

INDEPENDENT AUDITOR’S REPORT

To,
The Members,
Kerala Gramin Bank,
Malappuram.

Report on Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Kerala Gramin Bank ('the Bank'), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the “ financial Statements”) in which are included the Returns for the year ended on that date of 20 branches audited by us and 433 branches audited by the Statutory Branch Auditors. The branches audited by us and those audited by Statutory Branch Auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the National Bank for Agricultural and Rural Development ('NABARD'). Also included in the financial statements are the returns from 181 branches and 10 Administrative Offices which have not been subjected to audit. These unaudited branches account for 26.13% of Deposits, 24.63% of Advances, 21.56 % of Interest Paid and 20.02 % of Interest Collected.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949, the Regional Rural Bank Act, 1976 as well as the guidelines issued by the Reserve Bank of India ('RBI') and NABARD in the manner so required for banking Companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2022, and its profit and its cash flows for the year ended on that date.



Stall set up by our Kottayam Region as part of Customer Outreach initiative.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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.

Emphasis of Matter

- a. We draw attention to Note No. 12.6 of to the financial statements regarding the pension scheme implemented by the Bank with effect from financial year 2018-19 and the amortization of the initial net liability over a period of 5 years as per the instructions of NABARD. The balance amount of un-amortised liability is ₹ 76.20 Crores as on 31st March 2022.
- b. We draw attention to Note No. 18B.5 of Schedule 18 to the financial statements regarding the impact of COVID-19 pandemic on the Bank's operations and financial position, which will depend on various uncertain factors including action taken by the Government and the Bank to mitigate the impact of the same on borrowers and other regulatory measures.

Our opinion is not modified on the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters prescribed below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>1. Classification of advances, Identification of Non-performing advances, Income recognition and provisioning on NPAs (Sch. 9 of the financial statements read with Note 7 of Schedule 17 and note 4 of Schedule 18(A) to the financial statements)</p>	<p>1. Classification of advances, Identification of Non-performing advances, Income recognition and provisioning on NPAs (Sch. 9 of the financial statements read with Note 7 of Schedule 17 and note 4 of Schedule 18(A) to the financial statements)</p>
<p>Advances (net of provision) constitute 66.10% of the Bank's Total Assets. They are, inter-alia, governed by Income Recognition, Asset Classification and Provisioning (IRAC) norms and other circulars and directives issued by the NABARD and RBI from time to time which provide guidelines related to classification of advances into performing and non-performing Advances (NPA). The bank classifies these advances based on the above IRACP norms including circulars in relation to COVID-19 Regulatory package-Asset classification and Provisioning.</p>	<p>Our audit approach / procedure for the verification of advances was made with reference relevant circulars/ directions issued by RBI and NABARD (collectively referred as IRAC norms), internal policies and procedures of the Bank. This includes the following:</p> <ul style="list-style-type: none"> Understanding and considering the Bank's accounting policies for NPA classification, provisioning and assessing compliance with the IRAC norms considering the present uncertain economic environment arising out of Covid-19 pandemic.

Identification of performing and non performing advances involves establishment of proper mechanism, and the bank is required to apply significant degree of judgement to identify and determine the amount of provision required against each NPA applying both quantitative as well as qualitative factors prescribed by regulations. The bank accounts for all the transactions related to advances in its Core Banking Solutions (CBS) which also identifies whether the advances are performing or non-performing and does the NPA classification.

Significant judgements and estimates for NPA identification and provisioning could give rise to material misstatements on :

-Completeness and timing of recognition of non-performing assets in accordance with criteria as per IRACP norms;

-Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security;

-Appropriate reversal of unrealized income on the NPAs.

Since the classification of advances, identification of NPAs and creation of provision on advances (including additional provisions arising out of COVID-19 pandemic) and income recognition on advances :

-requires proper control mechanism and significant level of estimation by the Bank ;

-has significant impact on the overall financial statements of the Bank;

We have ascertained this area as a Key Audit Matter

- Understanding, evaluating and testing the design and operating effectiveness of key controls (including application controls) for identifying and provisioning of NPA accounts on the basis of IRAC norms.
- These procedures included:-
 - a. Consideration of Exception reports generated from the application systems where the advances have been recorded.
 - b. Considering the accounts reported by the Bank as Special Mention Accounts (SMA) to identify stress.
 - c. Reviewing account statements and other related information of the borrowers selected based on qualitative and quantitative risk factors.
 - d. Scrutiny of the minutes of Internal audit reports, Credit Monitoring and Recovery and Risk Management Committee and performing inquiries with the credit and risk management departments to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product.
 - e. Considering audit reports and memorandum of changes issued by statutory branch auditors.
 - f. Considering the NABARD Annual Financial Inspection report on the Bank, the bank's response to the observations and other communication with RBI/NABARD during the year
 - g. Considering Systems Audit, Credit Audit, Risk Based Internal Audit and Concurrent Audit as per the policies and procedures of the Bank.
 - h. Examination of advances including stressed advances on a sample basis with respect to compliance with the RBI Master Circulars/Guidelines.
 - i. For non-performing advances identified, based on factors including stressed sectors and account materiality, testing on a sample basis the asset classification dates, reversal of unrealised interest, value of available security and provisioning as per IRAC norms.

2. Classification and Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Schedule 8 of the financial statements read with Note 4 of Schedule 17 to the financial statements)

Investments of the bank comprises of Government Securities, Debentures and Bonds, Shares etc. and constitutes 14.93% of the Bank’s Total Assets. These are governed by the circulars and directives of RBI and NABARD. These directions of RBI and NABARD, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, the corresponding non-recognition of income and provision there against.

The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI /NABARD which involves collection of data/information from various sources.

Considering the complexities, extent of judgement involved in the valuation of investments and identification of NPI, and degree of regulatory focus and the overall significance to the financial results of the Bank , this has been determined as a Key Audit Matter.

Our audit approach / procedures towards Investments with reference to the RBI/NABARD Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs) and provisioning/depreciation related to Investments. In particular,

- a. We evaluated and understood the Bank’s internal control system to comply with relevant RBI guidelines regarding valuation, classification, identification of NPIs and provisioning/ depreciation related to investments;
- b. We assessed and evaluated the process adopted for collection of information from various sources for determining market value of these investments;
- c. For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security. Samples were selected after ensuring that all the categories of investments (based on nature of security) were covered in the sample;
- d. We carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPIs;
- e. We tested the mapping of investments between the Investment application software and the financial statements to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions

Information Other than the Financial Statements and Auditor's Report thereon

The Bank's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the Director's Report for the financial year 2021-22 but does not include the financial statements and our auditor's report thereon. The reports containing the other information as above are expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible with respect to the preparation of these 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 issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 ('the Act'), circulars and guidelines issued by the Reserve Bank of India ('RBI') and the National Bank for Agricultural and Rural Development (NABARD) 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Other Matters

a. We did not audit the financial statements / information of 433 branches included in the financial statements of the bank whose financial statements / financial information reflect total advances of Rs.13319.07 Crores as at March 31, 2022 and total interest income of Rs.1152.47 Crores for the year ended on that date, as considered in the financial statements. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us and in our opinion, in so far as it relates to the amounts and disclosures included in respect of those branches, are based solely on the report of such branch auditors.

Further, we did not audit the financial statements/ information of 181 branches and 10 Administrative Offices included in the financial statements of the bank whose financial statements/ financial information reflect total advances of Rs.4748.52 Crores as at March 31, 2022 and total interest income of Rs.412.95 Crores for the year ended on that date. The financial statements/ information of these branches have been certified by the respective branch managers, and our opinion, in so far as it related to the amounts and disclosures included in respect of the unaudited branches / administrative offices is based solely on such certified information.

b. The financial statements of the Bank for the year ended March 31, 2021, was audited by another auditor whose report dated June 29, 2021, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of the above matters.



Financial Literacy Camp at Thrissur

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 and NABARD Guidelines.

As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949 and sub-section (4) of section 19 of the Regional Rural Bank Act, 1976, 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 purposes of the audit and have found them to be satisfactory;
- b. transactions of the bank which have come to our notice having material impact have been generally within the powers of the bank.
- c. the returns received from the offices and branches of the bank have been found adequate for the purposes of our audit.

We further report that:

- a. In our opinion, proper books of account as required by law have been kept by the bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- b. the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- c. the reports on the accounts of the branch offices audited by branch auditors of the bank under Section 29 of the Banking regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- d. In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For **G. Venugopal Kamath & Co.**
Chartered Accountants
(Firm Registration No.004674S)

CA.R. Ramachandran
(Partner)
Membership No. 023982
UDIN: 22023982AKMHNO5573

Place: Thiruvananthapuram

Date: 06-06-2022

BALANCE SHEET AS ON 31-03-2022

(₹ in '000)

Capital & Liabilities	Schedule	As on 31-03-2022	As on 31-03-2021
Capital	1	63,58,542	84,143
Reserves & Surplus	2	89,16,434	76,77,594
Deposits	3	21,83,35,928	20,15,04,708
Borrowings	4	3,88,02,360	4,75,58,727
Other Liabilities & Provisions	5	73,98,297	59,02,319
TOTAL	::	27,98,11,561	26,27,27,491
Assets	Schedule	As on 31-03-2022	As on 31-03-2021
Cash and Balance with Reserve Bank of India	6	96,55,718	94,29,567
Balances with Banks & Money at Call and Short notice	7	3,65,11,293	1,72,54,588
Investments	8	4,17,71,498	4,62,22,985
Advances	9	18,49,53,821	18,03,67,980
Fixed Assets	10	9,65,530	9,24,709
Other Assets	11	59,53,701	85,27,662
TOTAL	::	27,98,11,561	26,27,27,491
Contingent Liabilities	12	6,70,849	5,96,178
Bills for collection	12	1,55,700	1,31,503
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Balance Sheet

Benny Kurian
Senior Manager

Gopakumar K
Chief Manager

Sidharthan C
General Manager

For and on behalf of the Board of Directors

C. Jayaprakash
Chairman

A. Muralikrishna
Director

S. Premkumar
Director

S. Sankar
Director

Lalu P N Kutty
Director

Shiny George
Director

As per our report on even date attached

For G Venugopal Kamath & Co.
Chartered Accountants
Firm Registration. No. 004674S

(CA R. Ramachandran)

Partner

Membership No. 23982

UDIN: 22023982AKMHNO5573

Place : Thiruvananthapuram

Date : 06-06-2022

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2022

(₹ in '000)

Particulars	Schedule	Year Ended 31-03-2022	Year Ended 31-03-2021
I. INCOME:-			
Interest earned	13	2,06,29,131	1,96,81,479
Other Income	14	34,72,664	27,31,056
TOTAL	::	2,41,01,795	2,24,12,535
II. EXPENDITURE:-			
Interest expended	15	1,10,37,323	1,18,82,960
Operating expenses	16	89,42,880	85,72,966
Provisions and Contingencies	18.A.10.e	25,02,713	12,07,176
TOTAL	::	2,24,82,916	2,16,63,102
III. PROFIT / LOSS:-			
Profit/ (Loss) for the year before Tax		16,18,879	7,49,433
Less: Income tax for the current year		(6,52,328)	(1,04,525)
Add: Deferred tax		2,74,031	68,868
Less: Income tax for Prior Years		847	(3,79,523)
Net Profit/ (Loss) for the year after Tax		12,41,429	3,34,253
Profit/ (Loss) brought forward		(3,65,584)	(5,57,024)
TOTAL	::	8,75,845	(2,22,771)
IV. APPROPRIATIONS:-			
Transfer to Statutory Reserve		3,10,357	83,563
Transfer to Capital Reserve		64,936	49,013
Transfer to Special Reserve u/s 36(1) (viii) of the Income Tax Act		65,264	10,237
Balance of Profit/ (Loss) carried over to Balance Sheet		4,35,288	(3,65,584)
TOTAL	::	8,75,845	(2,22,771)
Earnings Per Share -Basic & Diluted	18.A.15	122.51	39.72
Significant Accounting Policies	17		
Notes on Accounts	18		

Schedules referred to above form an integral part of the Profit and Loss Account

Benny Kurian
Senior Manager

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Chief Manager

Sidharthan C
General Manager

For and on behalf of the Board of Directors

C. Jayaprakash
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Director

Shiny George
Director

As per our report on even date attached
For G Venugopal Kamath & Co.
Chartered Accountants
Firm Registration. No. 004674S

(CA R. Ramachandran)
Partner

Membership No. 23982
UDIN: 22023982AKMHNO5573

Place : Thiruvananthapuram

Date : 06-06-2022

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31-03-2022

SCHEDULE – 1 – CAPITAL*		₹ in "000	₹ in "000
Particulars		As on 31-03-2022	As on 31-03-2021
1	Authorised Capital (Two hundred crore shares of ₹ 10 each)	2,00,00,000	2,00,00,000
2	Issued, Subscribed and paid up capital (63,58,54,230 shares of ₹ 10 each, Previous year : 84,14,300 shares of ₹10 each)*	63,58,542	84,143
TOTAL		63,58,542	84,143

*Refer Note No.18.B.6

SCHEDULE – 2 – RESERVES & SURPLUS		₹ in "000	₹ in "000
1	Statutory Reserve		
	Opening balance	20,18,650	19,35,087
	Additions during the Year	3,10,357	83,563
	Deductions during the Year	-	-
	Closing balance	23,29,007	20,18,650
2	Capital Reserves		
a	Capital Reserve		
	Opening balance	1,96,695	1,47,682
	Additions during the Year	64,936	49,013
	Deductions during the Year	-	-
	Closing balance	2,61,631	1,96,695
b	Revaluation Reserve		
	Opening balance	1,13,098	1,16,066
	Additions during the Year	230	-
	Deductions during the Year	2,819	2,968
	Closing balance	1,10,509	1,13,098
3	Revenue and Other Reserves		
a	General Reserves		
	Opening balance	45,57,074	45,57,074
	Additions during the Year	-	-
	Deductions during the Year	-	-
	Closing balance	45,57,074	45,57,074
b	Special Reserve u/s 36(1)(viii) of the Income Tax Act		
	Opening balance	1,33,302	1,23,065
	Additions during the Year	65,264	10,237
	Deductions during the Year	-	-
	Closing balance	1,98,566	1,33,302
c	Investment fluctuation Reserves		
	Opening balance	10,24,359	10,24,359
	Additions during the Year	-	-
	Deductions during the Year	-	-
	Closing balance	10,24,359	10,24,359
4	Balance of Profit and Loss Account	4,35,288	-3,65,584
TOTAL (1 to 7)		89,16,434	76,77,594

SCHEDULE – 3 - DEPOSITS		₹ in "000	₹ in "000
Particulars		As on 31-03-2022	As on 31-03-2021
A	I. Demand Deposits		
	i. From Bank	-	4,371
	ii. From others	27,79,300	22,16,634
	II. Savings Bank Deposits	9,01,57,954	8,03,17,243
	III. Term Deposits		
	i. From Banks	1,90,76,524	1,87,58,089
	ii. From others	10,63,22,150	10,02,08,371
	TOTAL	21,83,35,928	20,15,04,708
B	i. Deposits of branches in India	21,83,35,928	20,15,04,708
	ii. Deposits of branches outside India	-	-
	TOTAL	21,83,35,928	20,15,04,708
SCHEDULE – 4 - BORROWINGS		₹ in "000	₹ in "000
I	Borrowings in India		
	i. Reserve Bank of India	-	-
	ii. Canara Bank	-	-
	iii. NABARD	3,68,08,153	4,41,94,087
	iv. Other Banks	17,50,226	22,45,740
	v. Other Institutions & Agencies	2,43,981	11,18,900
II	Borrowings outside India	-	-
	TOTAL ::	3,88,02,360	4,75,58,727
	(Secured borrowings included in I & II above)	5.00	-
SCHEDULE – 5 – OTHER LIABILITIES & PROVISIONS		₹ in "000	₹ in "000
1	Bills payable	80,483	59,032
2	Interest accrued	13,10,604	9,45,655
3	Others (including provisions)*	60,07,210	48,97,632
	TOTAL ::	73,98,297	59,02,319
	*Provision for standard assets included in 3 above.	21,12,686	13,16,020
SCHEDULE – 6 – CASH & BALANCES WITH RBI		₹ in "000	₹ in "000
	I. Cash in hand	14,05,430	12,94,101
	II. Balance with RBI		
	i. In Current account	82,50,288	81,35,466
	ii. In other accounts	-	-
	TOTAL ::	96,55,718	94,29,567

SCHEDULE – 7 – BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		₹ in "000	₹ in "000
Particulars		As on 31-03-2022	As on 31-03-2021
I	In India		
	i. Balances with Banks	-	-
	a) In Current accounts	3,57,652	2,50,947
	b) In other deposit accounts	3,61,53,641	1,70,03,641
	ii. Money at call and short notice	-	-
II	Outside India	-	-
	TOTAL ::	3,65,11,293	1,72,54,588
SCHEDULE – 8 – INVESTMENTS		₹ in "000	₹ in "000
I	Investments in India in		
	i. Govt. securities	4,07,51,646	4,40,92,229
	ii. Other approved securities	-	-
	iii. Debentures & Bonds	5,31,978	6,83,410
	iv. Shares	2,897	2,897
	v. Others (Mutual Fund Units and Term Money Deposits)	4,84,977	14,44,449
II	Investments outside India	-	-
	TOTAL ::	4,17,71,498	4,62,22,985
	*Refer Note No.18.A.3		
SCHEDULE – 9 – ADVANCES (NET OF PROVISIONS)		₹ in "000	₹ in "000
A	i. Bills purchased and discounted	-	106
	ii. Cash credits, overdrafts and loans repayable on demand	12,29,59,715	11,79,67,948
	iii. Term loans	6,19,94,106	6,23,99,926
	TOTAL ::	18,49,53,821	18,03,67,980
B	i. Secured by Tangible Assets	16,80,27,583	16,38,28,763
	ii. Covered by Bank/ Govt. guarantees	-	-
	iii. Unsecured	1,69,26,238	1,65,39,217
	TOTAL ::	18,49,53,821	18,03,67,980
C	I. Advances in India		
	i. Priority Sector	17,43,20,809	17,06,26,776
	ii. Public Sector	-	-
	iii. Banks	-	-
	iv. Others	1,06,33,012	97,41,204
	TOTAL ::	18,49,53,821	18,03,67,980
	II. Advances outside India	-	-
	TOTAL (C.I & C.II) ::	18,49,53,821	18,03,67,980

SCHEDULE – 10 – FIXED ASSETS		₹ in "000	₹ in "000
Particulars		As on 31-03-2022	As on 31-03-2021
I	Premises (Including Land)		
	At cost/ valuation as on 31st March of the preceding year	1,65,467	1,65,467
	Additions during the year	230	-
	Revaluations made during the year	-	-
	Deductions during the year	-	-
	Depreciation to date	17,858	13,730
	NET BALANCE – (I)	1,47,839	1,51,737
II	Other Fixed Assets (Incl Furniture & Fixtures)		
	At cost as on 31st March of the preceding year	16,98,561	15,48,429
	Additions during the year	2,06,298	1,53,797
	Deductions during the year	6,939	3,665
	Depreciation to date	10,80,229	9,25,589
	NET BALANCE – (II)	8,17,691	7,72,972
	TOTAL (I+II)	9,65,530	9,24,709
SCHEDULE – 11 – OTHER ASSETS		₹ in "000	₹ in "000
I	Inter-office adjustments(net)	70	4,189
II	Interest accrued	12,19,004	12,78,636
III	Tax paid in advance/tax deducted at source	9,20,179	3,01,710
IV	Stationery & Stamps	24,765	26,429
V	Non-banking assets acquired in satisfaction of claims	-	-
VI	Deferred Tax Asset (Net)*	4,62,517	1,88,487
VII	Others	33,27,166	67,28,211
	TOTAL ::	59,53,701	85,27,662
	* Refer Note No. 18.A.16		
SCHEDULE – 12 – CONTINGENT LIABILITIES*		₹ in "000	₹ in "000
I	Claims against the bank not acknowledged as debts	9,802	8,853
II	Guarantees given on behalf of constituents		
	(a) In India	74,549	68,718
	(b) Outside India	-	-
III	Other items for which the bank is contingently Liable	1,23,874	1,54,834
III	Unclaimed deposits	4,62,624	3,63,773
	TOTAL ::	6,70,849	5,96,178
	Bills for collection	1,55,700	1,31,503
	*Refer Note no. 18.A.7 and 18.B.9		

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2022

SCHEDULE – 13 – INTEREST EARNED		₹ in "000	₹ in "000
Particulars		Year Ended 31-03-2022	Year Ended 31-03-2021
I	Interest/discount on advance/bills	1,66,67,736	1,58,43,811
II	Income on Investments	29,61,928	29,30,234
III	Interest on balances with Reserve Bank of India and other Inter bank funds	9,99,467	9,07,434
IV	Others	-	-
	TOTAL ::	2,06,29,131	1,96,81,479
SCHEDULE – 14 – OTHER INCOME		₹ in "000	₹ in "000
I	Commission, Exchange and Brokerage	19,36,715	18,33,521
II	Profit on sale of land Buildings and other assets	433	46
	Less: Loss on sale of land Buildings & other assets	(4,398)	(724)
III	Profit on sale of investments	3,60,558	3,34,676
	Less: Loss on sale of investments	(20,309)	(1,800)
IV	Miscellaneous Income*	11,99,665	5,65,337
	TOTAL ::	34,72,664	27,31,056
	Refer Note No. 18.A.10.d		
SCHEDULE – 15 – INTEREST EXPENDED		₹ in "000	₹ in "000
I	Interest on Deposits	92,32,732	1,00,28,406
II	Interest on Reserve Bank of India/ Inter bank borrowings	1,41,431	1,72,282
III	Others	16,63,160	16,82,272
	TOTAL ::	1,10,37,323	1,18,82,960
SCHEDULE – 16 – OPERATING EXPENSES		₹ in "000	₹ in "000
I	Payment to and provisions for employees*	70,13,973	68,27,253
II	Rent, Taxes & Lighting	2,59,553	2,51,517
III	Printing & Stationery	21,041	26,765
IV	Advertisement & Publicity	6,214	5,269
V	Depreciation on Bank's property	1,55,927	1,45,994
VI	Directors' fees, allowances & expenses	-	-
VII	Auditors' fees and expenses #(including branch auditors)	6,725	6,885
VIII	Law charges	94,926	71,557
IX	Postage, Telegrams, Telephones etc.	17,816	14,759
X	Repairs & Maintenance	11,036	8,185
XI	Insurance	2,40,505	2,12,920
XII	Other expenditure	11,15,164	10,01,862
	TOTAL ::	89,42,880	85,72,966

*Refer Note No. 18.A.12

#Refer Note No. 18.B.8

Schedule – 17

SIGNIFICANT ACCOUNTING POLICIES

1. Background Information:

Kerala Gramin Bank (KGB) is a Regional Rural Bank (RRB) formed on 08.07.2013, under the Sub-Section (1) of Section 3 of the RRB Act 1976 (27 of 1976) after amalgamating South Malabar Gramin Bank and North Malabar Gramin Bank. Bank is a Government owned scheduled bank sponsored by Canara Bank (sponsor bank) KGB has a network of 634 branches/offices in India and provides financial assistance to the sectors like Agriculture, Micro, Small and Medium Enterprises, education, housing, micro-credit, weaker sections, SC/ST communities etc.

2. Basis of Preparation

The financial statements have been prepared in accordance with 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 in all material aspects to Generally Accepted Accounting Principles in India (“Indian GAAP”), the circulars and guidelines issued by the Reserve Bank of India ('RBI') and National Bank for Agriculture and Rural Development (NABARD) from time to time and the current practices prevailing within the banking industry in India. The Bank follows the historical cost convention and accrual method of accounting in the preparation of the financial statements, except where otherwise stated. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

3. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.



Honouring Sri.George, winner of ‘Haritha Mitra’ Award of Govt. of Kerala for the Best Vegetable farmer of the State by Peringamala Branch

4. Investments:

- a. Investments are grouped and shown in the Balance sheet under five major heads:
 - 1) Government Securities
 - 2) Other approved securities
 - 3) Debentures and Bonds
 - 4) Shares
 - 5) Others (Mutual Fund Units etc.)
- b. Investments have been made as per the guidelines of the Reserve Bank of India, NABARD and Sponsor Bank (Canara Bank) keeping in view of the statutory obligations.
- c. Investment Committee comprising of:
 - i. Chairman
 - ii. All General Managers
 - iii. Chief Manager (FM Wing)
 - iv. Chief Manager (Credit Wing)
 - v. Chief Manager (Risk management and compliance wing)
 - vi. Senior Manager(FM Wing)
 - vii. Senior manager/Manager (Treasury and Fund Management Cell)

is responsible for the overall Investment portfolio of the Bank, subject to the final concurrence of the Board of Directors.

d. Acquisition cost

The cost of investments is determined based on the purchase price. Broken period interest on debt instruments and government securities is treated as a revenue item. The transaction cost including brokerage, commissions etc. paid at the time of acquisition of investments are charged to the Profit and Loss Account.

e. Valuation of investments

The Bank has implemented Mark to Market (MTM) norms for valuation of SLR Securities as per the RBI Circular No.BC.No. 74 /03. 05.33/2013-14 dated 07/01/2014. Investment portfolio have been classified in to three categories as Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per the above guideline.

a. Held to Maturity (HTM)

These are carried at their acquisition cost unless it is more than the face value, in which case premium on acquisition is amortised over the remaining maturity of the security on straight line basis. Any diminution, other than temporary, in the value of such securities is provided for.

b. Available for Sale (AFS) and Held for Trading (HFT)

Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades/ quotes on the stock exchanges, SGL account transactions, pricelist of RBI or prices declared by Financial Benchmark India Private Limited, periodically. Net depreciation, if any,

within each category of investment classification is recognised in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

c. Treasury Bills, commercial paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

d. Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.

e. Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Financial Benchmark India Pvt Limited (FBIL) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FBIL are adopted for this purpose;
- in case of bonds and debentures where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at `1/- per company;

• Non- Performing Investments are identified and valued based on RBI guidelines.

f. The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities.

g. Transfer of scrips from one category to another is carried on the following basis

i. HTM to AFS / HFT category at acquisition price /book value. In case the investments under HTM category are originally placed at premium the transfer is made at amortised cost. After transfer, these securities are immediately re-valued and resultant depreciation, if any, will be provided.

ii. AFS / HFT to HTM category at lower of the book value or market value.

iii. AFS to HFT category or vice versa, at the carrying value. The accumulated depreciation, if any, to be transferred to the provision for depreciation against HFT securities and vice versa.

h. Disposal of Investments

i. Investments classified as HFT and AFS – Profit or loss on sale / redemption is included in the Profit and Loss account.

ii. Investments classified as HTM – Profit on sale of /redemption of investments is included in the Profit and Loss Account and is appropriated to capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale/redemption is charged to the Profit and Loss Account

5. Fixed Assets (Property Plant & Equipment and Intangibles) and Depreciation/ Amortization:

a) Premises

Freehold land and building are originally capitalized at cost. Revaluation of these properties shall be done every 5 years to reflect current market valuation after obtaining specific permission of the board of directors, commencing from the year ended 31-03-2018. The appreciation on revaluation shall be credited to revaluation reserve. Depreciation on building shall be applied on pro rata basis under the WDV method. The depreciation on the original cost of the asset shall be debited to profit & loss account and in respect of revalued assets, revalued amount shall be debited to revaluation reserve. The entire amount of revaluation reserve shall be adjusted towards depreciation over the economic useful life of the assets. On sale of these assets, the entire amount under revaluation reserve shall be first adjusted. The resultant profit/loss shall be transferred to profit and loss account.

b) Other Fixed assets and Intangible Assets

The Property Plant & Equipment and Intangibles (other than office premise, which are revalued) are stated at historical cost less accumulated depreciation/ amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on asset put to use is capitalised only when it increases the future benefit/functioning capability from/of such assets. Gain or losses arising from the retirement or disposal of a Property Plant and Equipment/Intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Profit and Loss Account.

c) Depreciation/ Amortisation

Depreciation is provided on a pro-rata basis on a WDV method in following rates determined by the management.

Sl. No.	Type of Fixed Assets	Rate
1	Software	30
2	Electronic Items, Computers, ATM, UPS and other Hardware items	20
3	Plant and Machinery, Vehicles	15
4	Furniture, Electrical Items, Glass, Others	10
5	Building	5

d) Impairment of Assets

An assessment is made at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, an estimate of the recoverable amount is made and impairment loss, if any, is provided for.

e) Government Grants

Government grants received on specific fixed assets are deducted from gross value of the fixed assets.

6. Cash Flow Statement

Cash flows from operating activities are computed using indirect method.

7. Advances:

Valuation / Measurement

a) Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines as applicable to RRBs and are stated net of specific provisions made towards NPAs and unrealised interest on NPAs. Interest on Non- Performing advances is not recognised in profit and loss account and transferred to an interest suspense account until receipt. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made as per the guidelines and circulars of the RBI on matters relating to prudential norms at the rates stipulated below:

Type of Non- Performing Assets	Secured Rate	Unsecured Rate
Sub Standard Assets	10%	10%
Doubtful Assets -I	20%	100%
Doubtful Assets -II	30%	100%
Doubtful Assets -III	100%	100%
Loss Assets	100%	100%

Additional provisions are made as per the assessment of the management.

b) Non-performing advances are written-off in accordance with the Bank's policies. Amounts recovered against debts written off are recognised in the profit and loss account and included under "Other Income".

c) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period, subject to satisfactory performance of the account during the period.



A helping hand to helpless... Bank joins hands in the program of providing mid-day meal to the Street dwellers

- d) The Bank maintains general provision for standard assets at levels stipulated by RBI from time to time.
- e) The bank transfers advances through inter-bank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the bank is participating, the aggregate amount of participation is shown as due from banks under advances.

8. Revenue Recognition:

- a) Interest / discount / other charges income from loans, advances and investments and deposits placed with banks and other institutions are recognised on accrual basis, except in respect of income relating to advances/ investments classified as non-performing advances/ investments, additional finance treated as standard asset under approved restructuring package, where in accordance with RBI guidelines the income is recognised only on realisation.
- b) The recoveries made from NPA accounts are appropriated first towards unrealized interest/income debited to borrowers' accounts, then expenditure/out of pocket expenses incurred and lastly towards principal dues.
- c) Income on discounted instruments is recognised over the tenure of the instrument on a straight-line basis.
- d) Insurance claims are accounted on receipt basis.
- e) Commission income on issuance of bank guarantee / letter of credit is recognised over the period of the guarantee/letter of credit.
- f) Processing fee/ upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/ facility is recognised at the inception/renewal of loan.
- g) Other fees and commission income (including commission income on third party products) are recognised when due, except in cases where the bank is uncertain of ultimate collection.
- h) Unpaid funded interest on term loans are recognised on realisation as per the guidelines of RBI.



Inauguration of new premises of Eranhimangad branch by the President Chaliyar Grama Panchayath

i) Fees received on sale of Priority Sector Lending Certificates is considered as Miscellaneous Income, while fees paid for purchase is expensed as other expenses in accordance with the guidelines issued by the RBI.

j) Interest on income tax refund is recognised under “Other Income” in the year of passing of Assessment Orders.

9. Employee benefits:

(a) Defined Contribution Plans:

i) Contribution to Employees Provident fund scheme are recognized as an expense and charged to Profit & Loss account.

ii) Employees who had joined the services of the Bank with effect from 1st April 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes specified percentage of the Basic Pay plus Dearness Allowance, and the expenditure thereof is charged to Profit and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

(b) Defined Benefit Plans:

Gratuity

Bank has made arrangement with Life Insurance Corporation of India for Gratuity payments. Premium paid is charged to the Profit & Loss Account. At the year end, the obligation is determined on actuarial basis and the fair value of plan assets is reduced from gross obligation to recognize net obligation, if any, on a net basis.

Pension

The employee Pension Fund Scheme is funded by the Bank and managed by a separate trust.

The bank has implemented Pension scheme in the Bank in the financial year 2018-19 and the initial contribution has been determined based on actuarial basis and the same are amortized over a period of 5 years as per the directions of RBI

Regular monthly contribution to pension fund for eligible serving employees is charged to profit and loss account. Additional annual contribution to the fund is determined on actuarial basis at end of the year and the fair value of the Plan assets is reduced from the gross obligation to recognize the obligation on a net basis.

(c) Other Long Term Employee Benefits:



Distribution of Study materials to Students by Regional Office, Ernakulam

Privilege Leave Encashment:

Bank has made arrangement with Life Insurance Corporation of India and Canara HSBC OBC Life Insurance Co for Privilege leave encashment payments. Premium paid is charged to the Profit & Loss Account. At the year end, the obligation is determined on actuarial basis and the fair value of plan assets is reduced from gross obligation to recognize net obligation, if any, on a net basis.

10. Taxes on Income:

- a) Income tax expense is the aggregate amount of current tax and deferred tax charge.
- b) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- c) Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.
- d) In cases of demand, the provision for tax is made after due consideration of judicial pronouncements and legal opinion. Disputed tax not provided for are disclosed under contingent liabilities.

11. Earnings Per Share:

The Bank reports basic and diluted Earnings Per Share in accordance with AS 20. Basic Earnings Per Share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the Year.



Credit outreach programme at Kasargode district

12. Provisions, Contingent Liabilities and Contingent Assets:

a) In conformity with AS 29, “Provisions, Contingent Liabilities & Contingent

Assets” issued by the Institute of Chartered Accountants of India, the bank recognizes provision only when:

- It has a present obligation as a result of past event.
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- When a reliable estimate of the amount of the obligation can be made.

b) No provision is recognized

- For any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank.
- Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
- When a reliable estimate of the amount of obligation cannot be made

Such obligations are recorded as Contingent liabilities. These are assessed at regular intervals and only that part of the obligation for which the outflow of resources embodying economic benefits is probable is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

c) Contingent assets are not recognized in the financial Statements.

13. Net Profit:

The Net Profit in the Profit & Loss Account is after:

- (a) Provision for Depreciation on Investments
- (b) Provision for Taxation
- (c) Provision for Non-Performing Advances
- (d) Provision on Standard Assets
- (e) Provision for Non-Performing Investments
- (f) Other usual & necessary items



Regional Manager Sri. Anandan V.V. attending Credit camp conducted by Pallikunnu branch at Kannur

SCHEDULE - 18

NOTES ON ACCOUNTS FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2022

A: Disclosures as per RBI's Master Direction on Presentation and Disclosure in Financial Statements

1. Regulatory capital

The Bank computes Capital Adequacy Ratio as per RBI guidelines. The minimum capital required to be maintained by the bank for the year ended March 31, 2022 is 9%. The Capital Adequacy Ratio of the Bank calculated as per RBI circular is set out below;

a) Composition of Regulatory Capital

(Amount in ₹ crore)

Sl. No.	Particulars	Current Year	Previous Year
i	Common Equity Tier 1 capital (CET 1)	1414.01	662.43
ii	Additional Tier 1 capital	-	-
iii	Tier 1 capital (i + ii)	1414.01	662.43
iv	Tier 2 capital*	294.55	283.93
v	Total capital (Tier 1+Tier 2)	1708.56	946.36
vi	Total Risk Weighted Assets (RWAs)	14971.61	14113.21
vii	CET 1 Ratio (CET 1 as a percentage of RWAs)	9.44	4.70
viii	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	9.44	4.70
ix	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.97	2.01
x	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	11.41	6.71
xi	Percentage of the shareholding of		
	a) Government of India	50	50
	b) Government of Kerala	15	15
	c) Sponsor Bank	35	35
xii	Amount of paid-up equity capital raised during the year	627.44	-
xiii	Amount of non-equity Tier 1 capital raised during the year	Nil	Nil
xiv	Amount of Tier 2 capital raised during the year	Nil	Nil

See Note No. 18. B.6

*General Provisions and Loss reserves considered for Tier 2 Capital during the previous year includes ₹44.8 Crore being additional provision created towards NPA restricted to 1.25% of Risk Weighted Assets. Corresponding amount included the current year is Nil.

3. Investments

a) Composition of Investment Portfolio

As at 31.03.2022

(Amount in ₹ crore)

	Investments in India							Investments outside India	Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investment in India		
Held to Maturity									
Gross	2563.58	-	-	-	-	-	-	2563.58	2563.58
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-
Net	2563.58	-	-	-	-	-	-	2563.58	2563.58
Available for Sale									
Gross	1202.96	-	0.29	53.20	-	48.50	-	1304.95	1304.95
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-
Net	1202.96	-	0.29	53.20	-	48.50	-	1304.95	1304.95
Held for Trading									
Gross	308.62	-	-	-	-	-	-	308.62	308.62
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-
Net	308.62	-	-	-	-	-	-	308.62	308.62
Total Investments	4075.16	-	0.29	53.20	-	48.50	-	4177.15	4177.15
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation	-	-	-	-	-	-	-	-	-
Net	4075.16	-	0.29	53.20	-	48.50	-	4177.15	4177.15

As at 31.03.2021

	Investments in India								Investments outside India	Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investment in India			
Held to Maturity										
Gross	2371.26	-	-	-	-	-	-	2371.26	-	2371.26
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-
Net	2371.26	-	-	-	-	-	-	2371.26	-	2371.26
Available for Sale										
Gross	1341.21	-	0.29	68.34	-	144.44	-	1554.28	-	1554.28
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-
Net	1341.21	-	0.29	68.34	-	144.44	-	1554.28	-	1554.28
Held for Trading										
Gross	696.75	-	-	-	-	-	-	696.75	-	696.75
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-
Net	696.75	-	-	-	-	-	-	696.75	-	696.75
Total Investments	4409.22	-	0.29	68.34	-	144.44	-	4622.29	-	4622.29
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation	-	-	-	-	-	-	-	-	-	-
Net	4409.22	-	0.29	68.34	-	144.44	-	4622.29	-	4622.29

b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(Amount in ₹ Crore)

Particulars	Current Year	Previous Year
i) Movement of provisions held towards depreciation on investments		
a) Opening balance	Nil	Nil
b) Add: Provisions made during the year	Nil	Nil
c) Less: Write off / write back of excess provisions during the year	Nil	Nil
d) Closing balance	Nil	Nil
ii) Movement of Investment Fluctuation Reserve		
a) Opening balance	102.44	102.44
b) Add: Amount transferred during the year	-	-
c) Less: Drawdown	-	-
d) Closing balance	102.44	102.44
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	6.35%	4.55%

c) Sale and transfer to/from HTM Category

During the Financial Year 2021-22, the aggregate value of sale of securities from HTM category has exceeded the limit of 5% of the book value of investments held in HTM category at the beginning of the year as specified by RBI and the mandatory disclosure as per RBI guidelines is as follows,

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Market value of securities held under HTM category at the year end	2545.93	2437.46
Excess of book value of HTM securities over market value. (No provision is required to be made in respect of the same)	17.65	-



Sri.C Sidharthan, General Manager inaugurating the Branch Managers' Conference by lighting the Lamp at Thalassery Region

d) Non-SLR investment portfolio

i) Non-performing non-SLR investments (Amount in ₹ crore)

Sl. No.	Particulars	Current Year	Previous Year
a)	Opening balance	-	-
b)	Additions during the year since 1st April	-	-
c)	Reductions during the above period	-	-
d)	Closing balance	-	-
e)	Total provisions held	-	-

i) Issuer composition of non-SLR investments

(Amount in ₹ crore)

Sl. No.	Issuer	Amount		Extent of Private Placement		Extent of 'Below Investment Grade' Securities		Extent of 'Unrated' Securities		Extent of Unlisted Securities	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)			
a)	PSUs										
b)	FIs										
c)	Banks										
d)	Private Corporates										
e)	Subsidiaries/ Joint Ventures										
f)	Others										
g)	Provision held towards depreciation										
	Total										

e) Repo Transactions

The Bank has not made any Repo transactions during FY 2021-22.

1. Asset quality

a) Classification of advances and provisions held

As at 31.03.2022

(Amount in ₹ crore)

	Standard	Non-Performing				Total
	Total Standard Advances	Sub- standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	17783.27	166.26	329.92	177.34	673.52	18456.79
Add: Additions during the year					1374.40	17547.91
Less: Reductions during the year*					1453.35	16725.61
Closing balance	18684.52	106.33	324.17	164.07	594.57	19279.09
*Reductions in Gross NPAs due to:						
i) Upgradation					1205.31	1205.31
ii) Recoveries (excluding recoveries from upgraded accounts)					241.15	241.15
iii) Technical/ Prudential Write-offs					-	-
iv) Write-offs other than those under (iii) above					6.89	6.89
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	131.60	46.29	196.69	177.01	419.99	551.59
Add: Fresh provisions made during the year					170.59	250.26
Less: Excess provision reversed/ Write-off loans					6.88	6.88
Closing balance of provisions held	211.27	106.62	313.28	163.8	583.70	794.97
Net NPAs						
Opening Balance		119.97	133.23	0.32	253.53	
Add: Fresh additions during the year					-	
Less: Reductions during the year					253.53	
Closing Balance		-	-	-	-	

As at 31.03.2021

(Amount in ₹ crore)

	Standard		Non-Performing				Total
	Total Standard Advances	Sub- standard	Doubtful	Loss	Total Non-Performing Advances		
Gross Standard Advances and NPAs							
Opening Balance	17148.73	253.29	327.54	190.25	771.08	17919.81	
Add: Additions during the year					441.69	17621.64	
Less: Reductions during the year*					539.25	17087.66	
Closing balance	17783.27	166.26	329.92	177.34	673.52	18456.79	
*Reductions in Gross NPAs due to:							
i) Upgradation					349.40	349.40	
ii) Recoveries (excluding recoveries from upgraded accounts)					173.70	173.70	
iii) Technical/ Prudential Write-offs					-	-	
iv) Write-offs other than those under (iii) above					16.15	16.15	
Provisions (excluding Floating Provisions)							
Opening balance of provisions held	88.49	25.54	143.08	189.91	358.53	447.02	
Add: Fresh provisions made during the year					77.61	120.72	
Less: Excess provision reversed/ Write-off loans					16.15	16.15	
Closing balance of provisions held	131.6	46.29	196.69	177.01	419.99	551.59	
Net NPAs							
Opening Balance		227.75	184.46	0.34	412.55		
Add: Fresh additions during the year					145.28		
Less: Reductions during the year					304.30		
Closing Balance		119.97	133.23	0.32	253.53		

(Amount in ₹ crore)

	Standard		Non-Performing								Total	
	Total Standard Advances		Sub- standard		Doubtful		Loss		Total Non-Performing Advances		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Floating Provisions											-	-
Opening Balance											-	-
Add: Additional provisions made during the year											-	-
Less: Amount drawn down during the year											-	-
Closing balance of floating provisions											-	-
Technical write-offs and the recoveries made there on	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance of Technical/ Prudential written-off accounts											-	-
Add: Technical/ Prudential write-offs during the year											-	-
Less: Recoveries made from previously technical/ prudential written-off accounts during the year											-	-
Closing balance											-	-

Ratios (in per cent)	Current Year	Previous Year
Gross NPA to Gross Advances	3.08	3.65
Net NPA to Net Advances		1.41
Provision coverage ratio	100%	62.36%

b) Sector-wise Advances and Gross NPAs

(Amount in ₹ crore)

Sl. No.	Sector	Current Year			Previous Year		
		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
i)	Priority Sector						
a)	Agriculture and allied activities	13015.61	148.28	1.14	12242.13	151.42	1.24
b)	Advances to industries sector eligible as priority sector lending	1354.39	187.15	13.82	1343.25	185.62	13.81
c)	Services	-	-	-	-	-	-
d)	Personal loans	3795.66	209.02	5.51	3859.16	269.24	6.98
	Sub total (i)	18165.66	544.45	2.99	17444.54	606.28	3.48
ii)	Non-priority Sector	-	-	-	-	-	-
a)	Agriculture and allied activities	-	-	-	-	-	-
b)	Industry	-	-	-	-	-	-
c)	Services	-	-	-	-	-	-
d)	Personal loans	1113.43	50.12	4.50	1012.24	67.24	6.64
	Sub-total (ii)	1113.43	50.12	4.50	1012.24	67.24	6.64



Credit outreach programme at Wayanad district

c) Particulars of resolution plan and restructuring

i) Details of accounts subjected to restructuring

(Amount in ₹ crore)

Particulars		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Standard	Number of borrowers	1579	1786	-	-	3817	1038	18273	11292	23669	14116
	Gross Amount (₹ crore)	33.81	25.97	-	-	78.84	49.65	899.7	599.05	1012.35	674.67
	Provision held (₹ crore)	0.46	1.49	-	-	1.5	1.43	50.33	64.57	52.29	67.49
Sub-standard	Number of borrowers	255	-	-	-	1423	-	10441	-	12119	-
	Gross Amount (₹ crore)	3.01	-	-	-	38.42	-	412	-	453.43	-
	Provision held (₹ crore)	0.26	-	-	-	3.76	-	42.92	-	46.94	-
Doubtful	Number of borrowers	-	-	-	-	-	-	-	-	-	-
	Gross Amount (₹ crore)	-	-	-	-	-	-	-	-	-	-
	Provision held (₹ crore)	-	-	-	-	-	-	-	-	-	-
Total	Number of borrowers	1834	1786	-	-	5240	1038	28714	11292	35788	14116
	Gross Amount (₹ crore)	36.82	25.97	-	-	117.26	49.65	1311.7	599.05	1465.78	674.67
	Provision held (₹ crore)	0.72	1.49	-	-	5.26	1.43	93.25	64.57	99.23	67.49

ii. Particulars of accounts in respect of which application for restructuring are under process but restructuring packages have not been approved as on 31-03-2022

- i. No of accounts : Nil
- ii. Amount (₹ crore) : Nil

d) Disclosure of transfer of loan exposures

The Bank has not transferred/ acquired any loans during the year ended March 31, 2022 under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021.

e) Fraud accounts

Number and amount of frauds reported during the current financial year and the provisioning thereon are given below,

	Current year	Previous year
Number of frauds reported	7	7
Amount involved in fraud (₹ lakhs)	11.64	65.32
Amount of provision made for such frauds (₹ Lakhs)	0.89	NIL-Fully Recovered
Amount of Unamortised provision debited from 'other reserves' as at the end of the year (₹ Lakh)	N.A	N.A

Refer Note no. 18.B.2

f) Disclosure under Resolution Framework for COVID-19-related Stress

Details of Resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular on RF1 and RF2

(Amount in ₹ crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan— Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half- year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half- year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal	1252.19	19.63	-	77.57	1298.10
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	7.3	1.43	-	2.82	47.02
Total	1259.49	21.06	-	80.39	1345.12

Refer Note no. 18.B.5

g) Modifications in terms of clause 22 of RBI circular no. DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 on "Resolution Framework — 2.0: Resolution of Covid—19 related stress of Individuals and Small Business" were sanctioned and implemented in

- i. No. of borrower accounts : 375
- ii. Aggregate exposure of the Bank to such borrowers : ₹ 20.06 Crores

5. Exposures

a) Exposure to real estate sector

(Amount in ₹ crore)

Category	Current year	Previous Year
i) Direct exposure		
a) Residential Mortgages	3204.43	3104.99
Of the above, individual housing loans eligible for inclusion in priority sector advances	3152.78	3037.69
b) Commercial Real Estate	40.59	50.10
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures		
i. Residential		
ii. Commercial Real Estate		
ii) Indirect Exposure	-	-
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
Total Exposure to Real Estate Sector	3245.02	3155.09

a) Exposure to capital market

(Amount in ₹ crore)

Category	Current year	Previous Year
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	43.99	119.73

c) Unsecured advances

(Amount in ₹ crore)

Category	Current year	Previous Year
Total unsecured advances of the bank	1894.33	1873.13
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

d) MSME accounts restructured vide RBI circular no.DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 as amended from time to time

No. of accounts Restructured	Amount (₹ in million)
1811	372.20

a) Intra-group exposures

- i) Total amount of intra-group exposures* : ₹ 3.98 Lakhs
 ii) Total amount of top 20 intra-group exposures : ₹ 3.98 Lakhs
 iii) Percentage of intra-group exposures to total exposure of the bank on borrowers/customers :-
 iv) Details of breach of limits on intra-group exposures and regulatory action thereon, if any. : Nil

*Equity shares of Canara Bank.

6. Concentration of deposits, advances, exposures and NPAs

a) Concentration of deposits

(Amount in ₹ crore)

Category	Current year	Previous Year
Total deposits of the twenty largest depositors	2706	2730
Percentage of deposits of twenty largest depositors to total deposits of the bank	12.39%	13.55%

b) Concentration of advances

(Amount in ₹ crore)

Category	Current year	Previous Year
Total advances to the twenty largest borrowers*	1455.21	1228.63
Percentage of advances to twenty largest borrowers to total advances of the bank	7.5%	6.7%

* Computed based on credit exposure - sanctioned limits or outstanding, whichever are higher

c) Concentration of exposures

(Amount in ₹ crore)

Category	Current year	Previous Year
Total exposure to the twenty largest borrowers/ customers	1455.21	1228.63
Percentage of exposures to the twenty largest borrowers / customers to the total exposure of the bank on borrowers/ customers	7.5%	6.7%

d) Concentration of NPAs

(Amount in ₹ crore)

Category	Current year	Previous Year
Total Exposure to the top twenty NPA accounts	11.40	7.71
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	1.92%	1.15%

7. Transfers to Depositor Education and Awareness Fund (DEA Fund)

(Amount in ₹ crore)

Sl. No.	Category	Current year	Previous Year
i)	Opening balance of amounts transferred to DEA Fund	36.38	30.69
ii)	Add: Amounts transferred to DEA Fund during the year	12.54	6.62
iii)	Less: Amounts reimbursed by DEA Fund towards claims	2.66	0.93
iv)	Closing balance of amounts transferred to DEA Fund	46.26	36.38

8. Disclosure of complaints

a) Summary information on complaints received by the bank from customers and from the Offices of Ombudsman

Sl. No.	Category	Current year	Previous Year
Complaints received by the bank from its customers			
1.	Number of complaints pending at beginning of the year	-	5
2.	Number of complaints received during the year	115	107
3.	Number of complaints disposed during the year	115	112
3.1	Of which, number of complaints rejected by the bank	-	-
4.	Number of complaints pending at the end of the year	-	-
Maintainable complaints received by the bank from Office of Ombudsman			
5.	Number of maintainable complaints received by the bank from Office of Ombudsman	157	82
5.1.	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	152	81
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	5	1
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	-	-
6.	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

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



Regional Manager Sri. T.J. John attending Credit camp conducted by Kalpetta branch.

b) Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
ATM Cards		5			
Account opening/ difficulty in operation of accounts		13			
Others		97			
Total	-	115	7.47%	-	-
Previous Year					
ATM Cards		12			
Account opening/ difficulty in operation of accounts		18			
Others	5	77			
Total	5	107	-51.36%	5	-

9. Disclosure of penalties imposed by the Reserve Bank of India

No penalties were imposed by RBI, during the year, for contraventions of any of the provisions of Banking Regulation Act or non-compliance with any other requirements of the Act, or order, rule or condition specified by the Reserve Bank under the Act.



Regional Manager Sri. Joseph George inaugurating
“Meet and Greet” Customer Meet at Thrissur Region

10. Other Disclosures

a) Business ratios

Particular	Current year	Previous Year
i) Interest Income as a percentage to Working Funds\$	7.70	7.77
ii) Non-interest income as a percentage to Working Funds	1.30	1.08
iii) Cost of Deposits	4.43	5.13
iv) Net Interest Margin	3.89	3.31
v) Operating Profit as a percentage to Working Funds\$	1.54	0.77
vi) Return on Assets@		
i) Business (deposits plus advances) per employee (in ₹ crore)	0.46	0.13
vii) Profit per employee (in ₹ Lakhs)	3.60	0.97
viii) Business (Deposits plus Advances) per employee (in ₹ Lakhs)	1138.36	1062.22

\$ - Average working funds has been worked out on the basis of fortnightly outstanding figure of total assets as appearing in the consolidated Gen Ledger of the Bank as on every reporting Friday.

@ - "Return on Assets" would be with reference to average of total Assets

b) Bancassurance business

(Amount in ₹ crore)

Particular	Current year	Previous Year
Fees / brokerage earned in respect of insurance broking, agency and banc assurance business	4.47	3.63

c) Marketing and distribution

(Amount in ₹ crore)

Particular	Current year	Previous Year
Fees / remuneration received in respect of the marketing and distribution function (excluding bancassurance business)	0.003	0.015



Disbursement of loan to Dairy Farmers by our Puthanathani branch

d) Disclosures regarding Priority Sector Lending Certificates (PSLCs)

Income arising from sale of Priority Sector Lending Certificates (PSLC) under Agriculture and Small and Marginal Farmers category during FY 2021-22 amounts to ₹ 116.7424 Crores (PY: ₹ 53.3216 Crores) as detailed below:

Sl no.	No of Units	Amount (₹ crore)	Category	Date of issue	Premium (%)	Income (₹ Crore)
1	500	125	SMF	28-May-21	2.60	3.25
2	1500	375	SMF	28-May-21	2.60	9.75
3	1200	300	SMF	09-Jun-21	2.51	7.53
4	800	200	SMF	11-Jun-21	2.50	5.00
5	400	100	SMF	11-Jun-21	2.50	2.50
6	1200	300	SMF	11-Jun-21	2.50	7.50
7	1200	300	SMF	14-Jun-21	2.50	7.50
8	1200	300	SMF	14-Jun-21	2.52	7.56
9	1200	300	SMF	14-Jun-21	2.51	7.53
10	1200	300	SMF	14-Jun-21	2.52	7.56
11	400	100	SMF	18-Jun-21	2.60	2.60
12	400	100	SMF	21-Jun-21	2.61	2.61
13	400	100	SMF	21-Jun-21	2.63	2.63
14	800	200	SMF	23-Jun-21	2.65	5.30
15	400	100	SMF	23-Jun-21	2.75	2.75
16	400	100	SMF	23-Jun-21	2.80	2.80
17	400	100	SMF	23-Jun-21	2.75	2.75
18	400	100	SMF	13-Sep-21	2.10	2.10
19	400	100	SMF	14-Sep-21	2.20	2.20
20	400	100	SMF	16-Sep-21	2.11	2.11
21	400	100	SMF	22-Sep-21	2.10	2.10
22	400	100	SMF	24-Sep-21	2.10	2.10
23	400	100	SMF	28-Sep-21	2.10	2.10
24	400	100	SMF	23-Dec-21	1.40	1.40
25	400	100	SMF	27-Dec-21	1.20	1.20
26	800	200	SMF	28-Dec-21	1.00	2.00
27	800	200	SMF	28-Dec-21	1.15	2.30
28	60	15	SMF	29-Dec-21	1.20	0.18
29	400	100	SMF	29-Dec-21	1.10	1.10
30	800	200	SMF	29-Dec-21	1.10	2.20
31	400	100	SMF	30-Dec-21	0.95	0.95
32	400	100	SMF	30-Dec-21	0.95	0.95
33	400	100	SMF	16-Feb-22	0.40	0.40
34	400	100	SMF	18-Feb-22	0.45	0.45
35	400	100	SMF	18-Feb-22	0.50	0.50
36	400	100	SMF	02-Mar-22	0.40	0.40
37	1200	300	SMF	02-Mar-22	0.40	1.20
38	540	135	SMF	02-Mar-22	0.40	0.54
39	260	65	SMF	02-Mar-22	0.40	0.26
40	740	185	SMF	02-Mar-22	0.40	0.74
41	60	15	SMF	08-Mar-22	0.40	0.06
42	60	15	SMF	09-Mar-22	0.20	0.03
43	2000	500	SMF	21-Mar-22	0.06	0.30
44	1040	260	SMF	21-Mar-22	0.09	0.234
						117.224

i) PSLC Purchased:

Sl no.	No of Units	Amount (₹ crore)	Category	Date of issue	Premium (%)	Income (₹ Crore)
1	400	100	GENERAL	30-Dec-21	0.33	0.3696
2	800	200	GENERAL	02-Mar-22	0.01	0.0224
3	800	200	GENERAL	02-Mar-22	0.01	0.0224
4	2000	500	AGRI	21-Mar-22	0.01	0.0560
5	2000	100	MSME	22-Mar-22	0.01	0.0112
						0.4816

e) Provisions and contingencies

(Amount in ₹ crore)

Provision debited to Profit and Loss Account	Current Year	Previous Year
i) Provisions for NPI	-	-
ii) Provision towards NPA	170.60	77.61
iii) Provision made towards Income tax		
• Income Tax current year	65.23	10.45
• Income Tax Previous years	(0.08)	37.95
• Deferred Tax	(27.40)	(6.88)
iv) Other Provisions and Contingencies (with details)		
• Provision for Standard Assets	79.67	43.11
• Provision for Fraud	0.01	-

f) Payment of DICGC Insurance Premium

(Amount in ₹ crore)

Sl no.	Particulars	Current year	Previous Year
i)	Payment of DICGC Insurance Premium	22.47	20.69
ii)	Arrears in payment of DICGC premium	-	-

11. Accounting standard 5- Net Profit / Loss for the period, prior period items and changes in accounting policies:

The net profit for the period comprises the following components: -

- Profit or loss from ordinary activities: ₹ 124.14 Crores (Profit) (PY ₹33.43Crores)
- Prior Period Income - Nil
- Prior period expense –Nil

12. Accounting Standard 15 – Employee Benefits

12.1 Retirement Benefits New Pension Scheme

As per the industry level settlement dated April 27, 2010, employees who joined the services of the Bank on or after April 1, 2010 are not eligible for the existing pension scheme whereas they will be eligible for Defined Contributory Pension Scheme (DCPS) in line with the New Pension Scheme introduced for employees of Central Government. Employee shall contribute 10% of their Basic Pay and Dearness Allowance towards DCPS and the Bank will also make a matching contribution. There is no separate Provident Fund for employees joining on or after April 1, 2010.

The Bank recognized ₹21.98 Crores (Previous Year: ₹12 crores) for DCPS contribution in the Profit and Loss Account.

12.2 Other Retirement Benefits

The bank has recognized the following amounts in the Profit and loss account towards employee benefits:

(Amount in ₹ crore)

Particulars	Current year	Previous Year
Pension Fund	365.04	352.34
Gratuity Fund	Nil	Nil
Compensation for absence on privilege/sick/casual leave	Nil	Nil

The employee benefits on account of pension, gratuity and Leave have been ascertained on actuarial valuation in accordance with Accounting Standard - 15 issued by Institute of Chartered Accountants of India.

12.3 The actuarial assumptions in respect of gratuity and privilege leave and pension for determining the present value of obligations and contributions of the bank, have been made by fixing various parameters for

- Salary escalation by taking into account inflation, seniority, promotion and other factors mentioned in Accounting Standard 15(Revised) issued by ICAI.
- Attrition rate by reference to past experience and expected future experience and includes all types of withdrawals other than death but including those due to disability.

a) Actuarial Assumptions:

Particulars	Gratuity		Privilege Leave		Pension	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Discount Rate	7.37%	6.97%	7.37%	6.97%	6.48%	5.80%
Expected Return on Assets	6.97%	6.51%	6.76%	11.10%	6.50%	5.80%
Salary Escalation	6%	6%	6%	6%	6%	6%
Attrition rate	1%	1%	1%	1%	10	10
Mortality	IALM 2012-14 ULTIMATE	IALM 2006-08 ULTIMATE	IALM 2012-14 ULTIMATE	IALM 2006-08 ULTIMATE	IALM 2012-14 ULTIMATE	IALM 2006-08



KGB Football team

b) Change in obligation and assets over the year ending 31 March 2022:

(in ₹ lakhs)

Particulars	Gratuity		Privilege Leave	
	2021-22	2020-21	2021-22	2020-21
Present value of obligation at the beginning of the year	15820.80	16871.45	9290.52	12526.15
Interest Cost	1032.46	1093.86	617.92	831.53
Current Service Cost	920.03	1359.16	2034.06	1718.05
Benefits paid during the year	(3623.61)	(2355.29)	1812.56	(1191.95)
Actuarial Gain/ Loss on obligations	558.05	(1148.37)	124.92	(4593.25)
Present value of obligation at the end of the year	14707.72	15820.80	10254.86	9290.52

c) Change in fair value of plan assets for the year ending 31 March 2022:

(in ₹ lakhs)

Particulars	Gratuity		Privilege Leave	
	2021-22	2020-21	2021-22	2020-21
Fair Value of Plan Assets at beginning of the year	17310.39	18462.90	16228.73	15792.73
Expected Return on plan assets	1206.53	1201.93	1097.06	1752.99
Contributions net of charges made during the year	27.00	-	7.03	-
Benefits paid during the year	(3623.61)	(2355.28)	1812.56	(1191.95)
Actuarial Gain/ Loss	(80.00)	0.84	0.211	(125.04)
Fair Value of Plan Assets at the end of the year	14840.27	17310.39	15520.48	16228.73

d) Funded status:

(in ₹ lakhs)

Particulars	Gratuity		Privilege Leave	
	2021-22	2020-21	2021-22	2020-21
Present value of Defined Benefit Obligation	14707.72	15820.80	10254.86	9290.52
Fair Value of Plan Assets	14840.27	17310.39	15520.48	16228.74
Funded Status [Surplus / (Deficit)]	132.55	1489.58	5265.62	6938.22

The above information for the year is as certified by an actuary and relied upon by the auditor.



KGB Cricket team

12.4 Pension

a) Change in obligation and assets over the year ending 31 March 2022

(in ₹ lakhs)

Particulars	2021-22	2020-21
Present value of obligation at the beginning of the year	104049.56	1,01,707.26
Interest Cost	6099.64	5,682.67
Current Service Cost	7927.31	6,958.60
Benefits paid during the year	19838.69	7,460.26
Actuarial Gain/ Loss on obligations	8289.25	(2838.71)
Present value of obligation at the end of the year	106527.71	104049.56

a) Change in obligation and assets over the year ending 31 March 2022

(in ₹ lakhs)

Particulars	2021-22	2020-21
Fair Value of Plan Assets at beginning of the year	67521.70	48,081.96
Expected Return on plan assets	4388.91	2,788.76
Contributions net of charges made during the year	39740.28	26,900.00
Benefits paid during the year	19838.69	7,460.27
Actuarial Gain/ Loss	395.97	(2,788.75)
Fair Value of Plan Assets at the end of the year	92208.16	67,521.70

c) Funded status:

(in ₹ lakhs)

Particulars	2021-22	2020-21
Present value of Defined Benefit Obligation	1,06,527.06	1,04,049.56
Fair Value of Plan Assets	92,208.16	67,521.70
Funded Status [Surplus / (Deficit)]	(14318.90)	(36,527.86)
Provision made in the books	7700.00	9,934.91
Unamortised initial liability	7619.51	26,592.94

The above information is as certified by an actuary and relied upon by the auditor.



KGB Badminton team

12.5 (Net Asset)/Liability at the year-end:

a) Gratuity

(in ₹ lakhs)

Particulars	31-03-2022	31-03-2021	31-03-2020	31-03-2019
Present value of Obligation at the end of the year	14707.72	15,820.80	16,871.45	17,498.70
Fair value Plan assets at the end of the year	14840.27	17,310.39	18,462.90	20,017.10
(Net asset)/Liability	(132.55)	(1,489.58)	(1,591.45)	(2,518.37)

b) Pension

(in ₹ lakhs)

Particulars	31-03-2022	31-03-2021	31-03-2020	31-03-2019
Present value of Obligation at the end of the year	1,06,527.06	1,04,049.56	1,01,707.26	104,373.11
Fair value Plan assets at the end of the year	92,208.16	67,521.70	48,081.96	18,052.08
(Net asset)/Liability	14,318.89	36,527.86	53,625.30	86,321.03

The above information is as certified by an actuary and relied upon by the auditor.

12.6 Bank has implemented pension scheme in the financial year 2018-19. As per the directions of the NABARD the initial liability of ₹ 865.21 crores can be amortised over a period of 5 years at a minimum rate of 20% per year.

Total expense towards pension scheme for the year is ₹ 365.04 Crores (PY: ₹ 352.34 Crores) which includes amortization of initial liability for current year, regular monthly contribution and additional annual contribution/provisions. The balance amount of initial liability to be amortised over the next year is ₹ 76.20 Crores.

13. Accounting Standard 17 – Segment Reporting

Business Segments have been identified and reported taking into account, the target customer profile, the nature of product and services, the differing risks and returns, the organization structure, the internal business reporting system. The Bank operates in the following business segments;



M/s. Arun & Jagath Runner up of Men's Doubles in All Kerala Interbank Badminton Tournament. Mr.Arun was the Runner up of Men's Singles Championship also.

a) Treasury:

The treasury segment primarily consists of interest earnings on investments portfolio of the bank, gains or losses on investment operations. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

b) Retail banking:

The Retail Banking segment provides loans to non-corporate customers. Revenues of this segment consist of interest earned on Loans made to non-corporate customers and the charges / fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.

c) Other Banking Operations:

This segment includes income from para banking activities such as debit cards, third party product distribution and associated costs.

Part A- Business Segment

(₹ in Thousands)

Sl no.	Particulars	Treasury Operations		Retail Banking Operations		Other Banking operations		Unallocated		Total	
		2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
1	Segment Revenue	43,01,644	41,70,544	1,97,58,306	1,82,04,459	45,810	38,210	(3,965)	(678)	2,41,01,795	2,24,12,535
2	Segment Result	15,37,518	10,78,550	60,074	(3,48,651)	25,252	20,212	(3,965)	(678)	16,18,879	7,49,433
3	Income Tax	-	-	-	-	-	-	-	-	3,77,450	4,15,180
4	Net Profit	-	-	-	-	-	-	-	-	12,41,429	3,34,253
5	Segment Assets	7,79,25,139	6,32,26,626	20,09,20,892	19,85,76,156	-	-	9,65,530	9,24,709	27,98,11,561	26,27,27,491
6	Segment Liabilities	7,39,37,976	6,12,68,271	19,05,98,609	19,36,97,483	-	-	-	-	26,45,36,585	25,49,65,754
7	Capital employed	39,87,163	19,58,355	1,03,22,283	48,78,673	-	-	9,65,530	9,24,709	1,52,74,976	77,61,737

Part B- Geographical Segment

Since the bank is operating only in one geographical segment, the state of Kerala no disclosures are made in respect of geographical segments.

Segment information is provided as per the MIS available for internal reporting purposes, which include certain estimates/assumptions. The methodology adopted in compiling and reporting the above information has been relied upon by auditors.

14. Accounting standard 18- Related party disclosures

Names of Related parties and their relationship with the Bank

14.1. Key Managerial Personnel

- Shri. Jayaprakash. C, Chairman (Since 07-12-2020)

14.2. Gross Remuneration paid

(Rs. in lakh)

Name	Designation	2021-22	2020-21
Shri. Jayaprakash. C	Chairman	26.39	9.41
Nagesh G Vaidhya	Chairman	-	22.95

Paragraph 5 of AS 18 stipulates that, transactions in the nature of Banker-Customer relationship including those with Key Management Personnel and relatives of Key Management Personnel have not been disclosed.

Paragraph 9 of AS 18 states that no disclosure is required in the financial statements of state controlled enterprises as regards related party relationship and transactions with other state controlled enterprises. Hence disclosure of transactions with Canara Bank has not been made.

15. Accounting standard 20 – Earnings Per Share.

Basic and diluted earnings per equity share are computed in accordance with accounting standard 20, "Earnings per share" as given below.

	Particulars	2021-22	2020-21
A	Net Profit for the year attributable to Equity Shareholders (₹ 000)	12,41,429	3,34,253
B	Number of Equity Shares	63,58,54,230	84,14,300
C	Weighted Average Number of Equity Shares	1,01,33,314	84,14,300
D	Basic Earnings per Share (₹)	122.51	39.72
E	Diluted Earnings per Share (₹)	122.51	39.72
F	Nominal Value per Share (₹)	10	10

16. Deferred Tax.

The Bank has recognized Deferred Tax Assets /Liabilities (DTA / DTL) as under:

(Rs. in lakh)

Particulars	March 31, 2022	March 31, 2021
Deferred Tax Asset (A)		
Provisions for Loans/Investments/ others	5,317.21	2,672.00
On timing difference of revision of NPS contribution	201.34	-
Total (A)	5,518.55	2,672.00
Deferred Tax Liabilities (B)		
Special Reserve created u/s 36(1)(viii) of Income Tax Act	499.75	335.49
Fixed Assets: on differences between book balances and tax balance of fixed asset	393.63	451.64
Total (B)	893.38	787.13
Deferred Tax Asset (net) (A-B)	4625.17	1,884.87

17. Accounting standard 28 – impairment of Assets.

In the opinion of the management there is no impairment of its fixed assets to any material extent as at 31.03.2022 requiring recognition in terms of Accounting Standard 28 issued by The Institute of Chartered Accountants of India

18. The Bank has not drawn down any amount from Reserves during FY 20201-22.

1. Inter-Branch Transactions:

The reconciliation of Inter Branch and various other accounts including inter Office accounts, SA-Suspense, SL-Suspense is an ongoing process and system based in the CBS (Core Banking Solutions) platform.

2. Fraud, Burglary and misappropriations:

- In the preceding years ₹24.94 lakhs and gold ornaments weighing 77883 grams were burgled in the Chelembra branch of erstwhile South Malabar Gramin Bank. Out of the above, 63,848 gms of gold and ₹77.14 lakhs were retrieved by the police. Bank had paid ₹981.10 lakhs to 1720 customers (3295 accounts/claimants) who lost their ornaments at the branch. The amount so paid is shown under sundry assets. The bank had received partial compensation of ₹ 77.61 lakhs from the insurance company keeping the Bank's option open to make further claim on completion of court proceedings. The amount so received is shown under the head sundry liabilities. Final verdict of the Fast Track Court, Manjeri was pronounced on 23.03.2013 convicting the accused. Based on the direction of the Hon'ble High Court of Kerala, The Fast Track Court, Manjeri had released the gold ceased to Bank for its interim custody. Bank took an interim possession of 63848 gm gold by executing a bond and same is held under safe custody. Bank had filed an appeal before Hon'ble High Court of Kerala to allow for sale of gold under custody and is pending as on 31.3.2022. Parappanangadi Judicial First Class Court and Manjeri Fast Track Court had also released ₹ 48.52 lakhs (₹ 46.69 lakhs and ₹ 1.83 lakhs respectively) and same is kept under sundry liabilities of the Bank. The bank had also received an order for attachment of landed property worth ₹ 31 Lakhs and had filed an application before the Bangalore Court for sale of said property.

- In the preceding years, ₹ 6.74 lakhs and gold ornaments weighing 32.61 Kg were burgled in Periya Bazar branch of erstwhile North Malabar Gramin Bank. Out of the above Bank had recovered ₹10 lakh, through The First Class Magistrate Court, Hosdurg and is kept in sundry liability account. Bank had received insurance claim of ₹ 258.96 Lakhs as against the total loss of ₹522.65 Lakhs and the balance was charged off in the preceding years. Efforts are still on to recover 11548gm of gold ceased from the accused. Loss incurred by the Bank on this account is ₹522.65 lakh, out of which ₹ 258.96 lakh had been recovered as insurance claim.

3. Premium paid on purchase of investments classified under HTM category has been amortized as per RBI guidelines and adjusted from interest income to the tune of ₹ 572.28 lakhs (PY: ₹ 695.73 lakhs) during the period.

4. The bank has partially written off ₹688.56 lakhs (PY: ₹1614.74 lakhs) in 2915 accounts (PY: 5183 accounts) as Bad debts.

5. India is emerging from the after effect of COVID-19 pandemic that affected the world economy over the last two years. The extent to which any new wave of COVID 19 will impact the Bank's results will depend on the future developments which are highly uncertain. However the Bank's capital and liquidity position is strong and would continue to be the focus area during this period.

6. During the FY 2021-22 total capital of ₹ 627.44 Crore was infused to the Bank by Central Government, Sponsor Bank and Government of Kerala in the ratio of 50:35:15 as prescribed in the RRB Act, 1976 in the month of March 2022. Paid up capital of the Bank has increased to ₹ 635.85 Crore with this infusion. 62,74,39,930 fully paid up equity shares of face value of ₹ 10 each have been allotted at par to the shareholders on 31-03-2022 with the approval of the Board of Directors of the Bank against the recapitalization assistance.

Capital to Risk-weighted asset ratio (CRAR) of the Bank has improved to 11.41% (PY: 6.71%) as on 31-03-2022 with the above and the Bank has come out of Prompt Corrective Action Frame Work (PCA) from FY 2022-23.

7. The total Advances shown in the balance sheet is net of statutory provision for NPA and Interbank participation certificates (IBPC) issued. The IBPC outstanding as on 31-03-2022 is ₹ 200 Crore (PY : Nil)

8. Provision for Auditors' remuneration made in the books for the year ended 31.03.2022 is ₹65 Lakhs.

9. Description of contingent liabilities

9.1 Claims not acknowledged as debts:

This includes liability on account of, and other legal cases filed against the bank. The bank is a party to various legal proceedings in the ordinary course of business and these are contested by the Bank and are therefore sub-judice. The Bank does not expect the outcome of these proceedings to have a material adverse impact on the Bank's financial position. Details of claims disclosed in Financial statements are as follows:

(in ₹ lakhs)

Appeal No and Date	Authority	Issue Involved	Amount Outstanding
ST/20071/2019 -DB dt.22.01.2019	CESTAT	Ineligible avilment of CENVAT credit	41.15
ST/21809/2016 dt.21-12-2016	CESTAT	Non-payment of service tax on appraisal charges collected	56.87



Sri. Harikrishnan K, Best Batsman in All Kerala Interbank Cricket Tournament

9.2 Guarantees on behalf of constituents in India, Acceptances, endorsements and other obligations

As a part of banking activities, the Bank issues Letter of Guarantees and documentary credit on behalf of its customers, with a view to augment the customer's credit standing. Through these instruments, the Bank undertakes to make payments for its customers' obligations, either directly or in case the customer fails to fulfil their financial or performance obligations:

Particulars	2021-22	2020-21
Guarantee given (₹ in Crores)	7.45	6.87

9.3 Other items for which the bank is contingently liable

Capital commitments of ₹ 12.38 Crores. (PY ₹ 15.48 Crores)

10. In pursuant to Accounting Standard 10 "Property, Plant and Equipment", ₹ 28.19 Lakhs (PY: ₹ 29.68 Lakhs) being depreciation on the revalued portion of fixed assets has been appropriated from Revaluation Reserve during FY 2021-22.

11. Previous year figures have been regrouped to match current year's presentation.

Benny Kurian
Senior Manager

Gopakumar K
Chief Manager

Sidharthan C
General Manager

For and on behalf of the Board of Directors

C. Jayaprakash
Chairman

A. Muralikrishna
Director

S. Premkumar
Director

S. Sankar
Director

Lalu P N Kutty
Director

Shiny George
Director

As per our report on even date attached

For G Venugopal Kamath & Co.
Chartered Accountants
Firm Registration. No. 004674S

Place : Thiruvananthapuram

Date : 06-06-2022

(CA R. Ramachandran)
Partner

Membership No. 23982

UDIN: 22023982AKMHNO5573

Cash Flow Statement for the year ended 31-03-2022

(₹ in 000)

Particulars	Year ended	
	31-03-2022	31-03-2021
Cash Flow from Operating Activities (I)		
Net profit/(loss) after tax as per profit and loss account	12,41,429	3,34,253
Add:		
Provision for Tax	3,77,450	4,15,180
Depreciation	1,55,949	1,45,994
Provision for bad and doubtful debts	17,05,959	7,76,090
Provision for standard assets	7,96,665	4,31,086
Other provisions	89	-
Loss on sale of fixed assets	3,965	678
Amortisation of premium on HTM investments	57,228	69,573
Interest on borrowings	17,35,391	16,35,788
Sub Total	60,74,125	38,08,642
Adjustments for		
(Increase)/ Decrease in investments	63,74,608	(85,18,768)
(Increase)/ Decrease in Advances	(62,91,800)	(1,66,31,232)
Increase/ (Decrease) in Deposits	1,68,31,220	89,69,101
(Increase)/ Decrease in other assets	34,66,460	27,21,003
Increase/ (Decrease) in other liabilities	46,895	11,61,086
	2,65,01,508	(84,90,168)
Less: Income Tax paid/ (Refund received)	6,17,620	(79,546)
Net Cash flow from operating activities	2,58,83,888	(84,10,622)
Cash flow from investing activities (II)		
Sale of fixed assets	2,974	497
Purchase of fixed assets	(2,06,298)	(1,53,797)
(Increase)/ Decrease in Held to Maturity investments	(19,80,349)	(14,28,200)
Net cash flow form investing activities	(21,83,673)	(15,81,500)
Cash flow from financing activities (III)		
Interest on borrowings	(17,35,391)	(16,35,788)
Increase/ (Decrease) in Borrowings	(87,56,367)	2,07,36,850
Proceeds from issuance of share capital	62,74,399	-
Net Cash flow from financing activities	(42,17,359)	1,91,01,062
Net increase/ decrease in Cash and Cash equivalents (I+II+III)	1,94,82,856	91,08,940
Cash and Cash Equivalents at the beginning of the period	2,66,84,155	1,75,75,215
Cash and Cash Equivalents at the end of the period	4,61,67,011	2,66,84,155

Note to the Cash Flow statement

1. Cash and Cash Equivalents

Cash and Cash equivalents consist of cash in hand, balances with banks and investments in money market instruments. Cash and Cash equivalents included in the cash flow statement comprise the following balance sheet amounts.

Particulars	31-03-2022	31-03-2021
Cash in Hand	14,05,430	12,94,101
Balance in current account with RBI	82,50,288	81,35,466
Balance with other banks	3,65,11,293	1,72,54,588
Total	4,61,67,011	2,66,84,155

Benny Kurian
Senior Manager

Gopakumar K
Chief Manager

Sidharthan C
General Manager

For and on behalf of the Board of Directors

Jayaprakash C
Chairman

A. Muralikrishna
Director

S. Premkumar
Director

S. Sankar
Director

Lalu P N Kutty
Director

Shiny George
Director

As per our report on even date attached

For G Venugopal Kamath & Co.
Chartered Accountants
Firm Registration. No. 004674S

(CA R. Ramachandran)
Partner

Membership No. 23982

UDIN: 22023982AKMHNO5573

Place : Thiruvananthapuram

Date : 06-06-2022



Christmas celebrations at Head office