



EQUITAS SMALL FINANCE BANK LIMITED

CIN: L65191TN1993PLC025280

Regd. Office: 4th Floor, Phase II, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai 600 002

Website: www.equitasbank.com

1. Statement of Audited Financial Results for the quarter and nine months period ended December 31, 2022

(₹ in Lakh)

Particulars	Quarter ended			Nine months ended		Year ended
	31-Dec-22	30-Sep-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Mar-22
	Audited (Refer note 19)	Unaudited	Unaudited	Audited	Unaudited	Audited
1 Interest Earned (a)+(b)+(c)	1,06,338.82	1,00,236.51	90,115.70	3,00,615.16	2,56,384.27	3,45,966.93
(a) Interest / discount on advances / bills	95,930.59	90,433.21	81,918.30	2,71,812.69	2,32,784.48	3,13,912.24
(b) Income on Investments	8,061.46	7,265.59	6,390.57	21,493.38	18,046.04	24,614.47
(c) Interest on balances with Reserve Bank of India and other inter bank funds	2,346.77	2,537.71	1,806.83	7,309.09	5,553.75	7,440.22
2 Other Income	15,264.37	14,502.90	13,385.22	43,089.34	38,940.80	53,755.65
3 Total Income (1)+(2)	1,21,603.19	1,14,739.41	1,03,500.92	3,43,704.50	2,95,325.07	3,99,722.58
4 Interest Expended	41,588.84	39,267.69	36,008.02	1,16,838.70	1,07,776.09	1,42,113.36
5 Operating Expenses (i)+(ii)	52,103.07	51,239.73	45,021.81	1,47,903.97	1,28,744.88	1,70,414.53
(i) Employees Cost	29,200.17	27,510.06	24,043.35	79,275.39	68,962.83	89,820.84
(ii) Other Operating Expenses	22,902.90	23,729.67	20,978.46	68,628.58	59,782.05	80,593.69
6 Total Expenditure (4)+(5) (excluding provisions & contingencies)	93,691.91	90,507.42	81,029.83	2,64,742.67	2,36,520.97	3,12,527.89
7 Operating Profit before Provisions & Contingencies (3)-(6)	27,911.28	24,231.99	22,471.09	78,961.83	58,804.10	87,194.69
8 Provisions (other than tax) and Contingencies	4,990.20	9,010.28	7,840.45	28,160.08	37,066.32	49,383.69
9 Exceptional Items	-	-	-	-	-	-
10 Profit from Ordinary Activities before tax (7)-(8)-(9)	22,921.08	15,221.71	14,630.64	50,801.75	21,737.78	37,811.00
11 Tax Expense	5,908.45	3,579.58	3,820.14	12,446.47	5,615.49	9,737.82
12 Net Profit from Ordinary Activities after tax (10)-(11)	17,012.63	11,642.13	10,810.50	38,355.28	16,122.29	28,073.18
13 Extraordinary Items (net of Tax Expense)	-	-	-	-	-	-
14 Net Profit for the Period / Year (12)-(13)	17,012.63	11,642.13	10,810.50	38,355.28	16,122.29	28,073.18
15 Paid-up Equity Share Capital (Face Value of ₹ 10/- each)	1,25,430.61	1,25,367.12	1,14,788.93	1,25,430.61	1,14,788.93	1,25,202.77
16 Reserves excluding Revaluation Reserves						2,99,414.09
17 Analytical Ratios and other disclosures:						
(i) Percentage of Shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Capital Adequacy Ratio (%)- Basel-II (Refer note 8)	24.28%	23.08%	21.91%	24.28%	21.91%	25.16%
(iii) Earnings Per Share (EPS) - (Face Value of ₹ 10/- each)						
- Basic EPS (₹) before & after extraordinary items (net of tax expense) - not annualised	1.36	0.93	0.94	3.06	1.41	2.43
- Diluted EPS (₹) before & after extraordinary items (net of tax expense) - not annualised	1.34	0.92	0.93	3.04	1.39	2.40
(iv) NPA Ratio						
(a) Gross NPAs	86,136.14	87,026.23	86,381.78	86,136.14	86,381.78	83,718.36
(b) Net NPAs	42,343.94	43,088.18	45,942.46	42,343.94	45,942.46	47,947.51
(c) % of Gross NPA to Gross Advances	3.63%	3.91%	4.61%	3.63%	4.61%	4.24%
(d) % of Net NPA to Net Advances	1.82%	1.97%	2.51%	1.82%	2.51%	2.47%
(v) Return on Assets (average)- not annualised for the quarter and nine months ended	0.53%	0.38%	0.41%	1.25%	0.62%	1.07%
(vi) Net worth (excluding Revaluation Reserve & Intangibles)	4,38,126.93	4,19,584.81	3,32,515.55	4,38,126.93	3,32,515.55	3,97,281.76
(vii) Outstanding redeemable preference shares	-	-	-	-	-	-
(viii) Capital redemption reserve	-	-	-	-	-	-
(ix) Debt-equity ratio \$	0.23	0.19	0.46	0.23	0.46	0.29
(x) Total debts to total assets @	8.61%	7.83%	11.03%	8.61%	11.03%	9.71%
\$ Debt represents borrowings with residual maturity of more than one year.						
@ Total debts represents total borrowings of the Bank.						



2. Segment information in accordance with the Accounting standard on Segment Reporting (AS-17) of the operating segments of the Bank is as under:

SI No	Particulars	Quarter ended			Nine months ended		Year ended
		31-Dec-22	30-Sep-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Mar-22
		Audited (Refer note 19)	Unaudited	Unaudited	Audited	Unaudited	Audited
1	Segment revenue						
a)	Treasury	11,175.92	10,505.48	10,075.97	30,960.91	28,745.86	37,155.90
b)	Retail Banking	1,06,591.13	1,00,422.11	89,555.34	3,01,501.74	2,55,174.10	3,46,901.14
c)	Wholesale Banking	2,314.43	2,156.17	2,199.17	6,491.03	7,286.57	9,314.62
d)	Other Banking operations	1,521.71	1,655.65	1,670.44	4,750.82	4,118.54	6,350.92
e)	Unallocated	-	-	-	-	-	-
	Less: Inter segment revenue	-	-	-	-	-	-
	Income from operations	1,21,603.19	1,14,739.41	1,03,500.92	3,43,704.50	2,95,325.07	3,99,722.58
2	Segment results						
a)	Treasury	1,840.30	2,558.76	4,456.59	7,129.99	10,638.67	13,699.76
b)	Retail Banking	20,703.16	12,271.14	9,879.91	42,548.03	10,986.60	23,104.65
c)	Wholesale Banking	530.39	639.27	189.19	1,639.38	793.62	1,206.20
d)	Other Banking operations	1,259.78	1,231.92	1,457.38	3,760.22	3,432.26	5,348.91
e)	Unallocated	(1,412.55)	(1,479.38)	(1,352.43)	(4,275.87)	(4,113.37)	(5,548.52)
	Profit before Tax	22,921.08	15,221.71	14,630.64	50,801.75	21,737.78	37,811.00
3	Segment assets						
a)	Treasury	7,18,830.73	6,72,436.25	5,72,829.92	7,18,830.73	5,72,829.92	6,36,573.43
b)	Retail Banking	23,33,446.07	22,03,900.62	18,27,666.03	23,33,446.07	18,27,666.03	19,42,845.61
c)	Wholesale Banking	1,08,682.86	89,192.17	1,03,462.28	1,08,682.86	1,03,462.28	93,982.52
d)	Other Banking operations	-	-	-	-	-	-
e)	Unallocated	19,581.21	20,379.81	22,175.84	19,581.21	22,175.84	21,360.59
	Total	31,80,540.87	29,85,908.85	25,26,134.07	31,80,540.87	25,26,134.07	26,94,762.15
4	Segment liabilities						
a)	Treasury	6,14,148.64	5,71,741.92	4,89,757.37	6,14,148.64	4,89,757.37	5,34,382.59
b)	Retail Banking	20,07,225.73	18,89,467.39	15,88,510.31	20,07,225.73	15,88,510.31	16,53,940.05
c)	Wholesale Banking	93,479.89	76,401.31	88,194.69	93,479.89	88,194.69	79,347.68
d)	Other Banking operations	-	-	-	-	-	-
e)	Unallocated	1,673.79	1,630.32	1,403.32	1,673.79	1,403.32	2,474.97
	Total	27,16,528.05	25,39,240.94	21,67,865.69	27,16,528.05	21,67,865.69	22,70,145.29
5	Capital Employed [Segment Assets-Segment Liabilities]						
a)	Treasury	1,04,682.09	1,00,694.33	83,072.55	1,04,682.09	83,072.55	1,02,190.84
b)	Retail Banking	3,26,220.34	3,14,433.23	2,39,155.72	3,26,220.34	2,39,155.72	2,88,905.56
c)	Wholesale Banking	15,202.97	12,790.86	15,267.59	15,202.97	15,267.59	14,634.84
d)	Other Banking operations	-	-	-	-	-	-
e)	Unallocated	17,907.42	18,749.49	20,772.52	17,907.42	20,772.52	18,885.62
	Total	4,64,012.82	4,46,667.91	3,58,268.38	4,64,012.82	3,58,268.38	4,24,616.86

Business Segments have been identified and reported taking into account the target customer profile, the nature of products and services, the differing risks and returns, and guidelines prescribed by RBI and in compliance with the Accounting Standard 17 - "Segment Reporting". The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.

3 Statement of Assets and Liabilities as on December 31, 2022 is given below:

SI No	Particulars	(₹ in Lakh)		
		As at 31-Dec-22	As at 31-Dec-21	As at 31-Mar-22
		Audited	Unaudited	Audited
	CAPITAL AND LIABILITIES			
1	Capital	1,25,430.61	1,14,788.93	1,25,202.77
2	Reserves and Surplus	3,38,582.21	2,43,479.45	2,99,414.09
3	Deposits	23,39,351.89	17,88,364.12	18,95,079.73
4	Borrowings	2,73,950.72	2,78,530.00	2,61,640.00
5	Other Liabilities and Provisions	1,03,225.44	1,00,971.57	1,13,425.56
	Total Liabilities	31,80,540.87	25,26,134.07	26,94,762.15
	ASSETS			
6	Cash and Balances With Reserve Bank of India	1,30,295.53	1,06,781.34	2,07,699.17
7	Balances With Banks and Money At Call and Short Notice	2,820.15	7,035.55	5,552.29
8	Investments	6,18,131.02	4,92,261.97	4,44,984.96
9	Advances	23,27,670.67	18,31,490.54	19,37,420.60
10	Fixed Assets	23,209.22	18,557.46	20,044.45
11	Other Assets	78,414.28	70,007.21	79,060.68
	Total Assets	31,80,540.87	25,26,134.07	26,94,762.15



4 Statement of Cash Flow for the period ended December 31,2022 is given below:

(₹ in Lakh)

Particulars	Period ended		Year Ended
	31-Dec-22	31-Dec-21	31-Mar-22
	Audited	Unaudited	Audited
Cash Flow from Operating activities			
Profit Before Tax	50,801.75	21,737.78	37,811.00
Adjustments for			
Depreciation on fixed assets	5,951.93	5,781.57	7,528.31
Depreciation on investments	160.42	276.86	56.30
Amortization on held to maturity securities	1,815.96	1,619.85	2,169.29
Provision for standard assets (including restructured standard assets)	(7,519.09)	17,319.35	12,585.99
Additional Provision on Standard assets	(1,766.95)	-	2,607.68
Bad debts written off	29,234.57	16,876.34	36,045.73
Provision for Non performing assets	8,021.35	2,778.35	(1,890.12)
Other Provision and Contingencies	190.20	92.27	34.40
(Profit) / Loss on sale of fixed assets	13.03	26.58	30.65
Interest expenses on borrowings	21,900.93	24,211.43	31,980.45
Interest income on bank balances not considered as cash and cash equivalents	(196.90)	(189.02)	(189.38)
Esop Expenses -Material Risk Takers/Whole Time Director	359.22	66.38	126.79
Dividend Income	(18.47)	(40.28)	(50.40)
	1,08,947.95	90,557.46	1,28,846.69
Adjustments for			
(Increase)/Decrease in investments	(1,75,122.44)	(1,23,642.07)	(76,693.95)
(Increase)/Decrease in advances	(4,27,505.99)	(1,66,326.34)	(2,86,757.30)
Increase/(Decrease) in deposits	4,44,272.16	1,49,166.95	2,55,882.55
(Increase)/Decrease in other assets	2,791.99	(3,341.81)	(13,792.66)
Increase/(Decrease) in other liabilities and provisions	4.82	9,276.38	24,280.64
Direct taxes paid	(15,165.84)	(13,104.40)	(15,819.22)
Net cash (used in)/ generated from operating activities (A)	(61,777.35)	(57,413.83)	15,946.75
Cash flow from investing activities			
Purchase of fixed assets	(9,315.47)	(5,987.44)	(9,275.45)
Proceeds from sale of fixed assets	185.74	126.83	177.04
Interest received from bank balances not considered as cash and cash equivalents	196.90	189.02	189.38
Net cash (used in) / generated from investing activities (B)	(8,932.83)	(5,671.59)	(8,909.03)
Cash flow from financing activities			
Increase/(decrease) in borrowings (net)	12,310.72	(1,38,002.00)	(1,54,892.00)
Proceeds from issue of share capital (including share premium)	681.45	2,445.61	57,896.93
Share issue Expenses	-	-	(1,114.15)
Interest paid on borrowings	(22,417.77)	(25,412.05)	(33,547.79)
Net cash (used in) / generated from financing activities (C)	(9,425.60)	(1,60,968.44)	(1,31,657.01)
Net Increase /(decrease) in cash and cash equivalents (A)+(B)+(C)	(80,135.78)	(2,24,053.86)	(1,24,619.29)
Cash and Cash equivalents at beginning of the period / year	2,13,251.46	3,37,870.75	3,37,870.75
Cash and Cash equivalents at end of the period / year	1,33,115.68	1,13,816.89	2,13,251.46

Note: Cash and Cash equivalents comprise of cash on hand, Balances with Reserve Bank of India, Balance with Banks and money at call and short notice.



Notes

- 5 The above audited financial results (along with the notes given below) hereafter described as "Statement" of Equitas Small Finance Bank Limited ("Bank" or "ESFBL") for the quarter and nine months ended December 31, 2022 were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 8th February 2023 and have been subjected to an Audit by the statutory auditors of the Bank (T R Chadha & Co LLP, Chartered Accountants and Varma & Varma, Chartered Accountants). The report thereon is unmodified.
- 6 The above financial results of the Bank have been prepared in accordance with the Banking Regulation Act, 1949, generally accepted accounting principles in India, including Accounting Standards as prescribed under section 133 of the Companies Act, 2013, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and the guidelines issued by the Reserve Bank of India (RBI).
- 7 The Bank has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statements for the year ended March 31, 2022. Any circular/ direction issued by RBI is implemented prospectively when it becomes applicable.
- 8 The Capital adequacy ratio ("CAR") of the Bank has been computed as per applicable Basel II Standardized approach in accordance with RBI Master Circular No. DBR.No.BP.BC.4/21.06.001/2015-16 dated July 1, 2015 on Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF).
- 9 The Bank makes Pillar III disclosures as part of Market Discipline as per the RBI circular. In addition to this, the Bank provides disclosures on Leverage ratio as per Basel III- Capital Regulations (vide Circular DOR.CAP.REC.3/21.06.201/2022-23 dt. April 1, 2022) Further, the bank makes disclosures on liquidity coverage ratio (vide ref. RBI/2013-14/635 DBOD.BP.BC.No.120 / 21.04.098/2013-14 dt. June 9,2014 read together with the RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31st March, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards-Amendments') and Net Stable Funding Ratio (vide ref. RBI/2017-18/178 DBR.BP.BC.No.106/21.04.098/2017-18 dt. May 17 2018) These disclosures are available on the Bank's website at the following link: <https://ir.equitasbank.com/reports-and-presentations/.html>. The disclosure has not been subjected to audit or limited review.
- 10 The Board of Directors of Equitas Small Finance Bank Limited (ESFBL) and Equitas Holdings Limited (EHL) at their respective Meetings held on March 21, 2022 approved the revised Scheme of Amalgamation (Scheme) between EHL, ESFBL and their respective shareholders, after complying with the Minimum Public Shareholding (MPS) requirements through Qualified Institutions Placement (QIP) of its equity shares in February 2022. The Scheme was then filed with the Stock Exchanges and RBI for necessary approvals/ sanctions.

Upon coming into effect of this Scheme and in consideration of the amalgamation of EHL with ESFBL, ESFBL, without any further application, act or deed, shall issue and allot to each of the equity shareholders of EHL as on the Record Date defined in the Scheme, 231 equity Shares of ₹ 10/- each credited as fully paid up of ESFBL, in respect of every 100 Equity Shares of ₹ 10/- each fully paid up held by them in EHL.

During the quarter, RBI vide its letter dated May 6, 2022 has conveyed its 'no-objection' to the proposal for voluntary amalgamation of EHL with ESFBL. Observation letters on the draft scheme of amalgamation with "No adverse observations" from the stock exchanges were received on June 10, 2022 including the observations of SEBI. Consequently, Joint application by EHL and ESFBL for the Scheme has been filed under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 with the Hon'ble National Company Law Tribunal, Chennai Bench (NCLT) on June 18, 2022 seeking directions on convening Meeting of shareholders and creditors of EHL and ESFBL.

Subsequently, NCLT has passed an order dated July 22, 2022 directing EHL and ESFBL to convene meetings of their respective Equity Shareholders and Unsecured Creditors on September 06,2022 and Depositors holding deposits above ₹ 3 lakhs in ESFBL on September 07, 2022. As directed by NCLT, Extraordinary General Meetings were held by EHL & ESFBL on 6th & 7th September 2022 respectively, wherein the necessary resolutions were passed by the Shareholders, Creditors and Depositors of the respective companies with requisite majority. The Company Petition filed by EHL and ESFBL before NCLT has been allowed by NCLT vide its Order dated 12th January 2023. The Appointed date under the Scheme approved by NCLT is 1st January 2023 as recommended by the Board. Both EHL & ESFBL shall within 30 days of the receipt of the certified copy of the Order file the same with the Registrar of Companies (ROC), Chennai, which will be the Effective date and EHL shall be dissolved without winding up. Pursuant to the applicable provisions of the Companies Act, 2013, the approved Scheme and in terms of the approval accorded by the respective Boards of EHL and ESFBL, Form INC-28 has been filed with the ROC, Chennai on February 01, 2023 by EHL and on February 02, 2023 by ESFBL respectively. Thus, the Scheme has become effective from Thursday, February 02, 2023.
- 11 The bank continues to monitor and assess the impact of COVID-19 Pandemic on its operations and financials, including the possibility of higher defaults by customers, which however largely depends on external factors including new information on severity of the new and evolving virus variants, if any. All information available upto the date of these results have been considered and adequately dealt with in preparation and presentation of these Financial results.
- 12 Details of loans transferred / acquired during the quarter ended December 31, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) The Bank has not transferred any non-performing assets (NPAs).
(ii) The Bank has not transferred any Special Mention Account (SMA) and loan not in default.
(iii) The Bank has not acquired any "loans not in default" from other entities through assignment.
(iv) The Bank has not acquired any stressed loan.
- 13 The Bank has granted 2,03,70,893 options under the ESFB Employees Stock Option Scheme 2019 (ESFB ESOP Scheme) to eligible employees of the Bank and employees of the Holding company (Equitas Holdings Limited) as defined during the period ended December 31, 2022. Out of total 7,96,36,283 options granted till December 31, 2022, 2,90,15,420 Options were vested and 1,61,62,377 options were lapsed and 2,10,33,542 options are yet to be vested.
- 14 During the nine months period ended December 31, 2022, the Bank has allotted 22,78,462 equity shares of ₹ 10/- each, fully paid up, on exercise of options by its employees and employees of the Holding company (Equitas Holdings Limited) in accordance with the ESFB ESOP Scheme.
- 15 During the nine months period ended December 31, 2022, the Bank has realised ₹ 2.00 Crore from sale of Priority Sector Lending Certificates ('PSLC'). The same is amortised on a straight-line basis over the tenor of the certificate. The Bank has recognised ₹ 1.51 Crore as income during the period ended December 31, 2022 and has deferred ₹ 0.49 Crore of PSLC fee income.
- 16 Other Income includes fees earned from providing services to customers, Interchange fee income, selling of third-party products, profit on sale of investments (net), profit on sale of Priority Sector Lending Certificates, recoveries from accounts previously written off, etc.,



- 17 As per RBI Circular DOR.AUT.REC.12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment reporting, 'Digital Banking' has been identified as a sub-segment under Retail Banking by Reserve Bank of India (RBI). However, as the proposed Digital Banking Unit (DBU) of the Bank has not yet commenced operations and having regard to the discussions of the DBU Working Group formed by Indian Banks' Association (IBA) (which included representatives of banks and RBI), reporting of Digital Banking as a separate sub-segment of Retail Banking Segment will be implemented by the Bank based on the decision of the DBU Working Group.
- 18 The ratios and other information which are to be disclosed as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, have been disclosed to the extent considered applicable.
- 19 Figures for the quarter ended December 31, 2022 are the balancing figures between audited figures in respect of the nine months ended December 31, 2022 and published year to date figures upto September 30, 2022.
- 20 Previous period / year figures have been reclassified/regrouped, wherever necessary, to conform to the current period / year classification/ grouping.

For Equitas Small Finance Bank Limited



P N Vasudevan

Managing Director and Chief Executive Officer

Place: Chennai

Date: February 8, 2023



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Independent Auditors Report on the quarterly and year to date financial results of Equitas Small Finance Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To
The Board of Directors
Equitas Small Finance Bank Limited

Report on Audit of the Statement of Financial Results

Opinion

1. We have audited the accompanying Statement of Financial results of **Equitas Small Finance Bank Limited** ("the Bank") for the quarter ended 31st December 2022 and year to date results for the period from 1st April 2022 to 31st December 2022 ('the Statement') attached herewith, being submitted by the Bank pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations"), except for the disclosures relating to 'Pillar 3 disclosure under Basel III Capital Regulations as at December 31, 2022, including Leverage Ratio and Liquidity Coverage Ratio under Capital Adequacy and Liquidity Standards issued by Reserve Bank of India ('RBI') as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid financial results and have not been audited by us.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement;
 - a) is presented in accordance with the requirements of the Listing Regulations in this regard except for the disclosures relating to 'Pillar 3 disclosure under Basel III Capital Regulations as at December 31, 2022, including Leverage Ratio and Liquidity Coverage Ratio under Capital Adequacy and Liquidity Standards issued by Reserve Bank of India ('RBI') as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid financial results and have not been audited by us; and
 - b) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Accounts) Rules, 2014 as amended to the extent applicable, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time (the "RBI Guidelines") to the extent applicable and other accounting principles generally accepted in India of the net profit and other financial information for the quarter and year ended December 31, 2022.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the “Auditors’ Responsibilities for the Audit of the Statement” 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 Statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

4. We draw attention to Note No. 11 to the Statement which describes the economic and social disruption the Bank is facing as a result of COVID-19 pandemic, and that its possible consequential implications, if any, on the Bank’s operations and financial results are dependent on future developments, which are highly uncertain.

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

Board of Director’s Responsibility for the Statement

5. The Statement which is the responsibility of the Bank's Management and approved by the Board of Directors, has been compiled from the Condensed Interim audited financial statements for the nine months period ended December 31, 2022. The Bank's Management and Board of Directors are responsible for the preparation of the Statement that give a true and fair view of the net profit and other financial information of the Bank in accordance with the recognition and measurement principles laid down in Accounting Standards specified under section 133 of the Act, the RBI Guidelines and other accounting principles generally accepted in India and in compliance with the Listing Regulations. 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the Statement by the Board of Directors of the Bank, as aforesaid.
6. In preparing the Statement, the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Statement

8. Our objectives are to obtain reasonable assurance about whether the Statement 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 the Statement.
9. 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 Statement, 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 controls 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 effectiveness of bank's internal controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
 - Conclude on the appropriateness of the Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Bank 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 results 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 Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.

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10. 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.
11. 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.

Other Matters

12. Attention is invited to Note No. 19 to the Statement. As stated therein, the Statement includes the results for the quarter ended 31st December 2022 being the balancing figures between the audited figures in respect of nine months period ended December 31, 2022 and the published unaudited year to date figures upto the second quarter of the financial year, which were subject to limited review by us.

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

For **T R Chadha & Co LLP**
Chartered Accountants
Firm Registration No 006711N/N500028

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Sheshu Samudrala
Partner
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UDIN: 23235031BGWCTY7431

Place: Chennai
Date: 08.02.2023

For **Varma & Varma**
Chartered Accountants
Firm Registration No 004532S

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P R Prasanna Varma
Partner
ICAI Membership No. 025854
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Place: Chennai
Date: 08.02.2023