.14
Actuarial losses/ (gains)	6.74	2.63	(0.65)	0.59
Benefits paid	(8.25)	(2.00)	(6.99)	(2.14)
Past Service Cost (Amortized)	—	—	—	—
Closing defined benefit obligation at 31st March	126.86	49.20	114.05	38.42

opening adjustment on account of subsidiary consolidation

Change in the plan assets

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at 1st April	111.63	30.12	105.26	21.77
Expected return on plan assets	8.59	2.26	7.78	1.47
Employers Contributions	4.04	6.51	4.48	8.08
Benefit paid	(8.25)	(2.00)	(6.99)	(1.99)
Actuarial gains / (losses) on plan assets	0.74	0.43	1.10	0.79
Closing fair value of plan assets at 31st March	116.75	37.32	111.63	30.12

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Reconciliation of present value of the obligations and fair value of the plan assets

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	126.86	49.20	114.05	38.42
Fair value of plan assets at 31st March	116.75	37.32	111.63	30.12
Deficit / (Surplus)	10.11	11.88	2.42	8.30
Net Liability / (Asset)	10.11	11.88	2.42	8.30

Net cost recognized in the profit and loss account

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	5.55	7.16	5.55	6.16
Interest cost	8.77	2.99	7.99	2.14
Expected return on plan assets	(8.59)	—	(7.78)	(1.47)
Past Service Cost (Vested Benefit) Recognised	—	(2.26)	—	0.78
Net actuarial losses / (gains) recognised during the year	6.00	2.20	(1.75)	(0.20)
Total cost of defined benefit plans included in Schedule 16	11.73	10.09	4.01	7.41
Payments to and provisions for employees				

Reconciliation of Expected return and actual returns on planned assets

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	8.59	2.26	7.78	1.47
Actuarial gain / (loss) on plan assets	0.74	0.43	1.10	0.79
Actual return on plan assets	9.33	2.69	8.88	2.26

Reconciliation of opening and closing net liability / (asset) recognized in balance sheet

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at 1st April	2.42	8.30	2.89	9.12#
Expenses as recognised in profit & Loss account	11.73	10.09	4.01	7.41
Employers contribution / Benefits paid	(4.04)	(6.51)	(4.48)	(8.23)
Net liability / (asset) recognised in balance sheet	10.11	11.87	2.42	8.30

Opening adjustment on account of subsidiary consolidation

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Experience Adjustment

(₹ in crore)

Particulars	2018-19		2017-18		2016-17		2015-16		2014-15	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	126.85	49.20	114.05	38.42	108.15	29.85	107.88	23.34	90.65	18.82
Fair value of plan assets at 31st March	116.74	37.32	111.63	30.12	105.26	21.77	87.58	18.46	69.12	14.03
Deficit / (Surplus)	10.11	11.87	2.42	8.30	2.89	8.08	20.30	4.88	21.53	4.79
On Plan Liabilities (gains) / losses	8.55	2.87	1.91	1.46	(6.09)	2.20	18.46	1.35	10.00	1.07
On Plan Assets (losses) / gains	0.74	0.43	1.10	0.79	0.83	0.04	1.01	0.24	0.64	0.12

Other Details

(₹ in crore)

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Expected Contribution on Plan assets	7.14	15.80	6.62	12.13

A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:

Category of Assets	2018-19		2017-18	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	16.03	6.22	17.35	19.05
State Government securities	37.52	42.15	35.73	32.10
Corporate Bonds	22.12	28.10	19.98	20.80
Funds with LIC	—	6.29	—	—
Fixed deposits and bank balances	24.33	17.24	26.94	28.05
Total	100.00	100.00	100.00	100.00

Key Actuarial Assumptions

Particulars	2018-19		2017-18	
	Pension	Gratuity	Pension	Gratuity
Discount rate	7.79%	6.96%~7.80%	7.69%	8.05%~7.50%
Expected rate of return on Plan Asset	7.79%	7.79%	7.69%	7.50%
Salary Escalation	For 0 yr to 1 yr 12% p.a. thereafter 6% p.a.	6.00%~12.00%	6.00%	6.00%~10.00%
Attrition rate	0.22%	10.00%~25.52%	0.44%	3.00%~22.10%

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forming part of the consolidated financial statements for the year ended March 31, 2019

Compensated absences

The Bank does not have a policy of encashing unavailed leave for its employees, except for employees under Indian Banks'-Association ('IBA') structure. The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Bank is given below:

(₹ in crore)

Particulars	March 31, 2019	March 31, 2018
Privileged leave	15.32	13.29
Sick leave	2.10	1.92
Total actuarial liability	17.42	15.21
Assumptions		
Discount rate	7.79%	7.85%
Salary escalation rate	6.00%~12.00%	6.00%~10.00%

1.2. Segment Reporting: Information about business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated July 1, 2015 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, bullion business, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, credit cards etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.

The following table sets forth the business segment results:

(₹ in crore)

Particulars	2018-19					2017-18				
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Gross Revenue	4,348.84	3,923.41	4,657.13	1,470.49	14,399.87	2,910.54	3,006.44	3,648.69	664.53	10,210.20
Unallocated Revenue					-					3.33
Less: Inter Segment Revenue					6,656.81					4,583.24
Total Revenue					7,743.06					5,630.29

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forming part of the consolidated financial statements for the year ended March 31, 2019

(₹ in crore)

Particulars	2018-19					2017-18				
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Segment Results	493.52	398.77	139.44	266.10	1,297.83	374.21	242.26	258.20	96.30	970.97
Unallocated revenue					-					3.33
Less :Unallocated expenses					-					0.47
Operating Profit					1,297.83					973.83
Income Tax expense (including deferred tax)					436.47					334.62
Net Profit¹					861.36					639.21
Segment Assets	33,488.89	16,049.70	23,787.18	5,409.00	78,734.77	26,605.44	11,876.34	19,936.04	2,300.33	60,718.15
Unallocated Assets					1,663.02					1,159.12
Total Assets					80,397.79					61,877.27
Segment Liabilities	21,044.07	29,767.95	21,868.24	163.81	72,844.07	12,839.82	21,910.31	20,250.35	187.46	55,187.94
Unallocated Liabilities					6.40					5.36
Total Liabilities					72,850.47					55,193.30
Capital Employed (Segment Assets – Segment Liabilities)	12,444.82	(13,718.24)	1,918.94	5,245.18	5,890.70	13,765.62	(10,033.97)	(314.31)	2,112.87	5,530.21
Unallocated Capital					1,656.62					1,153.76
Total Capital					7,547.32					6,683.97
Capital Expenditure	64.20	96.26	14.41	20.31	195.18	67.99	78.52	13.49	12.54	172.54
Depreciation	59.91	49.76	10.22	5.89	125.78	40.94	34.50	10.93	2.37	88.74

¹ Includes share of net profit of minority shareholders and excludes share of profit/loss of associates.

Notes:

- The business of the Group is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).
- The Bank commenced its operations at its International Financial Services Centre Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat in April 2017 and the same is included in Corporate and wholesale Banking segment.
- Income, expenses, assets, liabilities, depreciation for the year and Capital expenditure for the year have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, share capital and reserves.

1.3. Related Party Transactions

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended March 31, 2019 are disclosed below:

- Key Management Personnel ('KMP')**
Mr. Vishwavir Ahuja (Managing Director & Chief Executive Officer)
Mr. Rajeev Ahuja (Executive Director)

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b) Relatives of Key Management Personnel

Mrs. Reva Ahuja, Mr. Dharam Bir Ahuja, Ms. Vasudhaa Ahuja, Ms. Vrinda Ahuja, Mrs. Dipeeka Dhand, Ms. Kanika Ahuja, D. B. Ahuja & Sons (HUF)

Ms. Aishwarya Ahuja, Mrs. Priti Ahuja, Mr. Raman Ahuja, Ms. Nandita Ahuja, Miss Asavari Ahuja

c) Associates

RBL Finserve Limited (RFL) (formerly Swadhaar Finserve Private Limited (SFPL)) (w.e.f. April 5, 2016 till November 7, 2017)

d) Subsidiary

RBL Finserve Limited (RFL) (formerly Swadhaar Finserve Private Limited (SFPL)) (w.e.f. November 8, 2017)

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2019.

(₹ in crore)

Items / Related Party	Subsidiary/ Associates/ Joint ventures #	Maximum Balance during the year #	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Dividend Paid	—	—	3.10	—	0.11	—
Remuneration	—	—	4.51	—	—	—
Deposit	—	—	11.55	14.39	4.27	4.41
Deposits placed	—	—	—	—	0.65	—
Advances	—	—	0.57	0.67	—	—
Advance repaid	—	—	0.10	—	—	—
Interest paid	—	—	0.68	—	0.18	—
Interest received	—	—	0.06	—	—	—
Interest payable	—	—	—	0.11	—	0.05
Interest receivable	—	—	—	—	—	—

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the previous year ended March 31, 2018.

(₹ in crore)

Items / Related Party	Subsidiary/ Associates/ Joint ventures #	Maximum Balance during the year #	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Dividend Paid	—	—	2.57	—	0.10	—
Remuneration	—	—	4.57	—	—	—
Deposit	—	—	10.23	10.23	3.01	3.84
Deposits Placed	—	—	—	—	0.69	—
Advances	—	—	0.67	0.76	—	—
Advances repaid	—	—	0.09	—	—	—
Interest paid	—	—	0.48	—	0.20	—
Interest received	—	—	0.07	—	—	—
Interest payable	—	—	—	0.09	—	0.04
Interest receivable	—	—	—	—	—	—

In accordance with RBI guidelines dated March 29, 2003 "Guidance on compliance with the accounting standards by banks", details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

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forming part of the consolidated financial statements for the year ended March 31, 2019

1.4. Operational Leases

The Group has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

(₹ in crore)

Period	2018-19	2017-18
Not later than one year	100.09	83.07
Later than one year and not later than five years	274.53	224.16
Later than five years	95.53	83.75
Total	470.15	390.98
Lease payment recognized in profit and loss account for the year	127.74	102.71

1.5. Earnings Per Share (EPS)

(₹ in crore)

Particulars	2018-19	2017-18
Basic		
Weighted Average Number of equity shares	423,523,484	402,311,032
Net Profit after tax available for equity share holders (₹)	857.84	631.67
Basic Earnings Per Share (F V ₹ 10/-)	20.25	15.70
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity shares)	432,690,064	418,498,576
Net Profit after tax available for equity share holders (₹)	857.84	631.67
Diluted Earnings Per Share (F V ₹ 10/-)	19.83	15.09
Nominal Value per share	₹ 10	₹ 10

The dilutive impact is due to stock options granted to employees of the Bank.

1.6. Deferred Tax (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2019 are as under:-

(₹ in crore)

Particulars	2018-19	2017-18
Deferred tax assets:		
Provision for Assets	191.62	125.35
Employee benefits	5.69	5.26
Others	18.00	14.58
Deferred tax liabilities:		
Fixed Assets	(5.82)	(5.61)
Total	209.49	139.58

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forming part of the consolidated financial statements for the year ended March 31, 2019

1.7. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Group, as included in fixed assets:

	(₹ in crore)	
Particulars	2018-19	2017-18
At cost at the beginning of the year	245.46	162.50
Additions during the year	76.20	82.96
Deductions during the year	2.47	—
Accumulated depreciation at March 31	163.60	112.80
Closing balance at March 31	155.59	132.66
Depreciation charge for the year	53.25	37.31

1.8. Small and Micro Industries

RBL Bank Limited

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the years ended March 31, 2019 and March 31, 2018. The above is based on the information available with the Bank which has been relied upon by the auditors.

RBL Finserve Limited

On the basis of the information available with the Company and the confirmations received from the 'suppliers' covered under the Micro, Small and Medium Enterprises Development Act, 2006 the amount unpaid as at March 31, 2019 was ₹ 0.69 crore (previous year: ₹ 0.01 crore). 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, 2019 and March 31, 2018. The above is based on the information available with the Company which has been relied upon by the auditors.

1.9. Amount of Provisions made for Income-tax during the year.

	(₹ in crore)	
Particulars	2018-19	2017-18
i) Provision for Income tax / Wealth tax	500.60	378.18
ii) Provision for deferred tax	(64.13)	(43.56)

1.10. Contingent Liabilities

Description of nature of contingent liabilities is set out below:

i) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

ii) Liability for partly paid investments:

These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.

iii) Liability on account of forward exchange and interest rate contracts:

The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.

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forming part of the consolidated financial statements for the year ended March 31, 2019

iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

As a part of its corporate 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 customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations.

v) Acceptances, endorsements and other obligations:

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

vi) Other contingent items:

- a. Commitments for settlement date accounting for securities transactions;
- b. Demands raised by income tax and other statutory authorities and disputed by the Bank;
- c. Amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

RBL Bank Limited makes provident fund contributions to an independently administered Trust. The Bank is currently in dispute with the Provident Fund authorities regarding applicability of the Employees Provident Funds and Miscellaneous Provisions Act, 1952 (the 'Act') on the Bank and the matter is pending with Central Government Industrial Tribunal, Mumbai for further adjudication.

Additionally, in light of the recent Honorable Supreme Court of India judgement on 28th February 2019, which clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board are to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution.

Any potential likely impact on the financial statements in view of the above will be ascertained on the decision of the Central Government Industrial Tribunal, Mumbai and on clarification from the Provident Fund authorities / courts, if any.

Refer schedule 12 for amounts relating to contingent liabilities.

1.11 The disclosure regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

2. Break up of Provisions and Contingencies debited to Profit & Loss Account

		(₹ in crore)	
Particulars	2018-19	2017-18	
i) Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines			
a) For Advances	466.99	257.09	
b) For Investments	25.10	(13.62)	
ii) Provisions towards Standard Assets	56.39	42.44	
iii) Provision for depreciation on investments	28.10	56.08	
iv) Provision / (Write-back) for credit card reward points	40.36	21.09	
v) Provision for others	23.74	4.40	
vi) Provisions towards Income tax	500.60	378.18	
vii) Provision towards deferred tax (net)	(64.13)	(43.55)	
Total	1,077.15	702.11	

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forming part of the consolidated financial statements for the year ended March 31, 2019

3. The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.
4. Additional information to consolidated accounts as at March 31, 2019 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ in crore)

Name of the entity	2018 -19				2017 -18			
	Net assets		Share in profit or loss		Net assets		Share in profit or loss	
	% of total net assets	Amount	% of total net profit	Amount	% of total net assets	Amount	% of total net profit	Amount
Parent								
RBL Bank Ltd	99.44	7,492.76#	101.06	866.95	99.57	6,651.76#	100.54	635.09
Subsidiary								
RFL	0.56	42.03	(0.65)	(5.59)	0.71	47.62	0.65	4.10
Associate								
RFL	—	—	—	—	—	—	(0.93)	(5.90)
Minority Interests	—	—	(0.41)	(3.53)	(0.28)	(18.82)	(0.26)	(1.62)
Total	100.00	7,534.79	100.00	857.54	100.00	6,680.56	100.00	631.67

after incorporating inter-company adjustments amounting to ₹ 54.56 crore (₹ 32.21 crore in previous year)

5. Additional statutory information disclosed in the separate financial statements of the Bank and Subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statement.
6. Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current years' presentation.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date : April 18, 2019

For and on behalf of RBL Bank Limited

Prakash Chandra
Chairman

Jairaj Purandare
Director

Deepak Ruiya
Chief Financial Officer (interim)

Vishwavir Ahuja
Managing Director & CEO

Rajeev Ahuja
Executive Director

Vinay Tripathi
Company Secretary

Independent Auditor's Report

To the Members of RBL Bank Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of RBL Bank Limited (hereinafter referred to as the 'Bank' or the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') and its associates, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement, for the year then ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the 'Act') that give a true and fair view of the consolidated state of affairs, consolidated profit and consolidated cash flows of the Group including its associates, in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, provisions of Section 29 of the Banking Regulation Act, 1949, and the circulars, guidelines and directions issued by Reserve Bank of India ('RBI') from time to time. The respective Board of Directors of the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, and the implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and its associates' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and on the other financial information of the subsidiaries and associates, the aforesaid

consolidated financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2018, their consolidated profit and their consolidated cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matters' paragraph, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to the presentation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating

effectiveness of such controls, refer to our separate Report in 'Annexure A'; and

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The consolidated financial statement disclose the impact of pending litigations on the consolidated financial position of the Group and its associates. Refer Note 1.10 to the consolidated financial statements;
 - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts - Refer Note 3 to the consolidated financial statements in respect of such items as it relates to the Group and its associates;
 - (iii) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India during the year ended 31 March 2018; and
 - (iv) The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, disclosure as appearing in the audited consolidated financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
27 April 2018

Annexure A to the Independent Auditor's Report

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RBL BANK LIMITED **Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013**

In conjunction with our report of the consolidated financial statements of RBL Bank Limited its subsidiary companies and its associate companies (collectively referred to as 'the Group') as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of RBL Bank Limited (hereinafter referred to as the 'Holding Company'), its subsidiary companies and associate companies which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associates companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditor's responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing (the 'Standards'), issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Group

considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

27 April 2018

Consolidated Balance Sheet

as at March 31, 2018

(₹ in '000s)

Particulars	Schedule No.	31-Mar-18	31-Mar-17
CAPITAL & LIABILITIES			
Capital	1	4,196,675	3,752,031
Reserves and Surplus	2	62,608,885	39,611,339
Deposits	3	438,831,015	345,880,914
Borrowings	4	92,614,403	79,797,572
Other Liabilities and Provisions	5	20,333,572	17,713,470
Minority Interest		188,174	—
TOTAL		618,772,724	486,755,326
ASSETS			
Goodwill on Consolidation		182,909	—
Cash and Balances with Reserve Bank of India	6	25,894,619	29,479,286
Balances with banks and money at call and short notice	7	17,206,927	12,457,203
Investments	8	153,970,444	134,824,701
Advances	9	402,678,393	294,490,381
Fixed Assets	10	3,396,429	2,587,088
Other Assets	11	15,443,003	12,916,667
TOTAL		618,772,724	486,755,326
Contingent Liabilities	12	513,959,258	419,044,621
Bills for Collection		14,181,930	8,227,083
Significant Accounting Policies	17		
Notes To Accounts	18		

The schedules and accompanying notes to accounts referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Place : Mumbai

Date : April 27, 2018

For and on behalf of RBL Bank Limited

Narayan Ramachandran

Chairman

Jairaj Purandare

Director

Deepak Ruiya

Chief Financial Officer (*interim*)

Vishwavir Ahuja

Managing Director & CEO

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

Consolidated Profit & Loss

for the year ended March 31, 2018

(₹ in '000s)

Particulars	Schedule No.	31-Mar-18	31-Mar-17
I INCOME			
Interest Earned	13	45,614,830	37,131,585
Other Income	14	10,688,123	7,554,627
TOTAL		56,302,953	44,686,212
II EXPENDITURE			
Interest Expended	15	27,409,021	24,918,241
Operating Expenses	16	15,480,890	10,563,872
Provisions and Contingencies		7,021,055	4,743,644
TOTAL		49,910,966	40,225,757
III PROFIT/LOSS			
Net Profit /(Loss) for the year		6,391,987	4,460,455
Add : Share in Profit/(Loss) of Associate		(59,020)	7,615
Less : Share of minority interest		16,244	—
Profit brought forward		888,144	39,174
TOTAL		7,204,867	4,507,244
IV APPROPRIATIONS			
Transfer to Statutory Reserve		1,588,000	1,116,000
Transfer to Capital Reserve		93,900	3,100
Transfer to Revenue & Other Reserves		3,600,000	2,500,000
Transfer from Investment Reserve		(22,008)	—
Dividend and Corporate dividend tax		829,358	—
Balance carried over to Balance Sheet		1,115,617	888,144
TOTAL		7,204,867	4,507,244
EPS Basic (₹)		15.70	12.61
EPS Diluted (₹)		15.09	11.82
Face Value of shares (₹)		10.00	10.00

The schedules and accompanying notes to accounts referred to above form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

For and on behalf of RBL Bank Limited

Narayan Ramachandran

Chairman

Jairaj Purandare

Director

Deepak Ruiya

Chief Financial Officer (*interim*)

Vishwavir Ahuja

Managing Director & CEO

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : April 27, 2018

Consolidated Cash Flow Statement

for the year ended March 31, 2018

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
I Cash Flow from Operating Activities		
Net Profit for the Year (before taxes)	9,738,225	6,814,873
Adjustments for:-		
Add : Loss / (Profit) on Sale of Fixed Assets (Net)	(847)	(7,674)
Add : Non-Cash Expenditure		-
Depreciation	887,382	615,048
Provision / write-off of non performing advances	2,570,901	1,524,347
Provision for standard assets	424,444	450,184
Provision for investments	424,659	352,208
Foreign Currency Translation Reserve (FCTL)	2,243	-
Other provisions	261,812	62,487
Share in profit of Associate		7,615,416
Cash Flow before Changes in Working Capital	14,308,819	17,426,889
Adjustments for working capital changes:-		
(Increase)/Decrease in Deposits	92,950,101	102,394,402
(Increase)/Decrease in Other Liabilities	1,467,730	4,331,015
(Increase)/Decrease in Deposits placed having original maturity greater than 3 months	2,140,049	(1,083,995)
(Increase)/Decrease in Investments	(20,082,568)	1,575,628
(Increase)/Decrease in Advances	(110,758,913)	(83,723,898)
(Increase)/Decrease in Other Assets	(1,833,884)	(4,373,569)
Direct Taxes paid	(3,751,400)	(2,210,000)
Cash generated from Operating Activities	(25,560,066)	34,336,472
II Cash Flow from Investing Activities		
Addition to Other Fixed Assets	(1,703,861)	(1,290,153)
Addition to Capital Work in Progress	32,580	(154,940)
Sale of Fixed Assets	19,396	23,314
Cash generated from Investing Activities	(1,651,885)	(1,421,779)
III Cash Flow from Financing Activities		
Proceeds of share issue	17,952,849	9,003,256
Net Proceeds / (repayments) from borrowings	12,816,831	(25,564,667)
Dividend and Dividend distribution tax	(829,358)	-
Cash generated from financing Activities	29,940,322	(16,561,411)
IV Increase/Decrease during the Year	2,728,371	16,353,282
V Opening Cash and Cash Equivalents (includes opening adjustment for subsidiary consolidation)	32,074,686	15,311,124
VI Closing Cash and Cash Equivalents	34,803,057	31,664,406
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following:		
(i) Cash and Balances with Reserve Bank of India (Refer Schedule 6)	25,894,619	29,479,286
(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	4,760,983	2,185,120
(iii) Money at Call and Short Notice (Refer Schedule 7)	4,147,455	-
Cash and cash equivalents at the end of the year	34,803,057	31,664,406

As per our report of even date attached

For and on behalf of RBL Bank Limited

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Narayan Ramachandran

Chairman

Jairaj Purandare

Director

Deepak Ruiya

Chief Financial Officer (*interim*)

Vishwavir Ahuja

Managing Director & CEO

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : April 27, 2018

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

SCHEDULE 1 - CAPITAL

Particulars	31-Mar-18	31-Mar-17
(₹ in '000s)		
Authorised Capital		
700,000,000 Ordinary Shares of ₹ 10/- each	7,000,000	4,000,000
(previous year 400,000,000 Ordinary Shares of ₹ 10/- each)		
Issued		
419,667,547 Ordinary Shares of ₹ 10/- each	4,196,675	3,752,031
(previous year 375,203,136 Ordinary Shares of ₹ 10/- each)		
Subscribed & Paid-up		
419,667,547 Ordinary Shares of ₹ 10/- each	4,196,675	3,752,031
(previous year 375,203,136 Ordinary Shares of ₹ 10/- each)		
TOTAL	4,196,675	3,752,031

SCHEDULE 2 - RESERVES & SURPLUS

Particulars	31-Mar-18	31-Mar-17
(₹ in '000s)		
1. Statutory Reserve		
(i) Opening Balance	3,402,500	2,286,500
(ii) Addition during the year	1,588,000	1,116,000
(iii) Deduction during the year	—	—
Total	4,990,500	3,402,500
2. Capital Reserve		
(i) Opening Balance	158,670	155,570
(ii) Addition during the year	93,900	3,100
(iii) Deduction during the year	—	—
Total	252,570	158,670
3. Revaluation Reserve		
(i) Opening Balance	9,666	9,947
(ii) Addition during the year	—	—
(iii) Deduction during the year (Depreciation on revalued portion credited to Profit and Loss Account)	267	281
Total	9,399	9,666
4. Share Premium		
(i) Opening Balance	28,383,799	19,885,293
(ii) Addition during the year	17,575,924	8,966,933
(iii) Deduction during the year	67,719	468,427
Total	45,892,004	28,383,799
5. Revenue & Other Reserves		
(i) Opening Balance	6,746,552	4,246,552
(ii) Addition during the year	3,600,000	2,500,000
(iii) Deduction during the year	—	—
Total	10,346,552	6,746,552
6. Investment Reserve		
(i) Opening Balance	22,008	22,008
(ii) Addition during the year	—	—
(iii) Deduction during the year	22,008	—
Total	—	22,008
7. Foreign Currency Translation Reserve		
(i) Opening Balance	—	—
(ii) Addition during the year	2,243	—
(iii) Deduction during the year	—	—
Total	2,243	—
8 Balance in Profit & Loss Account	1,115,617	888,144
TOTAL (1 to 8)	62,608,885	39,611,339

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

SCHEDULE 3 - DEPOSITS

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
A. 1. Demand Deposits		
i) From Banks	4,012,224	1,409,124
ii) From Others	49,327,576	36,131,706
Total	53,339,800	37,540,830
2. Savings Bank Deposits	53,394,735	38,486,454
3. Term Deposits		
i) From Banks	39,350,584	43,099,648
ii) From Others	292,745,896	226,753,982
Total	332,096,480	269,853,630
TOTAL (1 to 3)	438,831,015	345,880,914
B. i. Deposits of Branches in India	438,831,015	345,880,914
ii. Deposits of Branches outside India	–	–
TOTAL	438,831,015	345,880,914

SCHEDULE 4 - BORROWINGS

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Borrowings in India		
(i) Reserve Bank of India	5,000,000	–
(ii) Other Banks	12,974,440	12,442,958
(iii) Other Institutions and Agencies	40,201,672	45,470,762
(iv) Subordinated debt	7,300,000	7,300,000
Total	65,476,112	65,213,720
2. Borrowings outside India	27,138,291	14,583,852
TOTAL (1+2)	92,614,403	79,797,572

Secured Borrowings included in 1 & 2 above are ₹ 17,845,363 thousands (for financial year ending March 31, 2017 ₹ 11,578,953 thousands)

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Bills Payable	2,379,437	2,534,240
2. Inter Office Adjustments (Net)	–	–
3. Interest Accrued	3,496,022	2,892,380
4. Others (Including Provisions) *	14,458,113	12,286,850
TOTAL (1 to 4)	20,333,572	17,713,470
* Includes : Provision against Standard Assets	1,768,023	1,343,579

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Cash in hand	2,153,916	1,648,328
2. Balances with Reserve Bank of India		
(i) In Current Account	17,460,703	14,330,958
(ii) In Other Accounts	6,280,000	13,500,000
TOTAL (1+2)	25,894,619	29,479,286

SCHEDULE 7 – BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. In India		
(i) Balances with Banks		
a) In Current Accounts	869,383	1,212,210
b) In other Deposit Accounts	8,298,489	10,272,083
(ii) Money at Call and Short Notice		
a) With Banks	–	–
b) With Other Institutions	4,147,455	–
Total (i+ii)	13,315,327	11,484,293
2. Outside India		
(i) In Current Accounts	3,891,600	972,910
(ii) In Other Deposits Accounts	–	–
(iii) Money at Call and Short Notice	–	–
Total (i+ii+iii)	3,891,600	972,910
TOTAL (1+2)	17,206,927	12,457,203

SCHEDULE 8 – INVESTMENTS

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Investments in India (Gross)	154,697,773	135,331,097
Less – Provision for depreciation	729,269	508,059
Total	153,968,504	134,823,038
Break Up		
(i) Government Securities	113,219,579	98,012,178
(ii) Other Approved Securities	–	–
(iii) Shares	1,170,293	881,999
(iv) Debentures & Bonds	19,787,314	20,026,972
(v) Subsidiaries and / or Joint Venture	–	–
(vi) Others *	19,791,318	15,689,223
(vii) Associate	–	212,665
Total	153,968,504	134,823,037

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

SCHEDULE 8 – INVESTMENTS (contd.)

(₹ in '000s)		
Particulars	31-Mar-18	31-Mar-17
* Details of Others (vi)		
(i) Commercial paper & Certificates of deposit	10,101,465	4,444,963
(ii) Mutual Funds	7,770,000	4,412,597
(iii) Venture Capital Fund	815,954	817,778
(iv) Pass Through Certificates	830,332	5,922,457
(v) Security Receipts	273,567	91,428
Total	19,791,318	15,689,223
2. Investments Outside India		
(i) Government Securities (Including Local Authorities)	–	–
(ii) Subsidiaries and / or Joint Venture abroad	–	–
(iii) Other Investments	1,940	1,664
Total	1,940	1,664
TOTAL (1 + 2)	153,970,444	134,824,701

SCHEDULE 9 – ADVANCES

(₹ in '000s)		
Particulars	31-Mar-18	31-Mar-17
A.		
(i) Bills Purchased and Discounted	11,163,910	5,366,986
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	99,235,741	72,361,010
(iii) Term Loans	292,278,742	216,762,385
Total	402,678,393	294,490,381
B.		
(i) Secured by Tangible Assets (Includes advances against Fixed Deposits and Book Debts)	274,209,414	201,076,218
(ii) Coverd by Bank/Government Guarantees	987,122	280,951
(iii) Unsecured	127,481,857	93,133,212
Total	402,678,393	294,490,381
C.1 Advances in India		
(i) Priority Sector	112,915,789	93,455,904
(ii) Public Sector	–	1,917,644
(iii) Banks	3,812,763	6,590,294
(iv) Others	275,232,797	192,526,539
Total	391,961,349	294,490,381
C.2 Advances Outside India		
(i) Due from Banks	–	–
(ii) Due from Others	–	–
a) Bills Purchases and Discounted	–	–
b) Syndicated Loans	–	–
c) Others	10,717,044	–
Total	10,717,044	–
TOTAL (C.1 + C.2)	402,678,393	294,490,381

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

SCHEDULE 10 – FIXED ASSETS

		(₹ in '000s)	
Particulars	31-Mar-18	31-Mar-17	
1. Premises			
(i) At cost at 31st March of the preceding year	75,241	79,002	
(ii) Additions During the year	–	–	
(iii) Deductions During the year	–	3,761	
(iv) Accumulated Depreciation to date	11,697	10,280	
Total	63,544	64,961	
2. Other Fixed Assets			
(i) At cost at 31st March of the preceding year	4,263,583	2,941,461	
(ii) Additions During the year	1,725,409	1,290,153	
(iii) Deductions During the year	55,635	49,390	
(iv) Accumulated Depreciation to date	2,913,361	2,005,566	
Total	3,019,996	2,176,658	
3. Leased Assets			
(i) Lease equalisation - Opening balance	13,509	13,509	
(ii) Additions During the year	–	–	
(iii) Less: Provision held	13,509	13,509	
(iv) Accumulated Depreciation to date	–	–	
Total	–	–	
4. Capital Work in Progress	312,889	345,469	
TOTAL (1 to 4)	3,396,429	2,587,088	

SCHEDULE 11 – OTHER ASSETS

		(₹ in '000s)	
Particulars	31-Mar-18	31-Mar-17	
1. Inter-Office Adjustment (Net)	–	–	
2. Interest Accrued	4,461,321	3,897,000	
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	133,914	–	
4. Stationery and Stamps	3,877	5,782	
5. Deferred Tax Assets (Net)	1,395,723	885,842	
6. Non-banking assets acquired in satisfaction of claims	591,251	–	
7. Others	8,856,917	8,128,043	
TOTAL (1 to 7)	15,443,003	12,916,667	

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

SCHEDULE 12 – CONTINGENT LIABILITIES

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Claims against the bank not acknowledged as debts	77,493	77,575
2. Liability for Partly Paid Investment	189,397	151,800
3. Liability on Account of Outstanding Forward Exchange contracts	220,642,559	172,802,904
4. Liability on Account of Outstanding derivative contracts		
(i) Interest Rate Swaps	73,563,134	51,169,535
(ii) Cross Currency Swaps	68,915,165	55,562,826
(iii) Currency Options	23,088,663	44,043,976
5. Guarantees given on behalf of constituents		
(i) In India	66,753,735	48,169,568
(ii) Outside India	29,792,260	27,312,261
6. Acceptances, Endorsements and other Obligations	28,386,476	17,503,286
7. Other items for which the bank is contingently liable		
a) Income tax & other matters (under appeal)	400,644	80,144
b) Others	2,149,732	2,170,746
TOTAL (1 to 7)	513,959,258	419,044,621

SCHEDULE 13 – INTEREST EARNED

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Interest / Discount on Advances / bills	34,843,613	26,394,024
2. Income on Investments	9,981,686	9,814,681
3. Interest on balance with RBI and Other Inter bank funds	701,485	854,902
4. Others	88,046	67,978
TOTAL (1 to 4)	45,614,830	37,131,585

SCHEDULE 14 – OTHER INCOME

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Commission, Exchange and Brokerage	7,234,673	4,912,488
2. Profit on sale of Investments (Net)	1,665,396	1,189,112
3. Profit / (Loss) on sale of land, building and other assets (Net)	844	7,674
4. Profit on exchange transactions (Net)	1,511,162	1,238,112
5. Miscellaneous Income	276,048	207,241
TOTAL (1 to 5)	10,688,123	7,554,627

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

SCHEDULE 15 – INTEREST EXPENDED

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Interest on Deposits	23,405,908	19,607,995
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	840,845	1,333,207
3. Others	3,162,268	3,977,039
TOTAL (1 to 3)	27,409,021	24,918,241

SCHEDULE 16 – OPERATING EXPENSES

(₹ in '000s)

Particulars	31-Mar-18	31-Mar-17
1. Payments to and provisions for employees	5,818,246	4,461,394
2. Rent, taxes and lighting	1,224,136	957,553
3. Printing and stationery	126,643	75,533
4. Advertisement and publicity	160,574	179,998
5. Depreciation on banks property	887,382	615,048
6. Director's fees Allowances and expenses	8,927	8,224
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	9,074	5,516
8. Law Charges	67,908	62,902
9. Postage, Telegrams, Telephones, etc.	212,114	130,028
10. Repairs and maintenance	63,027	37,389
11. Insurance	458,784	319,144
12. Other Expenditure	6,444,075	3,711,143
TOTAL (1 to 12)	15,480,890	10,563,872

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

BACKGROUND:

RBL Bank Limited ('the Bank'), incorporated in Kolhapur, India is a banking company governed by the Banking Regulation Act, 1949 with Reserve Bank of India ('RBI') as its principal regulator. The Bank is engaged in providing a wide range of banking and financial services including commercial banking, retail banking, agriculture finance and financial inclusion, treasury operations and other banking related activities. The Bank's shares were listed on August 31, 2016 on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE).

During the previous year ended March 31, 2017, the Bank increased its stake in Swadhaar Finserve Private Limited (SFPL) to 30% and hence SFPL became an 'Associate' of the Bank. During the year ended March 31, 2018, the Bank further increased its stake in SFPL to 60.48%, following which the relationship of the company with the Bank changed from being an 'Associate' to a 'Subsidiary' w.e.f. November 8, 2017. Accordingly, the Bank has presented the Consolidated Financial Statements including that of SFPL for the financial year 2017-18 and previous financial year 2016-17 based on the nature of relationship with SFPL. SFPL is acting as a business correspondent operating exclusively for the Bank, distributing comprehensive financial services (in particular Loans and Savings products) to low income households and micro entrepreneurs.

BASIS OF PREPARATION:

The accompanying consolidated financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Group used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.

PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements relate to RBL Bank Limited ("the Bank") and its subsidiary or associate (together

'the Group'). The consolidated financial statements have been prepared on the following basis:

- In respect of a subsidiary, the financial statement has been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 - Consolidated Financial Statements.
- In case of an Associate, the financial statements have been consolidated as per Accounting Standard 23 - Accounting for Investment in Associates.

The difference between the cost of investment in the subsidiary and the Bank's share of net asset, at the time of acquisition of share in the subsidiary, is recorded in the consolidated financial statement as goodwill or capital reserve, as the case may be.

- Minority interest representing the part of net results of operations and of the net assets of subsidiary attributable to interests not owned directly or indirectly is presented separately from liabilities and the equity.
- The financial statements of the subsidiary and associates used in consolidation are drawn up to the same reporting date as that of the holding Company i.e. March 31, 2018.

Consolidated Financial Statements incorporates audited results of the following subsidiary:

Name of the Subsidiary	Country of Origin	% of shareholding (March 31, 2018)
Swadhaar Finserve Private Limited (SFPL)	India	60.48% (w.e.f. November 8, 2017)

With effect from November 8, 2017, Swadhaar Finserve Private Limited (SFPL), formerly an associate, has become a subsidiary of the Bank and has been accordingly consolidated from the said date.

USE OF ESTIMATES:

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India ('GAAP') requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues

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and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1. Advances

a) Accounting and Classification

Advances are stated net of bills rediscounted and provisions made in respect of Non-Performing Advances ('NPA'). The premium paid on acquisition of portfolio is included in advances and is amortised over the economic life of the portfolio; being 5 years for on-demand working capital loans and credit card portfolios purchased. Advances are classified as Performing and NPA based on the relevant RBI guidelines.

b) Provisioning

Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed from time to time. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines.

In accordance with the RBI guidelines, the Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio including provision for borrowers having un-hedged foreign currency exposures, provisions on loans to specific borrowers in specific stressed sectors and also for credit exposures considered at current marked to market values of interest rate

and foreign exchange derivative contracts. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

Further to the provisions 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 provision is held in respect of that country where the net funded exposure is one percent or more of the total assets.

Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account, as credit to 'Miscellaneous Income' under the head 'Other Income' or provision for NPAs, respectively.

2. Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') and Financial Benchmark India Private Limited ('FBIL') guidelines, prescribed in this regard from time to time.

a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures and f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to prudential norms

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for Classification, valuations and Operation of Investment Portfolio by Banks, prescribed from time to time.

b) Valuation

Investments classified as HTM are carried at amortised cost. Any premium paid on acquisition, over the face value, is amortised over the remaining maturity of the instrument, by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary, in the value of investments classified under HTM has taken place, appropriate provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per the relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation are aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded / quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions are valued as per the price list of RBI or prices declared by Financial Benchmark India Private Limited ('FBIL') as applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), the bank considers yields / mark-up rates (reflecting associate credit risk) declared by the FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹ 1/- as per the RBI guidelines.

Quoted Mutual Fund units are valued as per the stock exchange quotations and un-quoted mutual fund units are valued at last available re-purchase price

or Net Asset Value ('NAV') where re-purchase price is not available.

Units of Venture Capital Funds ('VCF') held under AFS category are valued using the ('NAV') shown by VCF as per the financial statement. The VCFs are valued based on the audited financials. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1/- per VCF.

Security Receipts ('SR') issued by the asset reconstruction companies are valued in accordance with the guidelines prescribed by the RBI. Accordingly, SRs are valued at NAV provided by the issuing asset reconstruction company.

Investments received in lieu of restructured advances under Strategic Debt Restructuring (SDR) / Sustainable Structuring of Stressed Assets (S4A) schemes are valued in accordance with the RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by the Bank under SDR / S4A schemes is provided as per RBI guidelines.

c) Disposal of investments:

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

d) Transfer between categories

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.

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- b) Transfer from HTM to AFS/HFT is made at acquisition price/amortised cost if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

e) Repurchase transactions

Repurchase ('Repo') and reverse repurchase ('Reverse Repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted for as interest expense and income on reverse repo transactions are accounted for as interest income.

f) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

3. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by 'FEDAI' and the resultant exchange differences are recognised in the Profit and Loss account. Income and expenditure items are translated at the exchange rates prevailing on the date of the transaction.

Outstanding forward exchange contracts (other than deposit and placement swaps) and spot contracts outstanding at the Balance Sheet date are revalued at rates notified by FEDAI for specified maturities and at the interpolated rates of interim maturities. In case of forward

contracts of greater maturities where exchange rates are not notified by FEDAI, are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resulting profits or losses are recognised in the Profit and Loss Account as per the regulations stipulated by the RBI / FEDAI and is included in 'Other assets' or 'Other liabilities' as the case may be.

Foreign exchange swaps "linked" to foreign currency deposits and placements are translated at the prevailing spot rate at the time of swap. The premium or discount on the swap arising out of the difference in the exchange rate of the swap date and the maturity date of the underlying forward contract is amortised over the period of the swap and the same is recognised in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, letters of credit, bank guarantees and acceptances and endorsements outstanding as at the Balance Sheet date denominated in foreign currencies are translated at year-end rates notified by FEDAI.

The financial statements of IBU which are in the nature of non-integral overseas operations are translated on the following basis: (a) Income and expenses are converted at the average rate of exchange during the period and (b) All assets and liabilities are translated at closing rate as on Balance Sheet date. The exchange difference arising out of year end translation is debited or credited as "Foreign Currency Translation Reserve" forming part of "Reserves and Surplus".

4. Derivative transactions

Derivative transactions comprise interest rate swaps, cross currency swaps and currency futures and currency options.

The interest rate and currency swaps are marked to market using appropriate interest rates/exchange rates. Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange/clearing corporation. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in 'Other assets' or 'Other liabilities' as the case may be. The notional value of these swaps / futures contract is recorded as contingent liability. Margin money

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deposited with the exchange in respect of the futures contracts is included in 'Other assets'.

Option premium paid or received is recognised in the Profit and Loss Account on expiry of the option. Option contracts are marked to market on every reporting date.

Outstanding derivative transactions designated as "Hedges" are accounted in accordance with hedging instrument on an accrual basis over the life of the underlying instrument.

5. Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its wholesale customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

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

6. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Premises acquired up to March 31, 1998 have been revalued by the management and are stated at such revalued figure. The appreciation on revaluation is credited to 'Premises Revaluation Reserve' Account. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the revaluation gain is transferred from Premises Revaluation Reserve to the credit of depreciation in the Profit and Loss account.

Depreciation is provided as per straight-line method from the date put to use over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account up to the date of sale. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase. In case of the subsidiary, depreciation has

been provided using the straight line method at the rates specified in Schedule II of the Companies Act, 2013. In case of the Bank, if the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

The useful lives of the fixed assets are given below:

Category	Estimated useful life
Premises	50 years
Desktop computers and printers, Laptops	3 years
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	5 years
Purchased and developed Software	5 years
Vehicles	5 years
Office equipment, Locker cabinets, Strong room	6.67 years
ATMs	7 years
Furniture, fittings and work of art	10 years

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

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7. Employee benefits

Provident Fund

The Group's contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the Profit and Loss account.

Gratuity and Pension

Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial valuation as at the Balance Sheet date as per the Projected Unit Credit method as computed by an independent actuary. Actuarial gains/losses arising during the year are recognised in the Profit and Loss Account.

Leave Encashment

The Bank provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave and sick leave, which is a long-term benefit scheme, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary. Actuarial gains/losses arising during the year are recognized in the Profit and Loss Account.

Employee Stock Option Plans

The Bank accounts for Employee Stock Option plans in accordance with the Guidance note on Employee Share Based Payments issued by The Institute of Chartered Accountants of India ('ICAI'). The Bank has applied intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which value of the underlying shares as determined by an independent valuer (prior to the listing of the equity shares on the stock exchanges) or the market price on the date of the grant, as the case may be, exceeds the exercise price of the options. Compensation cost so determined is amortised over the vesting period of the option granted.

8. Revenue Recognition

- a) Interest income is recognised on accrual basis, except in the case of interest on loans categorised as NPA and on loan accounts which are restructured by the Bank under SDR or S4A scheme of RBI, in which case it is recognised on realisation.

- b) Recoveries in respect of past due loan accounts classified as NPA are appropriated towards overdue principal and thereafter towards interest and charges.
- c) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.
- d) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- e) Loan processing fee is accounted for upfront when it becomes due.
- f) Fees received on sale of Priority Sector Lending Certificates (PSLC) is considered as Miscellaneous Income, while the fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI.
- g) All other fees are accounted for as and when they become due.

9. Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period.

The Bank has not undertaken any finance leases.

10. Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

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The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence of future taxable income) 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.

11. Provisions and contingencies

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

12. Provision for reward points on credit cards

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable

redemption of credit card reward points and cost per point. Actuarial gains/losses arising during the year are recognised in the Profit and Loss account.

13. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – 'Earnings per share'.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the period. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

14. Share issue expenses

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

15. Cash and Cash Equivalents

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

16. Impairment of assets

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

17. Non- Banking Assets acquired in satisfaction of claims

Non-banking assets (NBAs) acquired in satisfaction of claims are carried at lower of net book value and net realizable value.

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18. Accounting for proposed dividend

As per AS-4 – 'Contingencies and events occurring after the Balance sheet date', the Bank is not required to create provision for dividend proposed / declared after the Balance Sheet date unless a statute requires otherwise.

19. Corporate Social Responsibility

Expenditures towards corporate social responsibility, in accordance with Companies Act, 2013, are recognized in the Profit and Loss account.

SCHEDULE 18 - NOTES TO ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Disclosures under Accounting Standards

1.1. Disclosures under AS - 15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

(₹ in crore)

Particulars	2017-18	2016-17
Provident Fund	19.33	12.95
Pension Scheme (employees joining after 01.04.2010)	0.02	0.02
Employee state insurance corporation	1.15	0.45
Labour welfare	0.01	0.00

Defined Benefit Plans:

The following table sets out the status of the defined benefit Pension and Gratuity Plan as required under Accounting Standard 15.

Change in the present value of the defined benefit obligation

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Opening defined benefit obligation at 1st April	108.15	30.89#	107.88	23.34
Current Service cost	5.55	6.16	5.77	3.65
Interest cost	7.99	2.14	8.59	1.80
Actuarial losses/ (gains)	(0.65)	0.59	(2.08)	4.10
Benefits paid	(6.99)	(2.14)	(12.01)	(3.04)
Past Service Cost (Amortised)	–	0.78	–	–
Closing defined benefit obligation at 31st March	114.05	38.42	108.15	29.85

opening adjustment on account of subsidiary consolidation

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Change in the plan assets

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Opening fair value of plan assets at 1st April	105.26	21.77	87.58	18.46
Expected return on plan assets	7.78	1.47	6.97	1.43
Employers Contributions	4.48	8.08	21.89	4.88
Benefit paid	(6.99)	(1.99)	(12.01)	(3.04)
Actuarial gains / (losses) on plan assets	1.10	0.79	0.83	0.04
Closing fair value of plan assets at 31st March	111.63	30.12	105.26	21.77

Reconciliation of present value of the obligations and fair value of the plan assets

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	114.05	38.42	108.15	29.85
Fair value of plan assets at 31st March	111.63	30.12	105.26	21.77
Deficit / (Surplus)	2.42	8.30	2.89	8.08
Net Liability / (Asset)	2.42	8.30	2.89	8.08

Net cost recognized in the profit and loss account

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Current Service cost	5.55	6.16	5.77	3.65
Interest cost	7.99	2.14	8.59	1.80
Expected return on plan assets	(7.78)	(1.47)	(6.97)	(1.43)
Past Service Cost (Vested Benefit) Recognised	–	0.78	–	–
Net actuarial losses / (gains) recognised during the year	(1.75)	(0.20)	(2.91)	4.06
Total cost of defined benefit plans included in Schedule 16	4.01	7.41	4.48	8.08
Payments to and provisions for employees				

Reconciliation of Expected return and actual returns on planned assets

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Expected return on plan assets	7.78	1.47	6.97	1.43
Actuarial gain / (loss) on plan assets	1.10	0.79	0.83	0.04
Actual return on plan assets	8.88	2.26	7.80	1.47

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Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Opening net liability as at 1st April	2.89	9.12#	20.30	4.88
Expenses as recognised in profit & Loss account	4.01	7.41	4.48	8.08
Employers contribution / Benefits paid	(4.48)	(8.23)	(21.89)	(4.88)
Net liability / (asset) recognised in balance sheet	2.42	8.30	2.89	8.08

opening adjustment on account of subsidiary consolidation

Experience Adjustment

(₹ in crore)

Particulars	2017-18		2016-17		2015-16		2014-15		2013-14	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	114.05	38.42	108.15	29.85	107.88	23.34	90.65	18.82	71.15	14.09
Fair value of plan assets at 31st March	111.63	30.12	105.26	21.77	87.58	18.46	69.12	14.03	49.32	11.97
Deficit / (Surplus)	2.42	8.30	2.89	8.08	20.30	4.88	21.53	4.79	21.83	2.12
On Plan Liabilities (gains) / losses	1.91	1.46	(6.09)	2.20	18.46	1.35	10.00	1.07	23.21	0.97
On Plan Assets (losses) / gains	1.10	0.79	0.83	0.04	1.01	0.24	0.64	0.12	0.08	(0.01)

Other Details

(₹ in crore)

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Expected Contribution on Plan assets	6.62	12.13	6.31	13.57

A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:

Category of Assets	2017-18		2016-17	
	Pension (%)	Gratuity (%)	Pension (%)	Gratuity (%)
Central Government securities	17.35	19.05	19.40	12.51
State Government securities	35.73	32.10	32.70	37.63
Corporate Bonds	19.98	20.80	17.28	22.53
Funds with LIC	—	—	—	10.57
Fixed deposits and bank balances	26.94	28.05	30.62	16.76
Total	100.00	100.00	100.00	100.00

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Key Actuarial Assumptions

Particulars	2017-18		2016-17	
	Pension	Gratuity	Pension	Gratuity
Discount rate	7.69%	8.05%~7.50%	7.39%	6.77%
Expected rate of return on Plan Asset	7.69%	7.50%	7.39%	6.77%
Salary Escalation	6.00%	6.00%~10.00%	6.00%	6.00% (IBA) 8.00% (Others)
Attrition rate	0.44%	3.00%~22.10%	2.00%	2.00% (IBA) 20.00% (Others)

1.2. Segment Reporting: Information about business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BPBC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BPBC No.23/21.04.018/2015-16 dated July 1, 2015 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, bullion business, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, credit cards etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.

The following table sets forth the business segment results:

(₹ in crore)

Particulars	2017-18					2016-17				
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Gross Revenue	2,910.54	3,006.44	3,648.69	644.53	10,210.20	2,570.20	2,320.07	3,181.18	221.24	8,291.69
Unallocated Revenue					3.33					0.77
Less: Inter Segment Revenue					4,583.24					3,823.84
Total Revenue					5,630.29					4,468.62
Segment Results	374.21	242.26	258.20	96.29	970.96	269.17	182.39	179.31	50.03	680.90
Unallocated revenue					3.33					0.77
Less :Unallocated expenses					0.47					0.18
Operating Profit					973.82					681.49
Income Tax expense (including deferred tax)					334.62					235.44
Net Profit¹					639.20					446.05

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

(₹ in crore)

Particulars	2017-18					2016-17				
	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total	Corporate/ Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	Total
Segment Assets	26,605.44	11,876.34	19,936.04	2,300.33	60,718.15	20,341.99	8,597.18	18,183.92	813.44	47,935.77
Unallocated Assets					1,159.12					739.00
Total Assets					61,877.27					48,674.77
Segment Liabilities	12,839.82	21,910.31	20,250.35	187.46	55,187.94	11,005.47	18,965.72	14,301.08	21.02	44,293.29
Unallocated Liabilities					6,689.33					4,381.48
Total Liabilities					61,877.27					48,674.77

¹ Includes share of net profit of minority shareholders and excludes share of profit/loss of associates.

Notes:

- The business of the Group is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).
- The Bank commenced its operations at its International Financial Services Centre Banking Unit (IBU) in Gujarat International Finance Tec (GIFT) City, Gujarat in April 2017 and the same is included in Corporate and wholesale Banking segment.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, share capital and reserves.

1.3. Related Party Transactions

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended March 31, 2018 are disclosed below:

a) Key Management Personnel ('KMP')

Mr. Vishwavir Ahuja (Managing Director & Chief Executive Officer)

Mr. Rajeev Ahuja (Executive Director) (identified as related party w.e.f. February 21, 2017)

b) Relatives of Key Management Personnel

Mrs. Reva Ahuja, Mr. Dharam Bir Ahuja, Ms. Vasudhaa Ahuja, Ms. Vrinda Ahuja, Mrs. Dipeeka Dhand, Ms. Kanika Ahuja, D. B. Ahuja & Sons (HUF)

Ms. Aishwarya Ahuja, Mrs. Priti Ahuja, Mr. Raman Ahuja, Ms. Nandita Ahuja, Miss Asavari Ahuja

c) Associates

Swadhaar Finserve Private Limited (SFPL) (w.e.f. April 5, 2016 till November 7, 2017)

Swadhaar Information and Management Services Private Limited ('SIMSPL'), a wholly owned subsidiary of SFPL, has been merged with SFPL w.e.f. April 1, 2016 vide NCLT order March 8, 2017. All the transactions done by the Bank with SIMSPL during the previous year have been included with SFPL, for the purpose of related party transactions.

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2018.

(₹ in crore)

Items / Related Party	Associates/ Joint ventures #	Maximum Balance during the year #	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Remuneration	—	—	4.57	—	—	—
Deposit	—	—	10.23	10.23	3.01	3.84
Advances	—	—	0.67	0.76	—	—
Interest paid	—	—	0.48	—	0.20	—
Interest received	—	—	0.07	—	—	—
Interest payable	—	—	—	0.09	0.00	0.04

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the previous year ended March 31, 2017.

(₹ in crore)

Items / Related Party	Associates/ Joint ventures #	Maximum Balance during the year #	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Remuneration	—	—	1.92	—	—	—
Deposit	—	—	10.04	11.06	2.73	3.19
Advances	—	—	0.77	0.85	—	—
Interest paid	—	—	0.13	—	0.08	—
Interest received	—	—	0.01	—	—	—
Interest payable	—	—	—	0.07	0.01	0.02

In accordance with RBI guidelines dated March 29, 2003 "Guidance on compliance with the accounting standards by banks", details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

1.4. Operational Leases

The Group has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

(₹ in crore)

Period	2017-18	2016-17
Not later than one year	83.07	66.39
Later than one year and not later than five years	224.16	200.35
Later than five years	83.75	56.81
Total	390.28	323.55
Lease payment recognized in profit and loss account for the year	102.71	75.36

1.5. Earnings Per Share (EPS)

(₹ in crore)

Particulars	2017-18	2016-17
Basic		
Weighted Average Number of equity shares	402,311,032	354,220,599
Net Profit after tax available for equity share	631.67	446.81
Basic Earnings Per Share (F V ₹ 10/-)	15.70	12.61

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

Particulars	2017-18	2016-17
(₹ in crore)		
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity shares)	418,498,576	377,947,742
Net Profit after tax available for equity share	631.67	446.81
Diluted Earnings Per Share (F V ₹ 10/-)	15.09	11.82
Nominal Value per share	₹ 10	₹ 10

The dilutive impact is due to stock options granted to employees of the Bank.

1.6. Deferred Tax (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2018 are as under:-

Particulars	2017-18	2016-17
(₹ in crore)		
Deferred tax assets:		
Provision for Assets	125.35	88.93
Employee benefits	5.26	3.93
Others	14.58	9.68
Deferred tax liabilities:		
Charge related to acquisition	—	—
Fixed Assets	(5.61)	(13.95)
MTM Gain on Derivatives	—	—
Total	139.58	88.59

1.7. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Group, as included in fixed assets:

Particulars	2017-18	2016-17
(₹ in crore)		
At cost at the beginning of the year	162.50	104.46
Additions during the year	82.96	55.79
Deductions during the year	—	0.44
Accumulated depreciation at March 31	112.80	73.23
Closing balance at March 31	132.66	86.58
Depreciation charge for the year	37.31	26.29

1.8. Small and Micro Industries

Based on information available with the Group, during the year, there were no amounts outstanding on the due date, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

1.9. Amount of Provisions made for Income-tax during the year:

Particulars	2017-18	2016-17
(₹ in crore)		
i) Provision for Income tax / Wealth tax	378.18	238.16
ii) Provision for deferred tax	(43.56)	(2.72)

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

1.10. Contingent Liabilities

Description of nature of contingent liabilities is set out below:

- i) Claims against the Bank not acknowledged as debts:
These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.
- ii) Liability for partly paid investments:
These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.
- iii) Liability on account of forward exchange and interest rate contracts:
The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.
- iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:
As a part of its corporate 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 customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations.
- v) Acceptances, endorsements and other obligations:
These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.
- vi) Other contingent items:
 - a. Commitments for settlement date accounting for securities transactions;
 - b. Amount of bills rediscounted by the Bank;
 - c. Demands raised by income tax and other statutory authorities and disputed by the Bank;
 - d. Amount transferred to RBI under the Depositor Education and Awareness Fund (DEAF).

Refer schedule 12 for amounts relating to contingent liabilities.

1.11 Specified Bank Notes

The disclosure required on holdings as well as dealings in Specified Bank Notes (SBN) during the period from November 8, 2016 to December 30, 2016 as envisaged in notification GSR 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs (MCA), is not applicable to the bank. The disclosures regarding details of SBNs held and transacted during November 8, 2016 to December 30, 2016 has not been made for the subsidiary since the requirement does not pertain to financial year ended March 31, 2018. Disclosures by the subsidiary company, have been made in their financial statements for the year ended March 31, 2017.

2. Break up of Provisions and Contingencies debited to Profit & Loss Account

		(₹ in crore)	
Particulars	2017-18	2016-17	
i) Provision made towards NPAs / Write off/ Sacrifice for Restructured Advance / Debt Relief as per RBI guidelines			
a) For Advances	257.09	152.44	
b) For Investments	(13.62)	9.74	

Schedules

forming part of the consolidated financial statements for the year ended March 31, 2018

		(₹ in crore)	
Particulars	2017-18	2016-17	
ii) Provisions towards Standard Assets	42.44	45.02	
iii) Provision for depreciation on investments	56.08	25.48	
iv) Provision / (Write-back) for credit card reward points	21.09	4.56	
v) Provision for others	4.40	1.69	
vi) Provisions towards Income tax	378.18	238.16	
vii) Provision towards deferred tax (net)	(43.55)	(2.72)	
Total	702.11	474.37	

3. The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.
4. Additional information to consolidated accounts as at March 31, 2018 (Pursuant to Schedule III of the Companies Act, 2013)

Name of the entity	2017 -18				2016 -17			
	Net assets		Share in profit or loss		Net assets		Share in profit or loss	
	% of total net assets	Amount	% of total net profit	Amount	% of total net assets	Amount	% of total net profit	Amount
Parent								
RBL Bank Ltd	99.57	6,651.76#	100.54	635.09	99.98	4,335.58	99.83	446.05
Subsidiary								
Swadhaar Finserve Private Limited (SFPL)	0.71	47.62	0.65	4.10	—	—	—	—
Associate								
Swadhaar Finserve Private Limited (SFPL)	—	—	(0.93)	(5.90)	0.02	0.76	0.17	0.76
Minority Interests	(0.28)	(18.82)	(0.26)	(1.62)	—	—	—	—
Total	100.00	6,680.56	100.00	631.67	100.00	4,336.34	100.00	446.81

after incorporating inter-company adjustments amounting to ₹ 32.21 crore

5. Additional statutory information disclosed in the separate financial statements of the Bank and Subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the consolidated financial statement.
6. Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current years' presentation.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No. 046882

Place : Mumbai
Date : April 27, 2018

For and on behalf of RBL Bank Limited

Narayan Ramachandran
Chairman

Jairaj Purandare
Director

Deepak Ruiya
Chief Financial Officer (*interim*)

Vishwavir Ahuja
Managing Director & CEO

Vimal Bhandari
Director

Vinay Tripathi
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of RBL Bank Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of RBL Bank Limited ('the Bank' or the 'Holding Company') and its associates (collectively referred to as 'the Group'), comprising the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

2. The Bank's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder. We conducted our audit in accordance with Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2017, and their consolidated Profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by section 143(3) of the Act, we further report, to the extent applicable, that:

- (i) we have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (ii) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- (iii) the Consolidated Balance Sheet, the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (iv) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by the RBI;
- (v) on the basis of written representations received from the directors of the Bank as on 31 March 2017 taken on record by the Board of Directors of the Bank, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (vi) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer our separate Report in "Annexure A"; and
- (vii) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

- (a) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 4.10 to the consolidated financial statements;
- (b) provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 5 to the consolidated financial statements in respect of such items as it relates to the Group and (b) the Group's share of net profit in respect of its associates;
- (c) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group incorporated in India during the year ended 31 March 2017; and
- (d) as referred in Note 4.11 of the financial statements, the disclosure required on holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 as envisaged in notification GSR 308(E) dated 30 March 2017 issued by the Ministry of Corporate Affairs, is not applicable to the Group.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

2 May 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure to the Independent Auditor's Report of even date on the consolidated financial statements of RBL Bank Limited

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

1. In conjunction with our audit of the consolidated financial statements of RBL Bank Limited (hereinafter referred to as 'the Bank' or 'the Holding Company') as at and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of the RBL Bank Limited and its associate company (together 'the Group'), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Bank and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Bank and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note issued by the ICAI..

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No: 046882

Mumbai

2 May 2017

CONSOLIDATED BALANCE SHEET

as at March 31 , 2017

(₹ in '000s)

Particulars	Schedule No.	31-Mar-17
Capital & Liabilities		
Capital	1	3,752,031
Reserves and Surplus	2	39,611,339
Deposits	3	345,880,914
Borrowings	4	79,797,572
Other Liabilities and Provisions	5	17,713,470
Total		486,755,326
Assets		
Cash and Balances with Reserve Bank of India	6	29,479,286
Balances with banks and money at call and short notice	7	12,457,203
Investments	8	134,824,701
Advances	9	294,490,381
Fixed Assets	10	2,587,088
Other Assets	11	12,916,667
Total		486,755,326
Contingent Liabilities	12	419,044,621
Bills for Collection		8,227,083
Significant Accounting Policies	17	
Notes To Accounts	18	

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

As per our report of even date attached

For and on behalf of RBL Bank Limited

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Vishwavir Ahuja

Managing Director & CEO

Jairaj Purandare

Director

Naresh Karia

Chief Financial Officer

D. Sivanandhan

Director

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : May 2, 2017

CONSOLIDATED PROFIT & LOSS

for the year ended March 31, 2017

(₹ in '000s)

Particulars	Schedule No.	31-Mar-17
I. Income		
Interest Earned	13	37,131,585
Other Income	14	7,554,627
Total		44,686,212
II. Expenditure		
Interest Expended	15	24,918,241
Operating Expenses	16	10,563,872
Provisions and Contingencies		4,743,644
Total		40,225,757
III. Profit/Loss		
Net Profit /(Loss) for the year		4,460,455
Add : Share in Profit/(Loss) of Associate		7,615
Profit brought forward		39,174
Total		4,507,244
IV. Appropriations		
Transfer to Statutory Reserve		1,116,000
Transfer to Capital Reserve		3,100
Transfer to Revenue & Other Reserves		2,500,000
Balance carried over to Balance Sheet		888,144
Total		4,507,244
EPS Basic (₹)		12.61
EPS Diluted (₹)		11.82
Face Value of shares (₹)		10.00

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Place : Mumbai

Date : May 2, 2017

For and on behalf of RBL Bank Limited

Vishwavir Ahuja

Managing Director & CEO

Jairaj Purandare

Director

Naresh Karia

Chief Financial Officer

D. Sivanandhan

Director

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2017

(₹ in '000s)

Particulars	31-Mar-17
I Cash Flow from Operating Activities	
Net Profit for the Year (before taxes)	6,814,873
Adjustments for:-	
Add : Loss / (Profit) on Sale of Fixed Assets (Net)	(7,674)
Add : Non-Cash Expenditure	-
Depreciation	615,048
Provision / write-off of non performing advances	1,524,347
Provision for standard advances	450,184
Provision for investments	352,208
Other provisions	62,487
Share in Current year profit of Associate	7,615,416
Cash Flow before Changes in Working Capital	17,426,889
Adjustments for working capital changes:-	
Deposits	102,394,402
Other Liabilities	4,331,015
Deposits placed having original maturity greater than 3 months	(1,083,995)
Investments	1,575,628
Advances	(83,723,898)
Other Assets	(4,373,569)
Direct Taxes paid	(2,210,000)
Cash generated from Operating Activities	34,336,472
II Cash Flow from Investing Activities	
Addition to Other Fixed Assets	(1,290,153)
Addition to Capital Work in Progress	(154,940)
Sale of Fixed Assets	23,314
Cash generated from Investing Activities	(1,421,779)
III Cash Flow from Financing Activities	
Proceeds of share issue	9,003,256
Net Proceeds / (repayments) from borrowings	(25,564,667)
Dividend and Dividend distribution tax	-
Cash generated from financing Activities	(16,561,411)
IV Increase/Decrease during the Year	16,353,282
V Opening Cash and Cash Equivalents	15,311,124
VI Closing Cash and Cash Equivalents	31,664,406
Notes to the Cash Flow Statement:	
Cash and cash equivalents includes the following:	
(i) Cash and Balances with Reserve Bank of India (Refer Schedule 6)	29,479,286
(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	2,185,120
(iii) Money at Call and Short Notice (Refer Schedule 7)	-
Cash and cash equivalents at the end of the year	31,664,406

As per our report of even date attached

For and on behalf of RBL Bank Limited

For B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner

Membership No. 046882

Vishwavir Ahuja

Managing Director & CEO

Jairaj Purandare

Director

Naresh Karia

Chief Financial Officer

D. Sivanandhan

Director

Vimal Bhandari

Director

Vinay Tripathi

Company Secretary

Place : Mumbai

Date : May 2, 2017

SCHEDULES

forming part of the consolidated financial statements for the year ended March 31, 2017

Schedule 1 - Capital

Particulars	(₹ in '000s) 31-Mar-17
Authorised Capital	
400,000,000 Ordinary Shares of ₹ 10/- each	4,000,000
(previous year 400,000,000 Ordinary Shares of ₹ 10/- each)	
Issued	
375,203,136 Ordinary Shares of ₹ 10/- each	3,752,031
(previous year 324,728,130 Ordinary Shares of ₹ 10/- each)	
Subscribed & Paid-up	
375,203,136 Ordinary Shares of ₹ 10/- each	3,752,031
(previous year 324,728,130 Ordinary Shares of ₹ 10/- each)	
Total	3,752,031

Schedule 2 - Reserves & Surplus

Particulars	(₹ in '000s) 31-Mar-17
1. Statutory Reserve	
(i) Opening Balance	2,286,500
(ii) Addition during the year	1,116,000
(iii) Deduction during the year	–
Total	3,402,500
2. Capital Reserve	
(i) Opening Balance	155,570
(ii) Addition during the year	3,100
(iii) Deduction during the year	–
Total	158,670
3. Revaluation Reserve	
(i) Opening Balance	9,947
(ii) Addition during the year	–
(iii) Deduction during the year (Depreciation on revalued portion credited to Profit and Loss Account)	281
Total	9,666
4. Share Premium	
(i) Opening Balance	19,885,293
(ii) Addition during the year	8,966,933
(iii) Deduction during the year	468,427
Total	28,383,799
5. Revenue & Other Reserves	
(i) Opening Balance	4,246,552
(ii) Addition during the year	2,500,000
(iii) Deduction during the year	–
Total	6,746,552
6. Investment Reserve	
(i) Opening Balance	22,008
(ii) Addition during the year	–
(iii) Deduction during the year	–
Total	22,008
7. Balance in Profit & Loss Account	888,144
Total (1 to 7)	39,611,339

SCHEDULES

forming part of the consolidated financial statements for the year ended March 31, 2017

Schedule 3 - Deposits

(₹ in '000s)

Particulars	31-Mar-17
A. 1. Demand Deposits	
i) From Banks	1,409,124
ii) From Others	36,131,706
Total	37,540,830
2. Savings Bank Deposits	38,486,454
3. Term Deposits	
i) From Banks	43,099,648
ii) From Others	226,753,982
Total	269,853,630
Total (1 to 3)	345,880,914
B. i. Deposits of Branches in India	345,880,914
ii. Deposits of Branches outside India	—
Total	345,880,914

Schedule 4 - Borrowings

(₹ in '000s)

Particulars	31-Mar-17
1. Borrowings in India	
(i) Reserve Bank of India	—
(ii) Other Banks	12,442,958
(iii) Other Institutions and Agencies	45,470,762
(iv) Subordinated debt	7,300,000
Total	65,213,720
2. Borrowings outside India	14,583,852
Total (1 + 2)	79,797,572

Secured Borrowings included in 1 & 2 above are ₹ 11,578,953 thousands (for financial year ending March 31, 2016 ₹ 46,164,616 thousands)

Schedule 5 – Other Liabilities And Provisions

(₹ in '000s)

Particulars	31-Mar-17
1. Bills Payable	2,534,240
2. Inter Office Adjustments (Net)	—
3. Interest Accrued	2,892,380
4. Others (Including Provisions) *	12,286,850
Total (1 to 4)	17,713,470
* Includes : Provision against Standard Assets	1,343,579

SCHEDULES

forming part of the consolidated financial statements for the year ended March 31, 2017

Schedule 6 – Cash and Balances with Reserve Bank of India

(₹ in '000s)

Particulars	31-Mar-17
1. Cash in hand	1,648,328
2. Balances with Reserve Bank of India	
(i) In Current Account	14,330,958
(ii) In Other Accounts	13,500,000
Total (1 + 2)	29,479,286

Schedule 7 – Balance with Banks and Money at Call and Short Notice

(₹ in '000s)

Particulars	31-Mar-17
1. In India	
(i) Balances with Banks	
a) In Current Accounts	1,212,210
b) In other Deposit Accounts	10,272,083
(ii) Money at Call and Short Notice	
a) With Banks	–
b) With Other Institutions	–
Total (i+ii)	11,484,293
2. Outside India	
(i) In Current Accounts	972,910
(ii) In Other Deposits Accounts	–
(iii) Money at Call and Short Notice	–
Total (i+ii+iii)	972,910
Total (1 + 2)	12,457,203

Schedule 8 – Investments

(₹ in '000s)

Particulars	31-Mar-17
1. Investments in India (Gross)	135,331,097
Less – Provision for depreciation	508,059
Total	134,823,038
Break Up	
(i) Government Securities	98,012,178
(ii) Other Approved Securities	–
(iii) Shares	881,999
(iv) Debentures & Bonds	20,026,972
(v) Subsidiaries and / or Joint Venture	–
(vi) Others *	15,689,223
(vii) Associate ¹	212,665
Total	134,823,037

SCHEDULES

forming part of the consolidated financial statements for the year ended March 31, 2017

Schedule 8 – Investments (contd.)

(₹ in '000s)

Particulars	31-Mar-17
* Details of Others (vi)	
(i) NABARD / SIDBI / NHB Deposit	–
(ii) Commercial paper & Certificates of deposit	4,444,963
(iii) Mutual Funds	4,412,597
(iv) Venture Capital Fund	817,778
(v) Pass Through Certificates	5,922,457
(vi) Security Receipts	91,428
Total	15,689,223
2. Investments Outside India	
(i) Government Securities (Including Local Authorities)	–
(ii) Subsidiaries and / or Joint Venture abroad	–
(iii) Other Investments	1,664
Total	1,664
Total (1 + 2)	134,824,701
¹ Investment in Associate	
Equity Investment in Associate	164,643
Add: Goodwill on the date of consolidation	40,407
Investment in Associate at cost	205,050
Add: Post Acquisition profit/loss of Associate (Equity Method)	7,615
Investment in Associate	212,665

Schedule 9 – Advances

(₹ in '000s)

Particulars	31-Mar-17
A.	
(i) Bills Purchased and Discounted	5,366,986
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	72,361,010
(iii) Term Loans	216,762,385
Total	294,490,381
B.	
(i) Secured by Tangible Assets (Includes advances against Fixed Deposits and Book Debts)	201,076,218
(ii) Coverd by Bank/Government Guarantees	280,951
(iii) Unsecured	93,133,212
Total	294,490,381
C.1 Advances in India	
(i) Priority Sector	93,455,904
(ii) Public Sector	1,917,644
(iii) Banks	6,590,294
(iv) Others	192,526,539
Total	294,490,381

SCHEDULES

forming part of the consolidated financial statements for the year ended March 31, 2017

Schedule 9 – Advances (contd.)

(₹ in '000s)

Particulars	31-Mar-17
C.2 Advances Outside India	
(i) Due from Banks	–
(ii) Due from Others	
a) Bills Purchases and Discounted	–
b) Syndicated Loans	–
c) Others	–
Total	–
Total (C.1 + C.2)	294,490,381

Schedule 10 – Fixed Assets

(₹ in '000s)

Particulars	31-Mar-17
1. Premises	
(i) At cost at 31st March of the preceding year	79,002
(ii) Additions During the year	–
(iii) Deductions During the year	3,761
(iv) Accumulated Depreciation to date	10,280
Total	64,961
2. Other Fixed Assets	
(i) At cost at 31st March of the preceding year	2,941,461
(ii) Additions During the year	1,290,153
(iii) Deductions During the year	49,390
(iv) Accumulated Depreciation to date	2,005,566
Total	2,176,658
3. Leased Assets	
(i) Lease equalisation - Opening balance	13,509
(ii) Additions During the year	–
(iii) Less: Provision held	13,509
(iv) Accumulated Depreciation to date	–
Total	–
4. Capital Work in Progress	345,469
Total (1 to 4)	2,587,088

Schedule 11 – Other Assets

(₹ in '000s)

Particulars	31-Mar-17
1. Inter-Office Adjustment (Net)	–
2. Interest Accrued	3,897,000
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	–
4. Stationery and Stamps	5,782
5. Deferred Tax Assets (Net)	885,842
6. Others	8,128,043
Total (1 to 6)	12,916,667

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forming part of the consolidated financial statements for the year ended March 31, 2017

Schedule 12 – Contingent Liabilities

(₹ in '000s)

Particulars	31-Mar-17
1. Claims against the bank not acknowledged as debts	77,575
2. Liability for Partly Paid Investment	151,800
3. Liability on Account of Outstanding Forward Exchange contracts	172,802,904
4. Liability on Account of Outstanding derivative contracts	–
(i) Interest Rate Swaps	51,169,535
(ii) Cross Currency Swaps	55,562,826
(iii) Currency Options	44,043,976
(iv) Currency Futures	–
(v) Interest Rate Futures	–
5. Guarantees given on behalf of constituents	–
(i) In India	48,169,568
(ii) Outside India	27,312,261
6. Acceptances, Endorsements and other Obligations	17,503,286
7. Other items for which the bank is contingently liable	–
a) Income tax & other matters (under appeal)	80,144
b) Others	2,170,746
Total (1 to 7)	419,044,621

Schedule 13 – Interest Earned

(₹ in '000s)

Particulars	31-Mar-17
1. Interest / Discount on Advances / bills	26,394,024
2. Income on Investments	9,814,681
3. Interest on balance with RBI and Other Inter bank funds	854,902
4. Others	67,978
Total (1 to 4)	37,131,585

Schedule 14 – Other Income

(₹ in '000s)

Particulars	31-Mar-17
1. Commission, Exchange and Brokerage	4,912,488
2. Profit on sale of Investments (Net)	1,189,112
3. Profit / (Loss) on sale of land, building and other assets (Net)	7,674
4. Profit on exchange transactions (Net)	1,129,546
5. Miscellaneous Income	315,807
Total (1 to 5)	7,554,627

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Schedule 15 – Interest Expended

(₹ in '000s)

Particulars	31-Mar-17
1. Interest on Deposits	19,607,995
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	1,333,207
3. Others	3,977,039
Total (1 to 3)	24,918,241

Schedule 16 – Operating Expenses

(₹ in '000s)

Particulars	31-Mar-17
1. Payments to and provisions for employees	4,461,394
2. Rent, taxes and lighting	957,553
3. Printing and stationery	75,533
4. Advertisement and publicity	179,998
5. Depreciation on banks property	615,048
6. Director's fees Allowances and expenses	8,224
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	5,516
8. Law Charges	62,902
9. Postage, Telegrams, Telephones, etc.	130,028
10. Repairs and maintenance	37,389
11. Insurance	319,144
12. Other Expenditure	3,711,143
Total (1 to 12)	10,563,872

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forming part of the consolidated financial statements for the year ended March 31, 2017

Schedule 17 – Significant accounting policies forming part of the consolidated financial statements for the year ended March 31, 2017

Background:

RBL Bank Limited ('the Bank'), incorporated in Kolhapur, India is a banking company governed by the Banking Regulation Act, 1949 with Reserve Bank of India ('RBI') as its principal regulator. The Bank is engaged in providing a wide range of banking and financial services including commercial banking, retail banking, agriculture finance and financial inclusion, treasury operations and other banking related activities. The Bank's shares were listed on August 31, 2016 on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE). During the year ended March 31, 2017, the Bank has increased the stake in Swadhaar Finserve Private Limited (SFPL) from 13.74% to 30%, following which the company has become an "Associate" of the Bank. Accordingly, the Bank is required to present Consolidated Financial Statements including that of SFPL to the extent of Bank's ownership in SFPL.

Principles of Consolidation:

The consolidated financial statements comprise the financial statements of RBL Bank Limited ("the Bank") and its Associate SFPL, which together constitute "the Group".

The Bank has consolidated investments in associates in accordance with Accounting Standard 23 ('AS-23'), "Accounting for Investments in Associates in "consolidated financial statement" notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, using the equity method of accounting. The difference between the cost of investment in the associate and the Bank's share of net asset, at the time of acquisition of share in the associate, is recorded in the consolidated financial statement as goodwill or capital reserve, as the case may be.

Basis of preparation:

The accompanying consolidated financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated, and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by RBI from time to time, the accounting

standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 to the extent applicable and practices generally prevalent in the banking industry in India.

The consolidated financial statements present the accounts of RBL Bank Limited with its Associate Swadhaar Finserve Private Limited.

In accordance with Paragraph 30 on Transitional provision of Accounting Standard 21 "Consolidated Financial Statements", on preparation of consolidated financial statements on the first occasion, comparative figures for the previous year are not required to be presented. Consequently, the Bank has prepared the consolidated financial statements of the Bank and its Associate for the year ended March 31, 2017 on the first occasion, and no comparative figures for the previous year are presented in the current year financial statements as the consolidated financials are presented to the Board for the first time.

In accordance with para 26 of AS - 23, on the first occasion when investment in an associate is accounted for in consolidated financial statements, the carrying amount of investment in the associate should be brought to the amount that would have resulted had the equity method of accounting been followed since the acquisition of the associate and the corresponding adjustment should be made in the retained earnings in the consolidated financial statements. Consequently, the Bank has brought the carrying amount of investment in an associate considering the equity method of accounting been followed since the acquisition of the associate and the corresponding adjustment is made in the retained earnings in the consolidated financial statements.

As per AS-23, the Consolidated Financial Statements incorporates audited results of the following associate:

Name of the Associate	Country of Origin	% of shareholding of Group (March 31, 2017)
Swadhaar Finserve Private Limited (SFPL)	India	30%

SFPL has become an "Associate" since April 5, 2016 onwards.

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forming part of the consolidated financial statements for the year ended March 31, 2017

Use of estimates:

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles in India ('GAAP') requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

Significant Accounting Policies:

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1. Advances

Advances are stated net of provisions made in respect of non-performing advances ('NPA'). Premium paid on acquisition of portfolio is included in advances and is amortised over the economic life of the portfolio; being 5 years for on-demand working capital loans and credit card portfolios purchased. Advances are classified as Performing and NPA based on the relevant RBI guidelines. Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning prescribed from time to time. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with RBI guidelines. The Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio in accordance with RBI guidelines in this regard. Provision made against standard assets is included in 'Other Liabilities and Provisions'. Amounts recovered against debts written off in earlier years and provisions no longer considered necessary based on the current status of the borrower are recognised in the profit and loss account as credit to 'Miscellaneous Income' under the head 'Other Income' or provision for NPAs, respectively.

2. Investments

Classification and valuation of Bank's Investments is carried out in accordance with RBI and Fixed Income Money Market and Derivatives Association ('FIMMDA') guidelines issued in this regard from time to time.

a) Classification

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' (HTM) categories at the time of purchase. Investments, which the Bank intends to hold till maturity are classified as HTM investments. Investments that are held principally for resale within a short period, including short sale, are classified as HFT investments. All other investments are classified as AFS investments. The Bank follows settlement date method for accounting of its investments. For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures and f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to prudential norms for Classification, valuations and Operation of Investment Portfolio by Banks prescribed from time to time.

b) Valuation

Investments classified as HTM are carried at amortised cost. Any premium paid on acquisition, over the face value, is amortised over the remaining period of maturity by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation are aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The

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forming part of the consolidated financial statements for the year ended March 31, 2017

book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accreted for the holding period.

Quoted investments are valued at traded/ quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions, price list of RBI or prices declared by Primary Dealers Association of India ("PDAI") jointly with Fixed Income Money Market and Derivatives Association (FIMMDA) applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields / mark-up rates (reflecting associate credit risk) declared by the FIMMDA in consultation with PDAI are used.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available (which should not be more than one year prior to the date of valuation) or at ₹ 1 as per the RBI guidelines. Depreciation on equity shares acquired and held by the Bank under SDR scheme is provided in accordance with the RBI guidelines.

Quoted Mutual Fund units are valued as per Stock Exchange quotations and un-quoted Mutual Fund units are valued at last available re-purchase price or Net Asset Value where re-purchase price is not available.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Security receipts issued by the asset reconstruction companies are valued in accordance with the guidelines prescribed by RBI. Accordingly, Security receipts are valued as per the Net Asset Value

provided by the issuing Asset Reconstruction Company.

c) Disposal of investments:

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

d) Transfer between categories

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- b) Transfer from HTM to AFS/HFT is made at acquisition price/book value if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

e) Repurchase transactions

Repurchase ('Repo') and reverse repurchase ('Reverse Repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo

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forming part of the consolidated financial statements for the year ended March 31, 2017

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

f) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

3. Foreign Currency and Rupee Derivative transactions

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss account. Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognized in the Profit and Loss account.

In accordance with RBI Circular No. DBOD No. BP.BC.76/21.04.018/2005-06 dated April 5, 2006 and Accounting Standard 11 – The effect of Changes in Foreign Exchange Rates, foreign exchange trading positions including spot and forward contracts are revalued at each month end at market rates published by FEDAI and then discounted using appropriate curves. Long term foreign exchange contracts (original maturities of over 12 months) where exchange rates are not notified by FEDAI are revalued based on the forward exchange rates implied by the swap curves in respective currencies. The resulting gains and losses are recorded in the profit and loss account except in case of swaps entered into for hedging an on-balance sheet foreign currency exposure which is accounted for on an accrual basis. The unrealised gain and losses on swaps outstanding at year-end are included in 'Other assets' and 'Other liabilities', respectively. The notional values of these contracts are recorded as contingent liability at the closing exchange rates.

Swap cost arising on account of foreign currency swap contracts to convert rupee assets/liabilities into foreign currency assets/liabilities or vice versa is charged to profit

and loss account as interest cost by amortising over the tenor of the swap.

Derivative transactions comprise interest rate swaps, cross currency swaps and currency futures and options.

The interest rate and currency swaps are marked to market using appropriate interest rates/exchange rates as applicable. The profit or loss on revaluation is recorded in the Profit and Loss account and is included in 'Other assets' or 'Other liabilities'. The notional value of these swaps is recorded as Contingent Liability.

Foreign currency futures are marked to market using closing price of the relevant futures contract as published by the exchange/clearing corporation. The profit or loss on revaluation is recorded in the profit and loss account and corresponding asset or liability is shown under 'Other assets' or 'Other liabilities', as the case may be. Margin money deposited with the exchange is included in 'Other assets'. The notional value of outstanding futures contract is recorded as Contingent liability.

Foreign currency options are marked to market using market values after considering the premium received or paid. The profit or loss on revaluation is recorded in the profit and loss account and corresponding asset or liability is shown under 'Other assets' or 'Other liabilities', as the case may be. Premium received and premium paid is recognized in the Profit and Loss account upon expiry or exercise of the options. The notional value of these options is recorded as a Contingent liability.

Provisioning of overdue customer receivable on interest rate and foreign exchange derivative transactions, if any, is made as per RBI guidelines.

With respect to credit exposures to counterparties arising on account of the interest rate and foreign exchange derivative transactions, which are computed as per the current mark to market value of the contract, a provision is made as is applicable to the loan assets in the 'standard' category.

4. Bullion

The Bank imports bullion including precious metal bars on

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a consignment basis for selling to its wholesale customers. The imports are typically on a back-to-back basis and are priced to the customer based on an estimated price quoted by the supplier. The Bank earns a fee on such wholesale bullion transactions. The fee is classified under commission income.

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

5. Fixed Assets and Depreciation

Fixed Assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Premises acquired up to March 31, 1998 have been revalued by the management and are stated at such revalued figure. The appreciation on revaluation is credited to 'Premises Revaluation Reserve' Account. On disposal of revalued premises, the amount standing to the credit of the Premises Revaluation Reserve is transferred to Capital Reserve. Depreciation attributable to the enhanced value is transferred from Premises Revaluation Reserve to the credit of depreciation in the Profit and Loss account.

Depreciation is provided as per straight-line method from the date of addition over the estimated useful life of the asset. Depreciation on assets sold during the year is charged to the Profit and Loss account up to the date of sale. Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

The useful lives of the fixed assets are given below:

Category	Estimated useful life
Premises	50 years
Desktop computers and printers, Laptops	3 years
VSATs, Telecom equipment, cabling, other computer hardware and related equipment, LAN/Mainframe servers and printers, scanners	5 years
Purchased and developed Software	5 years
Vehicles	5 years
Office equipment, Locker cabinets, Strong room	6.67 years
ATMs	7 years
Furniture, fittings and work of art	10 years

Improvements and installations of capital nature on the leasehold property are depreciated over the primary lease term.

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Bank estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

6. Retirement and other employee benefits

The Bank's contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the Profit and Loss

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account. Liability for Gratuity and Pension, being defined benefit retirement schemes, are determined based on an actuarial valuation as at the Balance Sheet date as per the Projected Unit Credit Method as computed by an independent actuary.

The Bank provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave and sick leave, which is a long-term benefit scheme, based on actuarial valuation of the leave encashment liability at the balance sheet date, carried out by an independent actuary.

Actuarial gains/losses arising during the year are recognized in Profit and Loss Account.

The Bank accounts for Employee Stock Option plans in accordance with the Guidance note on Employee Share Based Payments issued by The Institute of Chartered Accountants of India (ICAI). The Bank has applied the intrinsic value method to arrive at the compensation cost of ESOP granted to the employees of the Bank. Intrinsic value is the amount by which value of the underlying shares as determined by an independent valuer (prior to the listing of the equity shares on the stock exchanges) or the market price on the date of the grant, as the case may be, exceeds the exercise price of the options. Compensation cost so determined is amortized over the vesting period of the option granted.

7. Revenue Recognition

- a) Interest income is recognised in the Profit and Loss account on accrual basis, except in the case of interest on NPA and on loan accounts where restructuring has been approved by the Bank under Strategic Debt Restructuring (SDR) scheme of RBI, which is recognised as income on realisation, as per the Income Recognition and Asset Classification norms of RBI.
- b) Recoveries in respect of past due loan accounts classified as sub-standard are appropriated towards overdue principal and thereafter towards interest and charges
- c) Income on discounted instruments is recognised

over the tenure of the instrument on a constant yield basis.

- d) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- e) Loan processing fee is accounted for upfront when it becomes due.
- f) All other fees are accounted for as and when they become due.

8. Lease transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense on straight-line basis over the lease period.

The Bank has not undertaken any finance leases.

9. Taxation

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence of future taxable income) of realization of such assets.

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Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

10. Provisions and contingencies

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. 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.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

11. Provision for reward points on credit cards

The Bank has a policy of awarding reward points for credit card spends by customers. Provision for the said reward points is made based on an actuarial valuation report which takes into account, among other things, probable redemption of credit card reward points and cost per point. Actuarial gains/losses arising during the year are recognised in the Profit and Loss account.

12. Earnings per share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity members by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the period. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period, except where the results are anti-dilutive.

13. Share issue expenses

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

14. Cash and Cash Equivalents

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

Schedule 18 - Notes to Accounts forming part of Consolidated Financial Statements for the year ended March 31, 2017

1. Capital

During the year ended March 31, 2017, the Bank issued 37,000,000 equity shares of ₹ 10/- through Initial Public Offer (IPO), each shares allotted at a price of ₹ 225/- aggregating to ₹ 832.50 crore. Further the bank allotted 13,475,006 equity shares aggregating to ₹ 114.67 crore on various dates to the employees who exercised their stock options.

2. Proposed Dividend

The Board of Directors at their meeting on May 2, 2017, proposed a dividend of ₹ 1.8 per share (18%) subject to the approval of the members at the ensuing Annual General Meeting.

In accordance with the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after the Balance Sheet Date', the Bank has not accounted for proposed dividend ₹ 67.54 crore and corporate dividend tax ₹ 13.75 crore as a liability, as at March 31, 2017.

3. Employee Stock Option Plan ("ESOP")

The members of the Bank have approved granting of stock options to employees under one or more Employee Stock Option Plan (ESOP) enabling the Board and / or the Human Resource Committee to grant such number of Options of

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forming part of the consolidated financial statements for the year ended March 31, 2017

the Bank not exceeding 12% of the aggregate number of issued and paid up equity shares of the Bank. The ESOP is equity settled where the employees will receive one equity share per option. The stock options granted to employees vest over a period of two years, three years or four years in the proportion of either 20:80, equal proportion, 40:30:30, 30:30:40 or 10:20:30:40, as the case may be. Vested options can be exercised within a period of three years from the date of vesting or within a period of one year from the date on which the shares of the Bank gets listed on a recognised stock exchange (listed since August 31, 2016), whichever is later.

Under Intrinsic Value method there is no charge to the profit and loss account for the current year on account of grant of the ESOPs, since exercise price of the stock options granted is more than the underlying value of the shares (prior to listing) or at the market price (listed since August 31, 2016), as the case may be. If the Bank had adopted the Black-Scholes model based fair valuation, compensation cost for the year ended March 31, 2017, would have increased by ₹ 24.73 crore and the profit before tax would have been lower correspondingly. Accordingly, on a proforma basis, basic and diluted earnings per share for the year ended March 31, 2017 would have been ₹ 11.92 and ₹ 11.17, respectively.

FY 2016-17				
Stock option activity under the scheme	No of Options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life years
Outstanding at the beginning of the year	3,38,14,756	46.50 – 120.00	92.95	3.86
Granted during the year	1,31,85,450	120.00 – 494.55	193.61	
Forfeited during the year	25,42,481	46.50 – 377.90	103.31	
Exercised during the year	1,34,75,006	46.50 – 120.00	85.10	
Expired during the year	–			
Outstanding at the end of the year	3,09,82,719	40.00 – 494.55	138.36	3.92
Options exercisable at the end of the year	35,67,877	46.50 – 120.00	89.50	2.58

Options granted during the year carry an exercise price of ₹ 120.00, ₹ 377.90, ₹ 382.15, ₹ 476.70, ₹ 476.85 and ₹ 494.55. During the year corresponding value of the shares for these grants at the time of respective grant was ₹ 77.88, ₹ 377.90, ₹ 382.15, ₹ 476.70, ₹ 476.85 and ₹ 494.55 respectively.

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Particulars	2016-17
Expected dividend yield	0.30% – 1.25%
Expected volatility	32.74%–45.44%
Risk free interest rates	6.18% – 7.37%
Expected life of options in years (across each tranche)	1.0 – 4.0

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during the period. The measure of volatility used in Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on NSE of similar listed banks over the expected tenor of each tranche.

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4. Others Disclosures

4.1. Disclosures under AS - 15 on employee benefits

Defined Contribution Plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

(₹ in crore)

Particulars	2016-17
Provident Fund	12.95
Pension Scheme (employees joining after 01.04.2010)	0.02

Defined Benefit Plans:

The following table sets out the status of the defined benefit Pension and Gratuity Plan as required under Accounting Standard 15.

Change in the present value of the defined benefit obligation

(₹ in crore)

Particulars	2016-17	
	Pension	Gratuity
Opening defined benefit obligation at 1st April	107.88	23.34
Current Service cost	5.77	3.65
Interest cost	8.59	1.80
Actuarial losses/ (gains)	(2.08)	4.10
Benefits paid	(12.01)	(3.04)
Closing defined benefit obligation at 31st March	108.15	29.85

Change in the plan assets

(₹ in crore)

Particulars	2016-17	
	Pension	Gratuity
Opening fair value of plan assets at 1st April	87.58	18.46
Expected return on plan assets	6.97	1.43
Employers Contributions	21.89	4.88
Benefit paid	(12.01)	(3.04)
Actuarial gains / (losses) on plan assets	0.83	0.04
Closing fair value of plan assets at 31st March	105.26	21.77

Reconciliation of present value of the obligations and fair value of the plan assets

(₹ in crore)

Particulars	2016-17	
	Pension	Gratuity
Present value of funded obligation at 31st March	108.15	29.85
Fair value of plan assets at 31st March	105.26	21.77
Deficit / (Surplus)	2.89	8.08
Net Liability / (Asset)	2.89	8.08

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Net cost recognized in the profit and loss account

(₹ in crore)

Particulars	2016-17	
	Pension	Gratuity
Current Service cost	5.77	3.65
Interest cost	8.59	1.80
Expected return on plan assets	(6.97)	(1.43)
Net actuarial losses / (gains) recognised during the year	(2.91)	4.06
Total cost of defined benefit plans included in Schedule 16 Payments to and provisions for employees	4.48	8.08

Reconciliation of Expected return and actual return on planned assets

(₹ in crore)

Particulars	2016-17	
	Pension	Gratuity
Expected return on plan assets	6.97	1.43
Actuarial gain / (loss) on plan assets	0.83	0.04
Actual return on plan assets	7.80	1.47

Reconciliation of opening and closing net liability / (asset) recognised in balance sheet

(₹ in crore)

Particulars	2016-17	
	Pension	Gratuity
Opening net liability as at 1st April	20.30	4.88
Expenses as recognised in profit & Loss account	4.48	8.08
Employers contribution	(21.89)	(4.88)
Net liability / (asset) recognised in balance sheet	2.89	8.08

Experience Adjustment

(₹ in crore)

Particulars	2016-17		2015-16		2015-16		2015-16		2015-16	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
Present value of funded obligation at 31st March	108.15	29.85	107.88	23.34	90.65	18.82	71.15	14.09	57.31	12.88
Fair value of plan assets at 31st March	105.26	21.77	87.58	18.46	69.12	14.03	49.32	11.97	54.42	11.45
Deficit / (Surplus)	2.89	8.08	20.30	4.88	21.53	4.79	21.83	2.12	2.89	1.43
On Plan Liabilities (gains) / losses	(6.09)	2.20	18.46	1.35	10.00	1.07	23.21	0.97	8.13	1.15
On Plan Assets (losses) / gains	0.83	0.04	1.01	0.24	0.64	0.12	0.08	(0.01)	(1.10)	(0.02)

Other Details

(₹ in crore)

Particulars	2016-17	
	Pension	Gratuity
Expected Contribution on Plan assets	6.31	13.57

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A breakup of Investments under Plan Assets of Gratuity fund and Pension fund is as follows:

Category of Assets	2016-17	
	Pension (%)	Gratuity (%)
Central Government securities	19.40	12.51
State Government securities	32.70	37.63
Corporate Bonds	17.28	22.53
Special Deposit Schemes	–	–
Funds with LIC	–	10.57
Fixed deposits and bank balances	30.62	16.76
Total	100.00	100.00

Key Actuarial Assumptions

Particulars	2016-17	
	Pension	Gratuity
Discount rate	7.39%	6.77%
Expected rate of return on Plan Asset	7.39%	6.77%
Salary Escalation	6.00%	6.00% (IBA) 8.00% (Others)
Attrition rate	2.00%	2.00% (IBA) 20.00% (Others)

4.2. Segment Reporting: Information about business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated April 18, 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated July 1, 2015 and amendments thereto, the following business segments have been disclosed:

- **Corporate/Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.
- **Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network or other approved delivery channels.
- **Treasury:** includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, bullion business, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions. Intersegment earnings of Balance Sheet management function are included in the Treasury segment.
- **Other Banking Operations:** Includes para banking activities like Bancassurance, credit cards etc.

Segment revenues include earnings from external customers and earnings from other segments on account of funds transferred at negotiated rates, which are determined by the management. Segment results includes segment revenues as reduced by interest expense, charge from other segments on account of funds transferred at negotiated rates and operating expenses and provisions either directly identified or allocated to each segment.

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The following table sets forth the business segment results:

(₹ in crore)

Particulars	2016-17				Total
	Corporate / Wholesale Banking	Retail Banking	Treasury	Other Banking Operations	
Gross Revenue	2,570.20	2,320.07	3,181.18	221.02	8,292.47
Unallocated Revenue					0.77
Less: Inter Segment Revenue					3,824.61
Total Revenue					4,468.63
Segment Results	269.17	182.39	179.31	50.03	681.67
Unallocated expenses					0.18
Operating Profit					681.49
Income Tax expense (including deferred tax)					235.44
Net Profit before earnings from Associate					446.05
Add: Share of profit in Associate					0.76
Net Profit					446.81
Segment Assets	20,341.99	8,597.18	18,183.92	813.44	47,936.53
Unallocated Assets					739.00
Total Assets					48,675.53
Segment Liabilities	11,005.47	18,965.72	14,301.84	21.02	44,294.05
Unallocated Liabilities					4,381.48
Total Liabilities					48,675.53

Notes:

- The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities, advance tax, cash in hand, share capital and reserves.

4.3. Related Party Transactions

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended March 31, 2017 are disclosed below:

a) Key Management Personnel ('KMP')

Mr. Vishwavir Ahuja (Managing Director & Chief Executive Officer)

Mr. Rajeev Ahuja (Executive Director) (identified as related party w.e.f. February 21, 2017)

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b) Relatives of Key Management Personnel

Mrs. Reva Ahuja, Mr. Dharam Bir Ahuja, Ms. Vasudhaa Ahuja, Ms. Vrinda Ahuja, Mrs. Dipeeka Dhand, Ms. Kanika Ahuja, D. B. Ahuja & Sons (HUF)

Ms. Aishwarya Ahuja, Mrs. Priti Ahuja, Mr. Raman Ahuja (identified as related party w.e.f. February 21, 2017)

(₹ in crore)

Items / Related Party	Associates/ Joint ventures	Maximum Balance during the year	KMP	Maximum Balance during the year	Relatives of KMP	Maximum Balance during the year
Remuneration			1.92	–	–	–
Deposit	–	–	10.04	11.06	2.73	3.19
Advances	–	–	0.77	0.85	–	–
Interest paid	–	–	0.13	0.13	0.08	0.08
Interest received	–	–	0.01	0.01	–	–
Interest payable	–	–	–	0.07	0.01	0.02
Interest Receivable	–	–	–	–	–	–

In accordance with RBI guidelines dated March 29, 2003 “Guidance on compliance with the accounting standards by banks”, details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

4.4. Operational Leases

The Bank has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particular of future minimum lease payments in respect of the same are as mentioned below:

(₹ in crore)

Period	2016-17
Not later than one year	66.39
Later than one year and not later than five years	200.35
Later than five years	56.81
Total	323.55
Lease payment recognized in profit and loss account for the year	75.36

4.5. Earnings Per Share (EPS)

(₹ in crore)

Particulars	2016-17
Basic	
Weighted Average Number of equity shares	354,220,599
Net Profit after tax available for equity share holders	446.81
Basic Earnings Per Share (F V ₹ 10/-)	12.61

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(₹ in crore)

Particulars	2016-17
Diluted	
Weighted Average Number of equity shares (including dilutive potential equity shares)	377,947,742
Net Profit after tax available for equity share holders	446.81
Diluted Earnings Per Share (F V ₹ 10/-)	11.82
Nominal Value per share	₹ 10

The dilutive impact is due to stock options granted to employees of the Bank.

4.6. Deferred Tax (AS -22)

Major components of Deferred Tax Assets and Deferred Tax Liabilities as on March 31, 2017 are as under:-

(₹ in crore)

Particulars	2016-17
Deferred tax assets:	
Provision for Assets	88.93
Employee benefits	3.93
Others	9.68
Deferred tax liabilities:	
Charge related to acquisition	—
Fixed Assets	(13.95)
MTM Gain on Derivatives	—
Total	88.59

4.7. Fixed Assets

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets:

(₹ in crore)

Particulars	2016-17
At cost at the beginning of the year	104.46
Additions during the year	55.79
Deductions during the year	0.44
Accumulated depreciation at March 31	73.23
Closing balance at March 31	86.58
Depreciation charge for the year	26.29

4.8. Small and Micro Industries

Based on information available with the Bank, during the year, there were no amounts outstanding the due date, to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

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4.9. Amount of Provisions made for Income-tax during the year:

(₹ in crore)

Particulars	2016-17
i) Provision for Income tax / Wealth tax	238.16
ii) Provision for deferred tax	(2.72)

4.10. Contingent Liabilities

Description of nature of contingent liabilities is set out below:

- i) Claims against the Bank not acknowledged as debts:
These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.
- ii) Liability for partly paid investments:
These represent contingent liability on account of possible claims for uncalled amount by the issuer of the securities held by the Bank.
- iii) Liability on account of forward exchange and interest rate contracts:
The Bank enters into foreign exchange contracts currency options, forward rate agreements, currency swaps with inter-bank participants on its own account and for the 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 the way of interest/principal in one currency against another, based on pre-determined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The amount recorded as contingent liability with respect to these contracts represents the underlying notional amounts of these contracts.
- iv) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:
As a part of its corporate 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 customer of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make the payment in the event of the customer failing to fulfill its financial or performance obligations
- v) Acceptances, endorsements and other obligations:
These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.
- vi) Other contingent items:
 - a. Commitments for settlement date accounting for securities transactions;
 - b. Amount of bills rediscounted by the Bank;
 - c. Demands raised by income tax and other statutory authorities and disputed by the Bank.

Refer schedule 12 for amounts relating to contingent liabilities.

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4.11 The disclosure required on holdings as well as dealings in Specified Bank Notes (SBN) during the period from November 8, 2016 to December 30, 2016 as envisaged in notification GSR 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs (MCA), is not applicable to the Bank.

5. Corporate Social Responsibility (CSR)

Operating expenses include ₹ 3.68 crore for the year ended March 31, 2017 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

As a responsible organisation, the Bank 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.

Gross Amount required to be spent by the Bank on CSR activities during current year - ₹ 5.68 crore.

The areas of CSR activities and contributions made thereto are as follows.

Particulars	31-Mar-17		
	In cash	Yet to be paid in cash	Total
Amount spent during the year on			
1. Construction / Acquisition of any assets	—	—	—
2. For purposes other than (i) above	2.13	1.55	3.68

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

As per our report of even date attached

For and on behalf of RBL Bank Limited

For B S R & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Manoj Kumar Vijai

Partner
Membership No. 046882

Vishwavir Ahuja

Managing Director & CEO

D. Sivanandhan

Director

Jairaj Purandare

Director

Vimal Bhandari

Director

Naresh Karia

Chief Financial Officer

Vinay Tripathi

Company Secretary

Place : Mumbai
Date : May 2, 2017

PROPOSED ALLOTTEES

The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Bank is set forth below. These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Placement Document to be sent to such proposed Allottees.

Sr. No.	Name of the proposed Allottee	Percentage of post-Issue paid-up Equity Share capital*#
1.	BAJAJ FINANCE LIMITED	0.87%
2.	ABAKKUS GROWTH FUND-1	0.26%
3.	ABSL UMBRELLA UCITS FUND PLC - INDIA FRONTLINE EQUITY FUND	0.09%
4.	ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED	0.28%
5.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITEDA/C ADITYA BIRLA SUN LIFE BALANCED ADVANTAGEFUND	0.04%
6.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITEDA/C ADITYA BIRLA SUN LIFE BANKING AND FINANCIAL SERVICES FUND	0.23%
7.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITEDA/C ADITYA BIRLA SUN LIFE EQUITY FUND	0.60%
8.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITEDA/C ADITYA BIRLA SUN LIFE EQUITY HYBRID '95FUND	0.25%
9.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITEDA/C ADITYA BIRLA SUN LIFE INDIA GENNEXT FUND	0.13%
10.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITEDA/C ADITYA BIRLA SUN LIFE MIDCAP FUND	0.46%
11.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITEDA/C ADITYA BIRLA SUN LIFE PURE VALUE FUND	0.13%
12.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITEDA/C ADITYA BIRLA SUN LIFE RESURGENT INDIA FUND - SERIES 6	0.06%
13.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITEDA/C ADITYA BIRLA SUN LIFE RESURGENT INDIA FUND - SERIES 7	0.01%
14.	APM KOTAK INDIA MASTER FUND LP	0.03%
15.	ARJUNA FUND PTE. LTD	0.19%
16.	ASHOKA PTE LTD	0.10%
17.	AURIGIN MASTER FUND LIMITED	0.06%
18.	AXIS DYNAMIC EQUITY FUND	0.06%
19.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS EQUITY SAVER FUND	0.02%
20.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS MIDCAP FUND	0.15%
21.	AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND	0.06%
22.	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	0.65%
23.	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C INDIA EXCEL (OFFSHORE) FUND	0.06%
24.	BNP PARIBAS ARBITRAGE	1.11%
25.	BNP PARIBAS MID CAP FUND	0.03%
26.	COELI SICAV I - GLOBAL SELECT FUND	0.38%
27.	CREDIT SUISSE (SINGAPORE) LIMITED	0.82%
28.	EDELWEISS ALPHA FUND SCHEME I	0.06%
29.	HDFC TRUSTEE CO LTD A/C HDFC HOUSING OPPORTUNITIES FUND-1140D NOVEMBER 2017 (1)	0.21%

Sr. No.	Name of the proposed Allottee	Percentage of post-Issue paid-up Equity Share capital*#
30.	HDFC TRUSTEE COMPANY LIMITED - HDFC INFRASTRUCTURE FUND	0.04%
31.	HDFC TRUSTEE COMPANY LTD. A/C HDFC CAPITAL BUILDER VALUE FUND	0.19%
32.	ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	0.55%
33.	ICICI PRUDENTIAL LARGE & MID CAP FUND	0.16%
34.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	0.33%
35.	ICICI PRUDENTIAL MIDCAP FUND	0.13%
36.	IDFC STERLING VALUE FUND	0.54%
37.	IDFC TAX ADVANTAGE (ELSS) FUND	0.37%
38.	IIFL FOCUSED EQUITY FUND	0.06%
39.	IIFL SPECIAL OPPORTUNITIES FUND	0.15%
40.	IIFL SPECIAL OPPORTUNITIES FUND - SERIES 2	0.09%
41.	IIFL SPECIAL OPPORTUNITIES FUND - SERIES 3	0.06%
42.	IIFL SPECIAL OPPORTUNITIES FUND - SERIES 4	0.18%
43.	IIFL SPECIAL OPPORTUNITIES FUND - SERIES 5	0.12%
44.	IIFL SPECIAL OPPORTUNITIES FUND - SERIES 6	0.01%
45.	IIFL SPECIAL OPPORTUNITIES FUND - SERIES 7	0.13%
46.	INVESCO TRUSTEE PRIVATE LIMITED - A/C INVESCOINDIA EQUITY & BOND FUND	0.01%
47.	INVESCO TRUSTEE PRIVATE LIMITED-A/C INVESCOINDIA SMALLCAP FUND INTISMCFD	0.01%
48.	ITPL - INVESCO INDIA BANKING FUND	0.01%
49.	ITPL - INVESCO INDIA GROWTH FUND	0.07%
50.	ITPL - INVESCO INDIA MID N SMALL CAP FUND	0.03%
51.	JUPITER INDIA FUND	0.23%
52.	JUPITER SOUTH ASIA INVESTMENT COMPANY LIMITED-SOUTH ASIA ACCESS FUND	0.03%
53.	KB INDIA EQUITY FUND	0.00%
54.	KOTAK FUNDS - INDIA GROWTH FUND	0.03%
55.	KOTAK FUNDS - INDIA MIDCAP FUND	1.62%
56.	KOTAK INDIA ADVANTAGE FUND - III CLASS B	0.03%
57.	KOTAK INDIA CONSUMPTION FUND LTD	0.00%
58.	KOTAK INFINITY FUND - CLASS AC	0.02%
59.	KUWAIT INVESTMENT AUTHORITY FUND F238	0.11%
60.	MALABAR INDIA FUND LIMITED	0.45%
61.	MALABAR MIDCAP FUND	0.01%
62.	MALABAR SELECT FUND	0.42%
63.	MAX LIFE INSURANCE CO LTD A/C PARTICIPATING FFUND	0.11%
64.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF00625/11/05PENSBALANC104 - PENSION BALANCED FUND	0.00%
65.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF01311/02/08LIFEHIGHGR104 - HIGH GROWTH FUND	0.03%
66.	MIRAE ASSET INDIA MID CAP EQUITY FUND	0.34%
67.	MIRAE ASSET INDIA SMALL-MID CAP FOCUS EQUITYMASTER INVESTMENT TRUST	0.12%
68.	MIRAE ASSET MIDCAP FUND	0.10%
69.	RAMS EQUITIES PORTFOLIO FUND-INDIA EQUITIES PORTFOLIO FUND	0.09%
70.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA BANKING FUND	0.88%
71.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA GROWTH FUND	0.66%

Sr. No.	Name of the proposed Allottee	Percentage of post-Issue paid-up Equity Share capital*#
72.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA RETIREMENT FUND - WEALTH CREATION SCHEME	0.25%
73.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA SMALL CAP FUND	0.25%
74.	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA VALUE FUND	0.10%
75.	RELIANCE NIPPON LIFE INSURANCE CO LIMITED	0.10%
76.	RELIANCE NIPPON LIFE INSURANCE COMPANY LTD SHAREHOLDERS BEYOND SOLVENCY MARGIN	0.00%
77.	SBI LIFE INSURANCE CO. LTD	0.37%
78.	SOCIETE GENERALE	0.54%
79.	SUNDARAM INDIA MIDCAP FUND	0.11%
80.	SUNDARAM MUTUAL FUND A/C SUNDARAM EQUITY FUND	0.09%
81.	SUNDARAM MUTUAL FUND A/C SUNDARAM LARGE AND MID CAP FUND	0.16%
82.	SUNDARAM MUTUAL FUND A/C SUNDARAM MID CAP FUND	0.68%
83.	TATA MID CAP GROWTH FUND	0.09%
84.	THELEME MASTER FUND LIMITED	1.80%
85.	TRIKON ASSET MANAGEMENT MASTER FUND	0.12%
86.	UTI - BANKING AND FINANCIAL SERVICES FUND	0.17%
87.	UTI - EQUITY FUND	0.61%
88.	UTI-MID CAP FUND	0.22%
89.	VOLRADO VENTURE PARTNERS FUND II	0.23%

*The shareholding data is based on the beneficiary position data of the Company as of November 29, 2019 and includes the Allocation made in the Issue

*The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees has been disclosed on the basis of their respective DP ID and Client ID.

Note: The above details in table are subject to Allotment

DECLARATION

Our Bank certifies that all relevant provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Bank's business have been obtained, are currently valid and have been complied with. Our Bank further certifies that all the statements in this Placement Document are true and correct.

Signed by:

Rajeev Ahuja
Executive Director

Place: Mumbai
Date: December 5, 2019

DECLARATION

We, the Directors of our Bank certify that:

- (i) our Bank has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;
- (ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and
- (iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

Rajeev Ahuja
Executive Director

We are severally authorized by the Capital Raising Committee of the Bank, vide resolution dated December 2, 2019 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Rajeev Ahuja
Executive Director

Niti Arya
Company Secretary and Compliance Officer

Place: Mumbai
Date: December 5, 2019

ISSUER

RBL Bank Limited

Registered Office:
1st Lane, Shahupuri
Kolhapur 416 001
Maharashtra, India

Company Secretary and Compliance Officer

Niti Arya
One Indiabulls Centre
Tower 2B, 6th Floor
841, Senapati Bapat Marg
Lower Parel (West), Mumbai 400 013
Maharashtra, India

GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS

IIFL Securities Limited

10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West)
Mumbai 400 013
Maharashtra, India

ICICI Securities Limited

ICICI Center, H T Parekh Marg
Churchgate
Mumbai 400 020
Maharashtra, India

IDFC Securities Limited

6th Floor, One Indiabulls Centre
Tower 1C, 841, Jupiter Mills
Compound, Senapati Bapat Marg
Elphinstone, Mumbai 400 013
Maharashtra, India

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United States

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Maharashtra, India

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Maharashtra, India

SPECIAL ADVISOR TO THE ISSUER

L&L Partners

(formerly, Luthra & Luthra Law Offices)
20th Floor, Tower 2, Unit A2
Indiabulls Finance Centre
Elphinstone Road, Senapati Bapat Marg
Mumbai 400 013
Maharashtra, India

APPLICATION FORM

Following is the indicative Application Form that formed part of the Preliminary Placement Document in accordance with Section 42 of the Companies Act, 2013



RBL BANK LIMITED

Registered Office: 1st Lane, Shahupuri, Kolhapur 416 001, Maharashtra, India. **Telephone No.:** +91 231 6650 214
Corporate Office: One Indiabulls Centre, Tower 2B, 6th Floor, 841, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013, Maharashtra, India
Website: www.rblbank.com | **CIN:** L65191PN1943PLC007308
Telephone No.: +91 22 4302 0600 **Email:** pearl.2019@rblbank.com

APPLICATION FORM

Form No. _____

Date: _____

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹ 10 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") AGGREGATING TO APPROXIMATELY ₹ [●] MILLION UNDER CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013 AND ALL OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 BY RBL BANK LIMITED (THE "BANK") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 352.57 AND OUR BANK MAY OFFER A DISCOUNT OF UP TO 5% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS.

Only "Qualified Institutional Buyers" ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and not: (a) otherwise excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) restricted from participating in the Issue under SEBI ICDR Regulations and other applicable laws can submit this Application Form. The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States pursuant to Regulation S under the U.S. Securities Act ("Regulation S"). See "Selling Restrictions" on page 239 for information about eligible offerees for the Issue and "Transfer Restrictions" on page 248 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

To,
The Board of Directors
RBL Bank Limited
 1st Lane, Shahupuri
 Kolhapur 416 001
 Maharashtra, India

Dear Sirs,

On the basis of the serially numbered PPD of the Bank, and subject to the terms and conditions mentioned in the other sections of the PPD and in this section of Application Form, we hereby submit our Bid for the Allotment of the Equity Shares at the terms and price indicated below. We confirm that we are a QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations. We are not a promoter (as defined in SEBI ICDR Regulations) of the Bank, or any person related to the Promoter, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group, veto rights or right to appoint any nominee director on the board of directors of the Bank. In addition, we confirm that we are eligible to invest in the Equity Shares under the SEBI ICDR Regulations and other applicable laws.

We confirm that the application size / aggregate number of Equity Shares applied for by us does not exceed the relevant regulatory or approved limits. We confirm that each foreign portfolio investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (such foreign portfolio investor, an "FPI") (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "Eligible FPIs"), has submitted a separate Application Form and asset management companies of mutual funds would have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each fund. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holders of the Equity Shares which may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the applicant and the applicant has all the relevant approvals. We authorize you to place our name in the register of members of our Bank as holders of the Equity Shares that may be Allotted to us. We note that our Bank is entitled, in its absolute discretion to accept or reject this Application Form without assigning any reason thereof.

We are aware that our name will be included in the Placement Document as proposed allottees, if applicable, along with the number of Equity Shares proposed to be Allotted to us and the percentage of our post issue shareholding in our Bank and we consent to such disclosure. We are also aware that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Bank shall be required to disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of the Stock Exchanges, and we consent to such disclosure. We further confirm that our bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended. We are aware that if we are circulated the PPD or are Allotted any Equity Shares in the Issue, our Bank is required to disclose details such as our name, address, PAN, email-id and the number of Equity Shares Allotted along with other relevant information as may be required, to RoC and we consent to such disclosures. Further, we agree to comply with the rules and regulations that are applicable to us, including restriction on transferability. In this regard, we authorise our Bank to issue instructions to the depositories for such restriction on transferability, as may be applicable to us. By submitting this Application Form we acknowledge, represent and agree that our aggregate holding in the paid-up share capital of the Bank, whether direct or indirect, beneficial or otherwise held by us, our relatives, associate enterprises and persons acting in concert (any such interest, our "Holding"), when aggregated together with any existing Holding does not exceed 5% of the total paid-up share capital of the Bank, except in the case where we are an existing shareholder already holding 5% or more of the underlying paid-up share capital of our Bank pursuant to the acknowledgment of RBI, provided that our Holding does not, without the further acknowledgment of RBI, exceed our Holding after Allotment. Further, we are also aware that our Bank shall, on completion of Allotment, file with RBI, complete details of the Issue including the date of the Issue, details of the type of the Issue, Issue size, details of pricing, number and names of Allottees and post-allotment shareholding pattern, along with a copy of the resolutions of the Board and Shareholders in relation to the Issue and the Placement Document. The amount payable by us as Application Amount for the Equity Shares applied for has been/will be

STATUS (Please ✓)			
FI	Banks and Financial Institutions	AIF	Alternative Investment Fund
MF	Mutual Funds		
FPI	Eligible Foreign Portfolio Investors*	AIF	Alternative Investment Fund other than AIF-VC
VCF	Venture Capital Funds	SI-NBFC	Systemically Important NBFC
IC	Insurance Companies	FVCI	Foreign Venture Capital Investor
NIF	National Investment Fund	OTH	Others (Please specify)
DECLARATION OF SHAREHOLDING: [As on the date of Application Form (Please round-off to two decimal places)] Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the PPD. *Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue			

remitted to the designated bank account set out in this Application Form only through electronic mode, along with this duly completed Application Form within the Issue Closing Date and such Application Amount has been /will be transferred from a bank account maintained in our name.

By signing and submitting this Application Form, we hereby confirm and agree (i) that the representations, warranties, acknowledgements and agreements as provided in “Notice to Investors”, “Representations by Investors”, “Issue Procedure”, “Transfer Restrictions” and “Selling Restrictions” of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations, warranties, acknowledgements and agreements are given by us for the benefit of our Bank and the GCBRLMs for the Issue, each of which are entitled to rely and are relying on these representations, acknowledgements and agreements in consummating the Issue, (ii) that we are purchasing the Equity Shares outside the United States in accordance with Regulation S and the applicable laws of the jurisdiction where we are, (iii) that we have been provided a serially numbered copy of the PPD, and have read it in its entirety including in particular, the “Risk Factors” therein, and (iv) to abide by the PPD and the Placement Document, the confirmation of allocation note (the “CAN”), when issued, and the terms, conditions and agreements contained therein, (v) that we shall not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges (vi) to the best of our knowledge and belief, the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. We also acknowledge that Eligible QIBs belonging to the same group or under same control shall be deemed to be a single Allottee in the Issue and accordingly, we confirm that as of the date of this Application Form, no Eligible QIB has applied in the Issue which belongs to the same group or under same control as us and we shall promptly intimate you (and no later than the Issue Closing Date) in the event any Eligible QIB which belongs to the same group or under same control as us applies in the Issue and if no intimation is provided by us in this regard, then our Bank and GCBRLMs may assume that no other Eligible QIBs which belongs to the same group or under same control as us has applied in the Issue. For the purposes of this representation: the expression: QIBs belonging to the “same group” shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst a QIB, its subsidiary or holding company and any other QIB; and “Control” shall have the same meaning as is assigned to it under Regulation 2(1)(c) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

We hereby agree to accept the Equity Shares applied for, or such lesser number as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Bank, applicable laws and regulations, the terms of the PPD and the CAN, when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below. The Bid Amount payable by us for the Equity Shares to be allotted in the Issue is remitted to the designated bank account, only through electronic mode pursuant to duly completed Application Form. We acknowledge and agree that we shall not make any payment in cash or cheque. We also agree that the amount payable for the Equity Shares in the Issue is being (shall be) made from the bank account maintained in our name and the Bid Amount may be refunded to the same bank account (i) if our Bank is unable to issue and Allot the Equity Shares offered in the Issue; or (ii) if there is a cancellation of the Issue; or (iii) in case of rejection of Bids or non-allocation of Equity Shares; or (iv) In the event, the Bid Amount per Equity Share exceeds the Issue Price per Equity Share. We further confirm that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell the Equity Shares, for a period of one year from the date of Allotment, otherwise than on the floor of a recognized stock exchange. Further, we acknowledge that we shall not have the right to revise or withdraw our Bid after the Bid/Issue Closing Date. By making this application, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. We further represent that in making our investment decision, we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Bank, the GCBRLMs or from any other source, including publicly available information. We satisfy any and all relevant suitability standards for investors in the Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in the Equity Shares, and are able to sustain a complete loss of our investment in the Equity Shares.

BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER	
REMITTANCE BY WAY OF ELECTONIC FUND TRANSFER BY 3:00 P.M. (IST), THURSDAY, DECEMBER 5, 2019	
Name of the Account	RBL BANK – CAPITAL ESCROW ACCOUNT
Name of the Bank	RBL Bank Limited
Address of the Branch of the Bank	Lower Parel, Mumbai
Account Type	Escrow account
Account Number	409001210256
IFSC	RATN0000088

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of “RBL BANK – CAPITAL ESCROW ACCOUNT”. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

APPLICANT DETAILS (in Block Letters)			
NAME OF APPLICANT*			
ADDRESS			
CITY AND COUNTRY			
PHONE NO.		FAX NO.	
EMAIL			
FOR FPIs	Registration Number:	For AIFs/MFs/VCFs/FVCIs/SI-NBFCs/ICs	Registration Number:

*Name should exactly match with the name in which the beneficiary account is held. Any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the GCBRLMs. Mutual Fund Bidders are requested to provide details of the Bids made by each Scheme of the Mutual Fund.

DEPOSITORY ACCOUNT DETAILS	
Depository Name(Please ✓)	National Security Depository Limited
Depository Participant Name	Central Depository Services (India) Limited
DP – ID	I N
Beneficiary Account Number	(16 digit beneficiary account. No. to be mentioned above)

The Demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purpose of refund, if any, only the bank details as mentioned below, from which remittance towards subscription has been made, will be considered.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID		BID AMOUNT PER EQUITY SHARE (RUPEES)	
(In figures)	(In words)	(In figures)	(In words)

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		FAX NO.	
EMAIL			

OTHER DETAILS		ENCLOSURES ATTACHED
PAN**		Attested/ certified true copy of the following: ☐ Copy of PAN Card or PAN allotment letter ☐ Copy of FPI Registration Certificate /MF Registration certificate /SEBI certificate of registration for AIFs/FVCI/VCF/SI-NBFC/IC Registration Certificate ☐ FIRC ☐ Copy of IRDAI registration certificate ☐ Intimation of being part of the same group ☐ Certified true copy of Power of Attorney ☐ Other
Date of Application		
Signature of Authorised Signatory		

*The application form is liable to be rejected if any information provided is incomplete or inadequate.

**It is to be specifically noted that the applicant should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground

Note: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

The PPD and the Placement Document sent to you/ be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.