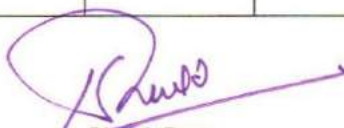


BALANCE SHEET AS ON 31st DECEMBER 2021

(` In thousands)

CAPITAL AND LIABILITIES	SCHEDULE	As on 31.12.2021	As on 31.03.2021	As on 31.12.2020
Capital	1	775000	775000	775000
Reserves & Surplus	2	5760451	5115491	5559034
Deposits	3	72784600	74125888	73006595
Borrowings	4	-	-	-
Other Liabilities & Provisions	5	1848894	1806272	2030603
Total		81168945	81822651	81371231
ASSETS				
Cash & Balances With Reserve Bank of India	6	3002661	3415707	2412534
Balances with Banks & Money at call and Short Notice	7	13738800	15791517	16714214
Investments	8	22903977	23190150	21213925
Advances	9	37690592	36477004	38019836
Fixed Assets	10	550868	328365	359691
Other Assets	11	3282047	2619908	2651031
Total		81168945	81822651	81371231
Contingent Liabilities	12	1149454	1305172	815498
Bills for collection			757	761
Significant Accounting Policies	17			
Notes on Accounts	18			
Schedules referred above form an integral part of Balance Sheet				


N.K. Chari
 Non Executive Chairman
 DIN - 07409731


Dinesh Pant
 Managing Director &
 Chief Executive Officer
 DIN - 08391769


Binita Shah
 Independent Director
 DIN - 01538965

Sanjay Mudaliar
 Non-Independent Director
 DIN - 07484086

Manoj Sharma
 Independent Director
 DIN - 09085665

Uttam Chand Nahta
 Independent Director
 DIN - 08533075


M.K. Goyal
 Chief Financial Officer


Vivek Sah
 Company Secretary

 as per our report of even date
 For Dharam Raj & Co.
 Chartered Accountants
 FRN- 014461N

DHARAM RAJ
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 by DHARAM RAJ
 Date: 2022.02.03
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 Place : Nainital
 Date : 31.01.2022

CA Dharam Raj
 Partner, M.N.No.094108

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st DECEMBER 2021

(` In thousands)

	SCHEDULE	Period Ended 31.12.2021	Year Ended 31.03.2021	Period Ended 31.12.2020
I. INCOME				
Interest Earned	13	4233484	5931299	4571909
Other Income	14	334727	490695	367800
Total		4568211	6421994	4939709
II. EXPENDITURE				
Interest Expended	15	2363341	3621528	2796826
Operating Expenses	16	1373624	1618007	1133657
Provisions & Contingencies		242220	1169843	560693
Total		3979185	6409379	4491176
III. PROFIT				
Net profit for the year		589026	12616	448533
Profit available for appropriation		589026	12616	448533
IV. APPROPRIATIONS				
Statutory Reserve		-	3154	
Revenue & Other Reserves:			-	
i) Investment Reserve Account			-	
ii) General reserve			62	
iii) special reserve			9400	
Interim Dividend Paid			-	
Dividend Tax on Interim Dividend Paid			-	
Proposed Dividend			-	
Dividend Tax(including surcharge & edu. cess)			-	
Balance Carried over to Balance Sheet		589026		448533
Total		589026	12616	448533
Earnings per share (Rs)				
Basic		10.13	0.16	7.72
Diluted		10.13	0.00	7.72



 N.K. Chari
 Non Executive Chairman
 DIN - 07409731



 Dinesh Pant
 Managing Director &
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 M.K. Goyal
 Chief Financial Officer

 Manoj Sharma
 Independent Director
 DIN - 09085665



 Vivek Sah
 Company Secretary

 Uttam Chand Nahta
 Independent Director
 DIN - 08533075

 as per our report of even date
 For Dharam Raj & Co.
 Chartered Accountants
 FRN- 014461N

 Place : Nainital
 Date : 31.01.2022

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 M RAJ
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 by DHARAM RAJ
 Date: 2022.02.03
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 CA Dharam Raj
 Partner, M.N.No.094108

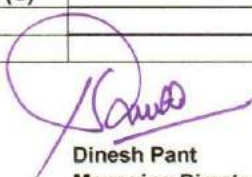
STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31st DECEMBER 2021

(' in Thousands)

	Period Ended 31.12.2021	Year Ended 31.03.2021
A. Cash flow from operating activities :		
Net profit before taxes.	694053	141716
Adjustments for :		
Depreciation on fixed Assets	43911	28142
Depreciation on investment Written back	8848	30776
Provision made on Investment	55934	141981
Provision in respect of NPA.	-18061	850101
Provision for standard assets restr.	74238	-21707
Profit (Loss) on sale of fixed Assets.	19	6894
Deferred Tax for Current year	6568	36926
	865510	1214829
Adjustment for :		
(Increase)/Decrease in investments	277325	-6458758
(Increase)/Decrease in advances	-1213588	1812879
(Increase)/Decrease in other assets	-662139	145522
Increase/(Decrease) in Borrowings		-60
Increase/(Decrease) in deposits	-1341288	-2668408
Increase/(Decrease) in other liabilities and provisions	-20123	-827977
Direct Taxes paid.	-105027	-129100
Net cash from operating activities (A)	-2199330	-6911073
B. Cash flow from investing activities :		
(Increase)/Decrease in fixed Assets	-266433	-37672
Changes in Trade related investments		
Dividend received from subsidiaries/others		
Net Cash from investing activities (B)	-266433	-37672
C. Cash flow from financing activities		
Share Capital/Share Premium		
Unsecured Redeemable Bonds		
Dividend		
Interest paid/payable on unsecured redeemable bonds		
Net Cash from financing activities (C)		
Net increase in cash & cash equivalents (A)+(B)+(C)	-2465763	-6948745
Opening Cash & cash equivalents	19207224	26155969
Closing Cash & cash equivalents	16741461	19207224



N.K. Chari
Non Executive Chairman
DIN - 07409731



Dinesh Pant
Managing Director &
Chief Executive Officer
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Binita Shah
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M.K. Goyal
Chief Financial Officer



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as per our report of even date
For Dharam Raj & Co.
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DHARAM
RAJ

Digitally signed by
DHARAM RAJ
Date: 2022.02.03
17:50:53 +05'30'

CA Dharam Raj
Partner, M.N.No.094108

Place : Nainital
Date : 31.01.2022

(* in Thousands)

SCHEDULE 1-CAPITAL

	As on 31/12/2021	As on 31/03/2021	As on 31/12/2020
Authorised Capital (15,00,00,000 Equity Shares) of Rs. 10/- each (Previous Year 15,00,00,000 Equity Shares of Rs. 10/- each)	1500000	1500000	1500000
Issued,Subscribed,Called up and Paid up capital 775,00,000 Equity Shares of Rs. 10/- each (Bank of Baroda holds 98.57%)	775000	775000	775000
Total	775000	775000	775000

SCHEDULE 2- RESERVES & SURPLUS

I Statutory Reserve :			
Opening Balance	1671885	1668731	1668731
Addition during the year		3154	
Closing Balance	1671885	1671885	1668731
II Capital Reserve :	163192	164419	203903
a) Revaluation Reserve			
Opening Balance	164418	262931	262931
addition/deletion during the year -		-87097	-57871
Depreciation on account of revaluation of premises transferred to Profit & Loss Account	-1226	-11415	-1157
Closing Balance	163192	164419	203903
B) Others			
addition during the year			
Closing Balance			
III Share Premium :			
Opening Balance	775000	775000	775000
Addition During the Year			
Deduction During the Year*			
Closing Balance	775000	775000	775000
IV Revenue & Other Reserves			
(i) Investment Fluctuation Reserve :			
Opening Balance	120717	19117	19117
Addition During the Year	60900	101600	80000
Less: Transferred To General Provision			
Closing Balance	181617	120717	99117
(ii) Other Reserve :			
Opening Balance	2087731	2076253	2077411
Addition : Transferred from Profit & Loss Account	1226	11478	
Deduction:			
Closing Balance	2088957	2087731	2077411
Investment Reserve A/C	35416	40381	40381
special reserve u/s 36(1) (VIII)	255358	245958	245958
Addition During the Year	255358	9400	245958
Closing Balance	255358	255358	245958
Total(IV)	2561348	2504188	2462867
V Balance in Profit & Loss Account	589026		448533
Total (I,II,III, IV & V)	5760451	5115491	5559034



(` in Thousands)

SCHEDULE 3 -DEPOSITS

	As on 31/12/2021	As on 31/03/2021	As on 31/12/2020
A I) Demand Deposits			
i)From Banks	7742	26676	30195
ii)From Others	3865899	4364829	3681809
Total	3873641	4391505	3712004
II) Savings Bank Deposits	24407058	23880593	22070650
III) Term Deposits			
i)From Banks	3584851	5886381	7061135
ii)From Others	40919050	39967409	40162806
Total	44503901	45853790	47223940
Total (I, II & III)	72784600	74125888	73006595
B I)Deposits of Branches in India	72784600	74125888	73006595
II)Deposits of Branches outside India			
Total (I & II)	72784600	74125888	73006595

SCHEDULE 4 -BORROWINGS

I Borrowings in India			
i)Reserve Bank Of India	-	-	
ii)Other Banks	-	-	
iii)Other Institutions and Agencies	-	-	
II Borrowings outside India	-		
Total (I & II)	-	-	
III Secured Borrowings Included in I above	-	-	0

SCHEDULE 5 -OTHER LIABILITIES AND PROVISIONS

I Bills Payable	179174	272884	272619
II Inter Office Adjustments(Net)			0
III Interest Accrued	84096	82443	88832
IV Others(Including Provisions)	1585624	1450944	1650514
V Tax Paid in Advance/Tax Deducted at Source			18638
Total(I,II ,III & IV)	1848894	1806272	2030603
NOTE:Subordinated Debts raised in Tier II Capital	Nil	Nil	Nil



SCHEDULE 6 -CASH AND BALANCES WITH RESERVE BANK OF INDIA

(` in Thousands)

	As on 31/12/2021	As on 31/03/2021	As on 31/12/2020
I Cash in hand(Including foreign currency notes)	206446	210179	251272
II Balances with Reserve Bank of India			
i)In Current Accounts	2796215	3205528	2161263
ii)In Other Accounts			
Total (I & II)	3002661	3415707	2412534

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE

I In India			
i) Balances with Banks			
In Current Accouts	177900	131517	167114
In Other Deposit Accounts	11560900	14260000	15147100
Total	11738800	14391517	15314214
ii)Money at call and short notice			
With banks		600000	600000
With other institutions	2000000	800000	800000
Total	2000000	1400000	1400000
Total (i & ii)	13738800	15791517	16714214
II Outside India	NIL	NIL	NIL
Total (I & II)	13738800	15791517	16714214

SCHEDULE 8- INVESTMENTS

I Investments in India(Gross)	22943601	23220926	21213925
Less : Provision for Depreciation	39624	30776	
Net Investments in India	22903977	23190150	21213925
Break up			
i)Government Securities	20706683	20521329.6	18297989
ii)Other Approved Securities			239603.5
iii)Shares			
iv)Debentures and Bonds	1956489	2429332	2676332
v)Subsidiaries and/or Joint Ventures			
vi)Others(units of UTI , other mutual funds, comm.papers)	240805	239489	
Total	22903977	23190150	21213925
II Investments outside India	Nil	Nil	Nil
Total (I & II)	22903977	23190150	21213925



SCHEDULE 9- ADVANCES

(` in Thousands)

	As on 31/12/2021	As on 31/03/2021	As on 31/12/2020
A i) Bills Purchased and Discounted	7172	9540	7686
ii) Cash Credit , Overdrafts , Loans repayable on demand	20898536	19725106	21712168
iii) Term Loans	16784884	16742357	16299981
Total	37690592	36477004	38019836
B i) Secured by Tangible Assets	36670655	35669781.69	36714149.2
ii) Covered by Bank/Govt. Guarantees	139	160	160
iii) Unsecured	1019798	807062.0649	1305526.35
Total	37690592	36477004	38019836
C I) Advances in India			
i) Priority Sector	19638298	20718767.42	21043671.1
Net Priority Sector	19638298	20718767	21043671
ii) Public Sector	4639	7452.44	4969
iii) Banks			
iv) Others	18047655	15750783.89	16971195.4
Net Others	37690592	36477004	38019836
II) Advances outside India			
Total	37690592	36477004	38019836

SCHEDULE 10- FIXED ASSETS

I Premises			
At cost/revalued amount as on 31st March of the preceeding year	220799	334737	346897
Addition during the Period	1468	64046	12868
Deduction during the Period		177985	70739
Depreciation to date (including incremental depreciation due to revaluation)	28546	27042	27998
Closing Block I	193721	193756	261028
II Other Fixed Assets (including Furniture & Fixtures)			
At cost as on 31st March of the preceeding year	595503	537883	537883
Addition during the period	265083	57959	28216
Deductions during the period	136	339	60
Depreciation to date	503303	460895	467376
Closing Block II	357147	134608	98663
Total	550868	328365	359691

SCHEDULE 11- OTHER ASSETS

I Inter Office Adjustment (Net)	53679	239	43790
II Interest Accrued	750579	810486	975239
III Tax Paid in advance/tax deducted at source (net of provisions)	103907	188989	0
IV Stamps	39	37	37
V Others	2373843	1620157	1631964
Total (I,II,III, IV & V)	3282047	2619908	2651031



SCHEDULE 12- CONTINGENT LIABILITIES

(` in Thousands)

	As on 31/12/2021	As on 31/03/2021	As on 31/12/2020
I Claims against the Bank not acknowledged as Debts	4754	4754	4754
II Liability against frauds			0
III Guarantees given on behalf of constituents	848642	838272	546859
IV Acceptances, Endorsements and Other Obligations	18092	148830	46399
V Others	277966	313316	217485
Total (I,II,III & IV)	1149454	1305172	815498

SCHEDULE 13- INTEREST EARNED

I Interest/Discount on Advances/Bills	2483197	3239533	2475794
II Income on Investments (Net) (less amount amortised during the year)	1167593	1453887	1077294
III Interest on Balances with Reserve Bank Of India and other Inter Bank Placements	548517	1102955	869219
IV Others	34177	134925	149602
Total (I,II,III & IV)	4233484	5931299	4571909

SCHEDULE 14- OTHER INCOME

I Commission, Exchange & Brokerage	18769	25761	19600
II Profit / Loss on sale of investments	75855	163011.2699	141996
III Interest on Income Tax Refund	3708	5150.818	5151
IV Miscellaneous Income	224788	280855.6046	189813
V Third party commission	11608	15917	11240
VI Income on dividend on share			
Total (I,II,III & IV)	334727	490695	367800

SCHEDULE 15-INTEREST EXPENDED

I Interest on Deposits	2363341	3621333	2796826
II Interest on RBI / Inter Bank Borrowings		196	
III Others			
Total (I, II, & III)	2363341	3621528	2796826



SCHEDULE 16- OPERATING EXPENSES

(` in Thousands)

	As on 31/12/2021	As on 31/03/2021	As on 31/12/2020
I Payments to and Provisions for Employees	836520	999314	700631
II Rent,Taxes and Lighting	127134	155964	115128
III Printing and Stationery	7628	7761	5319
IV Advertisement and Publicity	2909	3787	2478
V Depreciation on Bank's Property Less:Depreciation adjusted from Capital reserve on account of revaluation of premises	43911	28142	23419
VI Director's Fees Allowances and Expenses	1263	647	459
VII Auditor's Fees & Expenses (including Branch Auditor's fee & expenses)	2166	3019	-691
VIII Law Charges	6643	13735	9201
IX Postage,Telegrams,Telephones etc	8289	8774	5964
X Repairs and Maintenance	21381	18834	12249
XI Insurance	62155	80875	60980
XII Other Expenditure	253625	297154	198518
Total (I TO XII)	1373624	1618007	1133657



THE NAINITAL BANK LIMITED
(Regd. Office: G.B. Pant Road, Nainital)

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES ON THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st DECEMBER 2021

1. BASIS OF PREPARATION:

The financial statements have been prepared in accordance with historical cost convention. They conform to Generally Accepted Accounting Principles (INDIAN GAAP), which comprises statutory provisions, regulatory/ Reserve Bank of India (RBI) guidelines, Accounting Standards/ guidance notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India.

2. USE OF ESTIMATES:

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

3. INVESTMENTS:

The Bank is following uniform methodology of accounting for investments. Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR. No. BP. BC.6/21.04.141/2015-16 dated July 1, 2015.

Investments portfolio of the bank is classified into the under mentioned categories and the valuation norms, as prescribed by RBI have been applied to each category:

Classification:

3.1.1 Held to Maturity

3.1.2 Available for Sale, and

3.1.3 Held for Trading

Valuation:



- 3.2 Investment under "Held to Maturity" are valued at cost of acquisition unless it is more than the face value in which case premium is amortized over the remaining maturity period of the security.
- 3.3 Investment held under "Available for Sale" & "Held for Trading" category are marked to market and valued at cost or market value whichever is lower. Individual scrips are valued and depreciation / appreciation is aggregated category wise as per the classification in Balance Sheet. Net depreciation is provided for and net appreciation, if any, is ignored.
- 3.4 The net provisions arising on account of depreciation in "Available for Sale" & "Held for Trading" is charged to Profit & Loss Account and an equivalent amount or the balance available in the "Investment Reserve Account", whichever is less, is transferred from the "Investment Reserve Account" to the "Profit & Loss Appropriation Account".
- 3.5 In case of excess net provision in "Available for Sale" & "Held for Trading", the same is credited to Profit & Loss Account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserve as applicable to such excess provisions) is appropriated to the Investment Reserve Account.
- 3.6 Profit/ Loss on sale of investments are recognized in the Profit and Loss Account based on the weighted average cost of the related investments/ book value thereof.
- 3.7 In respect of non-performing securities (where interest / principal is in arrear) income is not recognized, and appropriate provision is made for depreciation in value of securities.
- 3.8 Cost of acquisition of investments excludes commission, brokerage, stamp duty, incentive etc.
- 3.9 For the purpose of valuation of Investments in "Available for Sale" & "Held for Trading" category, the rates declared by Primary Dealers Association of India (PDAI) / Fixed Income Money Market and Derivatives Association (FIMMDA) and quotes of Stock Exchange has been considered.
- 3.10 Investments for which such rates/quotes are not available are valued as per norms laid down by Reserve Bank of India, which are as under:
- 3.11 Equity Shares are valued as per latest Balance Sheet of the company (not more than 12 months), if available, otherwise are valued at Re. 1/- per company.
- 3.11.1 Investments in Mutual Funds Units are valued as per Stock Exchange quotation, Investment in non-quoted Mutual Fund Units are valued on the basis of the latest repurchase price declared by the Mutual Fund in respect of each particular Scheme. In case of funds with a lock-in period, where repurchase price/ market quote is not available, Units are valued at NAV. If NAV is not available, then the same are valued at cost, till the end of the lock-in period. Whenever the re-purchase price is not available, the Units are valued at the NAV of the respective scheme.
- 3.11.2 Zero coupon bonds are valued at carrying cost i.e. acquisition cost plus discount accrued at the rate prevailing at the time of acquisition. These bonds are marked to market with reference to market value.

3.12 Investment fluctuation reserve

To ensure building up of adequate reserves and protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP. BC.102/21.04.048/2017- 18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transfer to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations, until the amount of IFR is at least 2% of the HFT and AFS portfolio, on a continuing basis.

4. ADVANCES AND PROVISIONS THEREON:

Advances in India are classified as Standard, Substandard, Doubtful or Loss assets and provision for advances are made as per the Prudential Norms of the RBI.

Advances are shown net of Interest Suspense, amount received and held in Suit filed Sundry Deposits, Provisions made for Non Performing Advances in accordance with the prudential norms prescribed by Reserve Bank of India from time to time and Subsidy Reserve Fund (on Non-performing advances)

5. FIXED ASSETS:

Owned premises and other fixed Assets are stated at their historical cost (except revaluation, which is carried out periodically).

The cost of fixed assets comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Profit on sale of immovable properties are being formed part of profit and loss account of the Bank.

Revaluation of Fixed Assets

Premises are revalued periodically (every 3rd year) by an independent valuer, to reflect current market valuation. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserves. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Other Revenue Reserve.

6. EMPLOYEE BENEFITS

6.1 PROVIDENT FUND

Provident fund is a statutory obligation as per The Nainital Bank Limited PF Rules, the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to Profit and Loss Account. The fund is managed by The Nainital Bank Limited Provident Fund Trust.



6.2 GRATUITY

Gratuity liability is a statutory obligation being higher of gratuity payment as per The Nainital Bank Limited Gratuity Fund Rules and Regulations and Payment of Gratuity Act 1972. This is provided for on the basis of an actuarial valuation. +

6.3 PENSION

Pension liability is a defined benefit obligation under The Nainital Bank Ltd (Employees) Pension Regulations 1995, and is provided for on the basis of actuarial valuation, for the employees who have joined Bank up to 31.03.2010 and opted for pension. The pension liability is funded by The Nainital Bank Limited (Employees) Pension Fund Trust.

New Pension Scheme which is applicable to employees enrolled under the scheme is a defined contribution scheme, Bank pays fixed contribution at pre-determined rate and the obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit and Loss Account.

7. REVENUE RECOGNITION

7.1 Income is recognized on accrual basis. In view of uncertainty of realization in case of Non Performing Advances and Investments, such income is accounted for only on realization in terms of the RBI guidelines. Further the recovery in NPA accounts is recovered first towards interest.

7.2 Income from Commission (including bank guarantee), Exchange & Brokerage, Fees, Locker Rent and Interest on Overdue Bills is taken on receipt basis.

8. DEPRECIATION:

8.1 Depreciation on Fixed Assets [other than those referred in Paragraph 8.3] is provided in accordance with Schedule II to the Companies Act, 2013 as per written down value method, as per following table, except in case of revalued assets, in respect of which depreciation is provided on the basis of estimated useful life of these revalued assets as assessed at the time of revaluation.

8.2

Sr. No.	Description of fixed assets	Method of charging depreciation/ Amortization	Depreciation/ amortization rate
1.	Computers (End user device such as laptop, desktop)	Straight Line Method	33.33% every year
2.	Computer software's, forming an integral part of	Straight Line Method	33.33% every year



	hardware		
3.	Servers and networks/Network devices (Data Centers etc)	Straight Line Method	16.67 % every year
4.	Core Banking Solution viz Finacle 10 and related Implementation cost.	Straight Line Method	16.67 % every year
5.	Other fixed assets (Furniture & Fittings, Plant & Machinery, Vehicles and Office Equipment's)	Written down value method	Various rates depending upon useful life given under Schedule II of Companies Act 2013

8.3 Depreciation on Computers and Software forming an integral part of Computer Hardware, is provided on Straight Line Method at the rate of 33.33% p.a., as per the guidelines of RBI. Computer software not forming an integral part of hardware is charged directly to Profit and Loss Account.

8.4 Depreciation on additions is provided proportionately from the date of purchase/put to use.

9. TAXES ON INCOME:

In compliance with Accounting Standard-22 on Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India, accounting for Income tax is made after considering the effect of Deferred Tax assets/ liabilities. Deferred tax is recognised subject to consideration of prudence in respect of items of income and expenses those arise at one point of time and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be reversed.

10. EARNINGS PER SHARE

The bank reports basic and diluted earnings per equity share in accordance with the AS 20 (Earnings per Share) issued by the ICAI. Basic earnings per equity share have been computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.



11. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As per AS 29 (Provisions, Contingent Liabilities and Contingent Assets) issued by the ICAI, the Bank recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

12. SEGMENT REPORTING

The Bank recognizes the Business Segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, balances with the Reserve Bank of India, balances with other banks and money at call and short notice.



THE NAINITAL BANK LIMITED
Regd. Office: G.B. Pant Road, Nainital -263001

**SCHEDULE 18: NOTES ON ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR
THE PERIOD ENDED DECEMBER 31, 2021**

1. Capital:

(Amount in ₹ Cr)

Items	31 st December 2021	31 st December 2020
BASEL III		
i. Common Equity Tier 1 Capital Ratio (%)		
ii. CRAR - Tier I capital Ratio (%)	13.57 %	13.11 %
iii. CRAR - Tier II Capital Ratio (%)	12.70 %	12.32 %
iv. Total Capital Ratio (CRAR) (%)	0.87 %	0.79 %
v. Percentage of the shareholding of the Government of India	NIL	NIL
v. Percentage of Shareholding of Bank of Baroda	98.57%	98.57%
vi. Amount of subordinated debt raised as Tier-II capital	NIL	NIL
Vii. Amount of equity capital raised	NIL	NIL
Viii Application Money Pending allotment	NIL	NIL

2. Investments:

2.1 Investment Portfolio

(Amount in ₹ Cr)

Items	As on 31 st December 2021	As on 31 st December 2020
(i) Gross value of investments		
(a) In India	2294.36	2121.39
(b) Outside India	0.00	0.00
(ii) Provision for depreciation		
(a) In India	3.96	0.00
(b) Outside India	0.00	0.00
(iii) Net value of investments		
(a) In India	2290.40	2121.39
(b) Outside India	0.00	0.00
(iv) Movement of provisions held towards depreciation on investments		
(a) Opening Balance	3.08	0.00

1 | Page



NAINITAL BANK
THE NAINITAL BANK LTD.



(b)	Less: Write back of excess provision due to shifting (AFS to HTM Category)	0.00	0.00
(c)	Add: Provisions made during the year	0.88	0.00
(d)	Less: Write off/Write back of excess provisions during the year	0.00	0.00
(e)	Closing Balance	3.96	0.00

Provision for Non Performing Investment as on December 31st 2021 – NIL

2.2 Repo Transactions

The details of securities sold and purchased under repos and reverse repos during the quarter ended December 31, 2021: **NIL**

2.3 Investment Fluctuation Reserve (IFR)

Bank has an Investment Fluctuation Reserve (IFR) of Rs 18.16 crores as at December 31st 2021, the same is created in accordance with RBI norms and board approved policy.

Movement of Provision in Investment Fluctuation Reserve Account

	Investment Fluctuation Reserve	Amount in Crores
1.	Opening Balance on 01-04-2021	12.07
2.	Addition during the period ended 31-12-2021	6.09
3.	Closing balance as on 31-12-2021	18.16

2.4 Details of Transfer of Securities from HTM portfolio to AFS in excess of 5% : NIL.

2.5 Investment Reserve Account (IRA)

In compliance with RBI directives, bank has created an Investment Reserve Account (IRA) of Rs 3.54 crores as on 31.12.2021.

		in Crs
1	Opening Balance on 01-04-2021	4.04
2	Deduction from IRA as on 31-12-2021	0.50
3	Closing Balance as on 31-12-2021	3.54

3. Non-SLR Investment Portfolio:

3.1 Issuer composition of Non SLR investments as on 31.12.2021-

(Rs in crores)

S. No.	Issuer	Amount	Private Placement	Public Issue	'Below investment	Unrated of total Investment	Unlisted of total Investment
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					Grade' securities		
(i)	PSU	40.00	15.00	25.00	0.00	0.00	0.00
(ii)	Financial Institutions	30.90	30.90	0.00	0.00	0.00	0.00
(iii)	Banks	29.82	29.82	0.00	0.00	0.00	0.00
(iv)	Private Corporate	34.92	34.92	0.00	0.00	0.00	0.00
(v)	Subsidiaries/Join t Ventures	0.00	0.00	0.00	0.00	0.00	0.00
(vi)	Others	84.09	19.97	64.12	0.00	0.00	0.00
(vii)	Provisions held for depreciation	0.00	0.00	0.00	0.00	0.00	0.00
	Total	219.73	130.61	89.12	0.00	0.00	0.00

3.2 Non performing Non-SLR investments: NIL

3.3 Derivative transactions - NIL

4. SLR Investment

(Amount in ₹ Cr)

S.No	SLR Investment Portfolio	As on 31 st December 2021	As on 31 st December 2020
1.	Available for Sale :		
a	Central Government	9.96	9.96
b	State Govt.	551.39	424.12
c	T-bill	234.47	291.75
d	Other Approval	0.00	0.00
	Sub Total	795.82	725.83
2.	Held to Maturity :		
a	Central Government	313.21	333.97
b	State Government	965.60	770.00
c	Other Approved	0.00	0.00
	Sub Total	1278.81	1103.97
	Total Investment	2074.63	1829.80

In accordance with RBI guidelines, the Bank's Investment portfolio has been classified into three categories.

1. Held to Maturity
2. Available for Sale, and
3. Held for Trading



The position of holding under different categories are as follows:

(Amount in ₹ Cr)

Sr. No.	Particulars	As on 31 st December 2021				As on 31 st December 2020			
		HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
1	Govt. Securities	0.00	795.82	1278.81	2074.63	0.00	725.83	1103.97	1829.80
2	Other Approved Securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Debentures/Bonds	0.00	219.73	0.00	219.73	0.00	291.59	0.00	291.59
5	Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	0.00	1015.55	1278.81	2294.36	0.00	1017.42	1103.97	2121.39

5. Interbank Exposure

Details of Interbank Exposure Limit as per Large Framework Guidelines as on 31.12.2021 is as under:

(Amount in ₹ Cr)

Bank	As on 31 st December 2021
BANDHAN BANK	81.55
AXIS BANK	123.61
DCB BANK	50.00
YES BANK	100.00
FEDERAL BANK	58.00
AU Small Finance Bank	47.00
Indus-Ind Bank	20.00
ICICI BANK	11.10
HDFC BANK	27.08
RBL BANK	95.00
IDBI BANK	100.97
PUNJAB & SINDH BANK	124.99
CANARA BANK	80.42
UNION BANK	125.37
INDIAN BANK	111.00
Total	1156.09

6. Details of Liquid MF exposure as on 31.12.2021 is as under:

(Amount in ₹ Cr)

Exposure	As on 31 st December 2021	As on 31 st December 2020
Liquid MF exposure	NIL	NIL

Asset Quality

7. Non-Performing Asset

7.1 Movement of NPA's

(Rs in Crores)

Items		As on 31 st December 2021	As on 31 st December 2020
(i)	Net NPAs to Net Advances (%)	5.12%	3.80%
(ii)	Movement of Gross NPAs		
a.	Opening balance (at the beginning of the year)	650.67	531.47
b.	Additions during the period	110.39	5.92
c.	Reductions during the period	215.09	23.58
d.	Closing balance	545.97*	513.81
(iii)	Movement of Net NPAs		
a.	Opening balance (at the beginning of the year)	206.93	160.33
b.	Additions during the period	0	0
c.	Reductions during the period	17.18	18.07
d.	Closing balance	189.75	142.26
(iv)	Movement of provisions for NPAs**		
	(excluding provisions on standard assets)		
a.	Opening balance (at the beginning of the year)	358.60	294.83
b.	Provisions made during the period	0	0.70
c.	Write-off/ write-back of excess provisions	78.89	0.03
d.	Closing balance	279.71	295.50

*Closing balance includes interest suspense of Rs. 13.57 Crore

**Excluding floating provision

7.2 Provisioning Pertaining to Fraud accounts (Advance) : Rs. 12.98 crore

7.3 Floating Provision



5 | Page



(Amount in ₹ Cr)

S.no	Particulars	As on 31 st December 2021	As on 31 st December 2020
1.	Opening balance in the floating provisions account	62.85	62.85
2.	Addition during the accounting period	NIL	NIL
3.	Amount of draw down made during the accounting period	NIL	NIL
4.	Closing balance in the floating provisions account	62.85	62.85

7.4 Divergence in Asset Classification:

As per RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period then banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning. Accordingly, the same is NIL during the period.

7.5. Movement of Prudential Write Offs:

(Amount in ₹ Cr)

Particulars	As on 31 st December 2021	As on 31 st December 2020
Opening balance of Technical /Prudential Write Off	18.62	18.63
Add : Technical /Prudential Write Off during the period	76.66	0
Sub Total (A)	95.28	18.63
Less: Recoveries made from previously Technical /Prudential Write Off accounts during the period (B)	0.01	0.01
Closing Balance (A-B)	95.27	18.62

7.6 Concentration of NPAs*

(Amount in ₹ Cr)

	As on 31 st December 2021	As on 31 st December 2020



Total Exposure to top four NPA accounts	192.36	230.10
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7.7 Sector-wise NPAs

Sl. No	Sector	Percentage of NPAs to total Advances in that sector (including both Priority & Non Priority)	
		As on 31 st December 2021	As on 31 st December 2020
1.	Agriculture & Allied Activities	17.76	13.50
2.	Industry (Micro & Small, Medium and Large)	40.55	40.36
3.	Services	10.85	7.30
4.	Personal Loans	0.29	2.12
5.	Others	0.01	0.00

7.8 Provision Coverage Ratio

As on 31 st December 2021	As on 31 st December 2020
62.74 %	69.74 %

7.9 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction company: NIL

7.10 Movement of NPA's

(Rs. in Crores)

Particulars	As on 31 st December 2021	As on 31 st December 2020
Gross NPA's as on April 01, (Opening Balance)	650.67	536.03
Additions (Fresh NPA's) during the year	110.39	27.18
Sub Total: (A)	761.06	563.21
Less:		
i) Up-gradation	88.68	5.66
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	44.62	42.75
iii) Technical/ Prudential/ write offs	76.66	0.10
iv) Due to Compromise/settlement	5.13	0.89
Sub Total (B)	215.09	49.40

Gross NPA as on 31st December 2021(Closing Balance)	545.97	513.81
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8.1 Provisions on Standard Asset

(Amount in ₹ Cr)

Item	31.12.2021	31.12.2020
Provisions towards Standard Assets	16.89	18.12
Provision for Covid Relief Accounts	-	4.13
Provision for Restructured Accounts	8.85	-
Total Provision for Standard Accounts	25.74	22.25

8.2 Concentration of Advances

(Amount in ₹ Cr)

Particulars	31.12.2021	31.12.2020
Total Advances to twenty largest borrowers	483.36	700.75
Percentage of advances to twenty largest borrowers to Total Advances of the bank	11.54	17.05

8.3 Concentration of Exposures

(Amount in ₹ Cr)

Particulars	31.12.2021	31.12.2020
Total Advances to twenty largest borrowers/customers	684.92	845.99
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	14.08	18.13

8.4 Sector-wise Advances

(Rs. In Crores)

Sl. No	Sector	As on 31 Dec , 2021	As on 31 Dec, 2020
A	Priority Sector (please give further detail of scheme wise advances under priority Sector in below rows)		
	(i) Agriculture and allied activities)	923.99	1000.17
	(ii) Advances to industries sector eligible as priority sector lending	402.69	389.64
	(iii) Services	674.96	627.59

	(iv) Personal Loan	389.61	353.58
	Sub Total	2391.25	2370.98
B	Non Priority Sector (please give further detail of scheme wise advances under non priority Sector)	1671.17	1739.7
	Total	4062.42	4110.68

8.5 Details of loan assets subjected to restructuring under MSME onetime restructuring 31.12.2021

(Rs. In Lacs)

Sr. No.	Name of Borrower	Restructured amount	Date of restructure	Provision
1	Ganga Tourism	368.95	30.03.2021	36.89
2	AVM Resorts Private Limited	400.88	31.03.2021	39.44
3	L P Greens	1203.80	30.03.2021	122.54
	Total	1973.63		198.87

9. Concentration of Deposits

(Amount in ₹ Cr)

Particulars	As on 31 st December 2021	As on 31 st December 2020
Total Deposits from twenty largest Depositors	744.93	755.80
Percentage of Deposits from twenty largest customers to Total deposits of the bank	10.23%	10.35%

10. Depositor Education and Awareness Fund (DEAF)

(Amount in ₹ Cr)

Particulars	As on 31 st December 2021	As on 31 st December 2020
Opening balance of amount transferred to DEAF as on April 1 st	22.52	19.05
Add: amount transferred to DEAF during the Half year	2.79	2.90
Less: amount reimbursed during the Half year by DEAF towards claim	0.32	0.20



Closing balance of amounts transferred to DEAF	24.99	21.75
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11. NPA accounts Prudentially Written Off during the period – The Bank has written off below major NPA accounts:

IL&FS Transportation Networks Ltd. ("ITNL")

IL&FS Transportation Networks Ltd. ("ITNL") was incorporated in 2000 as a subsidiary of Infrastructure Leasing and Financial Services Limited ("IL&FS"). ITNL has been listed with the Bombay Stock Exchange since 2010, and has been acting as developer, operator and facilitator of surface transportation infrastructure projects, taking projects from conceptualization through commissioning to operations and maintenance

Bank sanctioned WCTL of Rs.75.00 Crores on 06.07.2016. The facility was last reviewed by MCB in its meeting dated 18.12.2017 with an O/s Bal. of Rs.67.49 Crores with no over dues. However subsequently the borrower company faced liquidity crunch on account of escalation of costs of its projects and failed to honour its commitments towards the repayment of its loan instalments. There were overdue of Rs. 15.63 crores which were not repaid despite regular follow up and account turned NPA on 31-10-2018, Bank declared the account of IL & FS TRANSPORTATION NETWORKS LIMITED (ITNL) in Bank's Books as loss assets and provided provision @ 100% as per extant IRAC guidelines of RBI on 31-03-2020. Bank has prudentially written off the account on 31-12-2021.

M/s Asian Colour Coated Ispat Limited (ACCIL)

The company M/s Asian Colour Coated Ispat Limited (ACCIL) was engaged in manufacturing of cold rolled galvanized coils & colour coated coils and have two units at Khapoli (Maharashtra) and Bawal (Haryana). The credit facilities were sanctioned to the company by Consortium, led by State Bank of India (erstwhile State Bank of Patiala) for establishing the units and for working capital requirements. Our Bank has sanctioned Term loan of Rs.2500 Lakh in March-2011 for its Bawal unit. The account was running satisfactorily up to 2015 and started sticky tendency in 2015 due to recession in iron & steel sector. The A/c was first declared NPA by SBI as on 31.03.2016 and declared NPA by us as on 30.06.2016 in terms of IRAC norms of RBI.

Bank declared M/s Asian Colour Coated Ispat Limited (ACCIL) as loss asset and provided 100 percent against the same in Bank's books.

Bank has prudentially written off the account on 25-06-2021

12. Accounting for Taxes on Income (Accounting Standard 22)

a) Current Tax

In view of the newly introduced section 115BAA in the Income Tax Act 1961 ("Act") vide the Taxation Laws (Amendment) Ordinance 2019 dated September 20, 2019, the bank had opted for new tax regime in the financial year 2019-20 i.e. Assessment year 2020-21, and has



decided to continue with the same in current financial year also, accordingly effective tax rate works out to 25.168%.

The provision for income tax is tabulated below:

(Amount in ₹ Cr)

Item	As on 31 st December 2021	As on 31 st December 2020
Provision for Income Tax	11.16	22.14

b) Deferred Tax

During the period ended December 31st 2021, the additional deferred tax liability of Rs. 65.68 Lacs was recognized by debiting profit and loss account, thereby making the closing balance of deferred tax liability amounting to Rs. 4.04 Crore (during the same period in preceding year i.e as on December 31st 2020, the deferred tax Asset was Rs. 1.10 Crore)

13. Business Ratio

Item	As on 31 st December 2021	As on 31 st December 2020
i. Interest Income as a percentage to Working Funds	6.76	7.33
ii. Non-interest income as a percentage to Working Funds	0.53	0.59
iii. Operating Profit as a percentage to Working Funds	1.33	1.62
iv. Return on Assets		
v. Business (Deposits plus Advances excluding Bank deposits) per employee (Rs. in crore)	0.94	0.72
vi. Net Profit per employee (Rs. in crore)	12.95	12.71
vii Gross non-performing advances to gross advances	0.092	0.053

- Working funds are average of Total Assets (Excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under section 27 of The Banking Regulations Act, 1949, during the 12 months of the Financial Year.
- Return on Assets would be with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).
- For the purpose of computation of Business per Employee (Deposit plus Advances) inter Bank Deposits are excluded.

14. Lending to Sensitive Sector

14.1 Exposure to Real Estate Sector

(Amount in ₹ Cr)

Category	31.12.2021	31.12.2020
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a) Direct exposure		
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (*Individual housing loans classified as Priority Sector as per RBI guidelines may be shown separately)	797.34	688.23
	(344.7)	(313.63)
(ii) Commercial Real Estate –		
**Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	80.51	83.83
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential,	0.00	0.00
b. Commercial Real Estate.		
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		
Total Exposure to Real Estate Sector	877.85	772.06

****Exposure to Commercial Real Estate includes**

-Funded Exposure

Rs.75.07Crore

-Non Funded Exposure

Rs.5.44Crore

***include staff housing loans.**



14.2 Risk Category wise Country Exposure: NIL

14.3Exposure to Capital Market: NIL

14.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank.

Borrower Name	Single Borrower Limit	Total Limit Sanctioned	Remark
NIL			

15. Disclosure with respect to the Resolution Plan implemented under the framework vide RBI circular Ref #RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 –NIL

15.1 Disclosure required as per RBI circular Ref RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	197	8	24
(B)	Number of accounts where resolution plan has been implemented under this window	197	8	23
(C)	Exposure to accounts mentioned at (B) before implementation of the plan (Rs. In Lacs)	1900.02	22.65	1159.93
(D)	Of (C), aggregate amount of debt that was converted into other securities	0	0	0
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	0	0	0
(F)	Increase in provisions on account of the implementation of the resolution plan (Rs. In Lacs)	181.48	4.45	128.35

16. Miscellaneous

16.1 Disclosure of Penalties imposed by RBI during the period ended 31.12.2021- During the current financial year an amount of Rs. 58.45 Lacs was imposed as penalty by the regulator on the Bank.



16.2 Related Party disclosures (Accounting Standard 18):

(Amount in ₹ Cr)

Items/Related Party	Parent (as per ownership or control)	Parent's Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings At the year end Maximum O/s						
Deposits:						
Placement of deposits						
<u>Current A/c</u> At the year end	10.71 11.28					10.71 11.28
<u>Fixed Deposit</u> At year end Maximum O/S						
<u>Deposit received :</u> Current a/c at the year end Fixed Deposit at the year end Maximum. O/s			151.75 295.08			151.75 295.08
Advances						
IBPC Issued						
IBPC Participated						



Investments At year end						
Maximum O/S						
Non-funded commitments At the year end	6.53 14.11					6.53 14.11
Maximum O/S						
Non funded Commitments issued at the year end						
Maximum O/S						
Leasing/HP arrangements availed						
Leasing/HP arrangements provided						
Purchase of fixed assets Purchase of Mutual Fund Unit						
Sale of fixed assets Sale of Mutual Fund Unit						
Interest paid						
Commission paid	0.017 0.03					0.017 0.03
Commission received						



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Dividend income						
Profit on sale Of Units						
Interest Paid (IBPC)						
Interest received						
Interest Received (IBPC)						
Rendering of services						
Receiving of services						
Management*				0.71 0.28		0.71 0.28

Note: - Figures in brackets indicate previous year figures.

*Managerial Remuneration to CEO & COO & executives on deputation

16.3 Names of the related parties and their relationship with the Bank:

(i)	Parent	:	Bank of Baroda (Major Shareholder – 98.57)
(ii)	Key Management Personnel	(I)	Shri Dinesh Pant (MD & CEO)
		(II)	Shri Arun Kumar (Chief Operating Officer)
(iii)	Parent's Subsidiary		Domestic Subsidiaries (non-Banking)
		(I)	Baroda Global Shared Services Limited
		(II)	BOB Financial Solutions Limited (formerly known as BOB cards Limited)
		(III)	BOB Capital Markets Ltd.
		(IV)	Baroda Asset Management India Limited



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		(V)	Baroda Trustee India Private Limited
		(Vi)	Baroda Sun Technologies Ltd
			Overseas Subsidiaries (Banking)
		(I)	Bank of Baroda (Botswana) Ltd.
		(II)	Bank of Baroda (Kenya) Ltd.
		(III)	Bank of Baroda (Uganda) Ltd.
		(IV)	Bank of Baroda (Guyana) Ltd.
		(V)	Bank of Baroda (New Zealand) Ltd.
		(VI)	Bank of Baroda (Tanzania) Ltd.
		(VII)	Bank of Baroda (UK) Ltd.
iv)	Parents' Associates	(I)	Baroda Uttar Pradesh Gramin Bank
		(II)	Baroda Rajasthan Kshetriya Gramin Bank
		(III)	Baroda Gujrat Gramin Bank
v)	Others	(i)	Indo Zambia Bank Limited
vi)	Parents Joint Ventures	(I)	India First Life Insurance Company Limited
		(II)	India International Bank (Malaysia) Bhd.
		(III)	India Infradebt Limited

16.4 Earnings per share-

Particulars		As on 31 st December 2021	As on 31 st December 2020
a)	Earnings per share		
	Basic (annualized)	10.13	7.72
	Diluted** (annualized)	10.13	7.72
b)	Amount used as numerator (Profit after tax)	58.90 Crores	44.85 Crores
c)	Nominal value of shares	Rs. 10/-	Rs. 10/-
d)	Weighted average number of equity shares used as the denominator	77500000 No's	77500000 No's

**The bank has no dilutive potential equity shares outstanding during the year for the purpose of computing diluted EPS and the basic earnings per share has been computed by dividing net profit after tax by the weighted average number of equity shares as per AS-20.



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16.5 Statement of contingent Liability & Provisions (Accounting Standard 29)

(Amount in ₹ Cr)

Item	Provision As per AS – 29							
	Amt. for which the Bank is contingently Liable	Provision as at the beginning of the Year	Addition during the year	Amount used during the year	Unused amount reversed during the year	Provision as at the close of the year	Major assumption regarding future events	Remarks
Claims against the Bank not acknowledged as debt*	1.57 (0.53)	0.06 (0.06)	1.03 -	1.03 -	- -	1.09 (0.06)		
Guarantees issued on behalf of constituents	84.86 54.69	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA
Acceptance	1.81	NA	NA	NA	NA	NA	NA	NA
Endorsements and other obligations	4.64	NA	NA	NA	NA	NA	NA	NA



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Other items, for which the Bank is contingently liable	27.80 (21.75)	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA
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*Such liabilities are dependent upon the outcome of court/arbitration/out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, development and raising of demand by concerned parties respectively.

17. Technological advancements

The Bank is in process of upgrading its existing CBS to industry renowned CBS application "FINACLE 10.x" developed by INFOSYS. The Bank till date has Procured the Hardware's such as DC/DR, Servers and licenses for FINACLE/Treasury, the implementation activities including installation of hardware's, software testing, training etc is under process. The Bank has received invoices for DC/DR/Servers and software licenses/implementation amounting Rs. 34.92 and accounted in the books, out of the same 21.78 Crores pertaining to DC/DR infrastructure have been capitalized under fixed asset under schedule-10 and balance Rs. 13.13 Crore towards treasury license/implementation is shown under WIP under Schedule-11, other assets.

18. Break-up of the items "Provisions and Contingencies" included under the head Expenditure in the Profit & Loss Account:

(Amount in ₹ Crores)

Provisions & Contingencies		
Particulars	31 st December 2021	31 st December 2020
Income Tax	10.50	22.14
Standard Advance	7.42	1.76
Pro for NPA regulatory	(1.81)	20.92
Depreciation on investments	0.88	-
misc. prov./impaired	0.01	-
Provision for claims against the bank not acknowledged as debt	0.96	-
Provision for Deferred Tax	0.66	(0.79)
Investment Fluctuation Reserve	6.09	8.00
Investment Reserve Account	(0.49)	4.04
Grand Total	24.22	56.07



ADDITIONAL DISCLOSURES:

19. Banc assurance Business:

The total income of the Bank in respect of Banc assurance business is **Rs. 105.47/- Lacs** during the period ended 31.12.2021 with details as under:

Sr. No.	Insurance Company	Amount	
		As on 31 st December 2021	As on 31 st December 2020
1.	Exide Life Insurance Company Ltd.	72.61	71.98
2.	National Insurance Company Ltd	9.59	12.51
3.	India First Life Insurance Co. Ltd	4.98	7.62
4.	Life Insurance Corp of India	2.75	2.79
5.	Future Generali Insurance Ltd.	15.54	17.48
	Total	105.47	112.38

The total income of the bank in respect of other products was NIL during the period ended 31.12.2021 with details as under.

Sr. No.	Company	Amount	
		As on 31 st December 2021	As on 31 st December 2020
1.	Weizmann Forex Ltd.	-	-
2.	Stock Holding Corporation of India Ltd.	-	0.01
3.	Atal Pension Yojna	-	-
	Total	0.00	0.01

20. Balancing of Books And Reconciliation:

20.1 Reconciliation of some debit / credit entries outstanding in various heads of accounts included in Inter Branch Adjustments/ Clearing adjustments etc. are tallied.

21. Asset Liability Management (ALM)

Maturity pattern of certain items of assets and liabilities (as compiled by the management and relied upon by the Auditors) are as under:

(Amount in ₹ Cr)						
Liabilities	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 day	60.32	75.22	0.00	0.00	0.00	0.00



	(58.66)	(98.70)	(0.00)	(0.00)	(0.00)	(0.00)
2 to 7 days	186.57 (181.97)	99.85 (109.59)	0.00 (33.90)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
8 to 14 days	204.85 (184.63)	118.54 (123.51)	24.72 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
15 to 30days	181.50 (145.00)	213.21 (246.35)	0.00 (198.15)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
31 days to 2 months	263.04 (214.88)	119.18 (124.45)	73.58 (29.77)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2 month to 3 month	435.26 (527.81)	116.65 (126.58)	20.58 (602.23)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 3 months & up to 6 months	819.60 (864.90)	56.09 (50.93)	132.42 (64.39)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 6 months & up to 1 year	1732.92 (2051.99)	119.13 (114.36)	116.06 (39.18)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 1 year & up to 3 years	3287.35 (2962.10)	1719.84 (1819.07)	262.32 (160.30)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 3 years & up to 5 years	89.28 (89.00)	421.00 (289.37)	661.78 (340.95)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 5 years	17.77 (19.71)	710.35 (699.07)	998.94 (652.52)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	7278.46 (7300.65)	3769.06 (3801.98)	2290.40 (2121.39)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

Note: Figures in bracket indicates previous year figures for corresponding period (i.e 31st December 2020)

22. Segment Reporting (Accounting Standard 17)

Part A: Business segments

(Amount in ₹ Cr)



Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operation	Total
Particulars	31 ST DECEMBER 2021	31 ST DECEMBER 2021	31 ST DECEMBER 2021	31 ST DECEMBER 2021	31 ST DECEMBER 2021
Revenue	179.20 (208.85)	44.39 (11.40)	231.70 (272.08)	1.53 (1.64)	456.82 (493.97)
Result	53.68 (60.98)	10.97 (-3.69)	56.73 (51.37)	1.53 (1.64)	122.91 (110.30)
Unallocated expenses					53.51 (43.30)
Total profit before tax					69.40 (67.00)
Income taxes					10.50 (22.14)
Extraordinary profit/ loss					0.00 (0.00)
Net profit					58.90 (44.85)
Segment assets	3820.85 (3944.48)	658.10 (838.53)	3582.86 (3318.14)	0.00 (0.00)	8061.81 (8101.15)
Unallocated assets					55.08 (35.97)
Total assets					8116.89 (8137.12)
Segment liabilities	3499.03 (3619.62)	615.18 (785.88)	3349.34 (3108.13)	0.00 (0.00)	7463.55 (7513.63)
Unallocated liabilities					653.34 (623.49)
Total liabilities					8116.89 (8137.12)

Note: Figures in bracket indicates previous year figures for corresponding period (i.e 31ST December 2020)



23. Liquidity Coverage Ratio (31.12.2021)

(Amount in ₹ Cr)

		31.12.2021		31.12.2020	
		Total Unweighted* Value (average)	Total Weighted* Value (average)	Total Unweighted# Value (average)	Total Weighted# Value (average)
High Quality Liquid Assets					
1.	Total High Quality Liquid Assets (HQLA)		2086.82		1946.88
Cash Outflows					
2.	Retail deposits and deposits from small business customers, of which:				
		5464.26	349.69	5136.19	323.40
(i)	Stable deposits	3934.64	196.73	3804.33	190.22
(ii)	Less stable deposits	1529.62	152.96	1331.86	133.19
3.	Unsecured wholesale funding, of which:				
		1518.99	820.42	1559.90	876.20
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	1518.99	820.42	1559.90	876.20
(iii)	Unsecured debt			0.00	0.00
4.	Secured wholesale funding			0.00	0.00
5.	Additional requirements, of which	584.75	31.56	747.32	48.80
(i)	Outflows related to derivative exposures and other collateral requirements			0.00	0.00
(ii)	Outflows related to loss of funding on debt products			0.00	0.00
(iii)	Credit and liquidity facilities	584.75	31.56	747.32	48.80
6.	Other contractual funding obligations	159.87	159.87	146.23	146.23
7.	Other contingent funding obligations	125.32	3.76	121.34	3.64
8.	Total Cash Outflows	7853.18	1365.30	7710.98	1398.28
Cash Inflows					
9.	Secured lending (e.g. reverse repos)			0.00	0.00
10.	Inflows from fully performing exposures	190.09	189.79	117.95	117.74



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Account Debit

11.	Other cash inflows	229.19	114.59	168.11	84.06
12.	Total Cash Inflows	419.27	304.38	286.07	201.80
13.	Total Cash Outflows less Total Cash Inflows	7433.91	1060.92		1196.48
14.	25% of Total Cash outflows	1963.30	341.32		349.57
15.	Total Net Cash Outflows [Higher of 13 or 14]	7433.91	1060.92		1196.48
16.	Liquidity Coverage Ratio (%)		196.70		162.72%*

*LCR calculation as per revised methodology.

Qualitative-

The Basel Committee for Banking Supervision (BCBS) had proposed the liquidity coverage ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. As per the RBI guidelines the minimum LCR required to be maintained by banks shall be implemented in the phased manner from January 1, 2015 as given below.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60%	70%	80%	90%	100%

Further due to Covid 19 pandemic RBI has revised the LCR guidelines w.e.f. 17.04.2020, details as given below:

From date of circular to September 30, 2020	80%
Oct 1, 2020 to March 31, 2021	90%
April 1, 2021 onwards	100%

The LCR has two components:

- The value of the stock of high-quality liquid assets (HQLA) in stressed conditions.
- Total net cash outflows: The term "Total net cash outflows" is defined as "Total expected cash outflows" minus "Total expected cash inflows" in the specified stress scenario for the subsequent 30 calendar days (the stressed period).

LCR = Stock of High Quality Liquid Assets/Total Net Cash Outflows over the next 30 calendar days $\geq 100\%$

High Quality Liquid Assets (HQLA):

Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. They should be unencumbered i.e. without legal, regulatory or operational impediments. Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value.

Bank's composition of HQLA mainly consists of government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the Marginal Standing Facility (MSF)



and the Facility to Avail Liquidity for LCR (FALLCR). Additionally, cash, balances in excess of cash reserve requirement with RBI. Level 2 HQLA primarily consisted of AA- and above rated corporate bonds and commercial papers.

Bank's Cash Outflow mainly consists of Retail Deposit, Unsecured Wholesale Funding, and Funding from other legal entity customers, Undrawn Committed Credit & Liquidity Facilities, Guarantees Letter Of Credit & Trade Finance, and Other Contractual Outflows.

The cash Inflow mainly consists of amount received from Retail & Small Business Counterparties, amount to be received from Non-Financial Wholesale Counterparties, amount to be received from Financial Institutions & RBI, and from Other Contractual Cash Inflows.

The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities as well as to undrawn commitments, partially offset by inflows from assets maturing within 30 days.

As per the RBI directive, Bank has updated its LCR computation methodology, which was audited by the Bank's statutory auditor on 30.05.2020, after that Bank has been calculated LCR as per the revised computation methodology.

The average LCR for the quarter ending December 2021 was 196.70% comfortably above RBI prescribed minimum requirement i.e.100%. Average cash outflows were Rs.1365.30 Crore, Average cash inflows were Rs.304.38 Crores. Average High Quality Liquid Assets were Rs.2086.82 Crores of the half year ending December 2021.

24. Covid -19 Regulatory Impact:

- I. The COVID-19 outbreak was declared a global pandemic by the World Health Organization on March 11, 2020 and affected world economy as well as Indian economy. On account of continuous volatility in financial market, the Bank has considered internal and external sources of information including economic forecasts and industry reports up to the date of approval of financial results in determining the impact on various elements of its financial statements including recoverability of advances & provision thereon, investment valuation, other assets and liabilities of the Bank. Given the uncertainty because of COVID-19 pandemic, the Bank is continuously monitoring any material change in future economic condition which may impact the Bank's operations and its financial results depending on the developments which may differ from that estimated as at the date of approval of these financial results.
- II. In accordance with RBI Circular No. DBR.No.BP.BC.18/21.04.048/2018-19 dated 01.01.2019, RBI circular No DOR. No. BP. BC. 34/21.04.048/2019-20 dated 11.02.2020 & RBI circular No DOR. No. BP. BC/4/21.04.048/2020-21 dated 06.08.2020 on 'Restructuring of Advances - Micro, Small and Medium Enterprises (MSME) Sector' (One Time Restructuring), the details of MSME restructured accounts is as under: (Rs. In Lakhs)

No of Accounts	Amount as on 31.12.2021	Provision Held
3	1973.63	198.87



- III. In accordance with RBI circular No DOR.STR.REC.12/21.04.048/2021-22 dated 05.05.2021 & RBI circular No DOR.STR.REC.21/21.04.048/2021-22 dated 04.06.2021 on Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs), the details of accounts restructured is as under.
(Rs. In Lakhs)

No of Accounts	Amount as on 31.12.2021	Provision Held
267	3590.48	371.14

- IV. In accordance with the RBI Cir. No. DOR.STR.REC.11/21.04.048/2021-22 dated 05.05.2021 on “Resolution Framework – 2.0: Resolution of COVID – 19 related stress of Individuals and Small Business”, the number of borrower accounts where modification were sanctioned and implemented and the aggregate exposure to such borrowers are as under: -

(In ₹ Lakhs)

No of Accounts	Aggregate exposure as on 30.09.2021	Provision Held
207	2898.09	317.74

(Individual covers only Personal Loan segment as per RBI circular No DOR. No. BP.BC/3/21.04.048/2020-21 dated August 6, 2020 and now covered in to para 5(a) of RBI circular No DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021.

Small Business (including retail trade and wholesale trade) extended to individual which were covered under MSME as per RBI circular No DOR. No. BP.BC/4/21.04.048/2020-21 dated August 6, 2020 and now covered in to para 5(b) of RBI circular No DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021)





LIMITED REVIEW REPORT FOR THE QUARTER ENDED DECEMBER 2021

We have reviewed the accompanying statement of standalone unaudited financial results of **Nainital Bank Limited** ('the Bank') for the quarter ended **31st December, 2021**. This statement is the responsibility of the Bank's management and has been approved by the Bank's Board of Directors. Our responsibility is to issue a report on the statement based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review consists making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In the conduct of our review, in addition to 6 branches reviewed by us, we have relied on the review reports in respect of non-performing assets received from concurrent auditors of 18 branches, apart from these review reports, we have also relied upon the returns received from 139 un-reviewed branches, 1 service branch, head-office and treasury operations of the bank. These review reports cover 51% (of which 15% covered by us) of advance portfolio of the bank.

Based on our review conducted as above, subject to limitation in scope as mentioned in Para 2 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results, prepared in accordance with the applicable accounting standards and other recognized accounting practices and policies, relevant prudential norms issued by the Reserve Bank of India in respect of Income Recognition, Asset Classification, Provisioning and other related matters.

We draw attention to:

1. We wish to highlight that due to outbreak of COVID 19 (Omicron and Delta), the entire audit team could not visit the branch and head office for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing and thus relying upon the information, facts and inputs made available to us through electronic means by the bank management.
2. Note No. 24 of Schedule 18 of the accompanying statement which describes the uncertainties due to the outbreak of novel coronavirus (Covid-19). The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis with respect to the challenges faced.

3. The present Data Centre (DC) & Data Recovery (DR) Site of the Bank is outsourced and is scheduled to be replaced. It is observed that Bank has initiated the process of procuring new DC & DR and the same is scheduled to be in place by the end of FY 2022 in the Bank.
4. Bank to ensure the completeness and integrity of the automated Asset Classification (classification of advances/investments as NPA/NPI and their upgradation), Provisioning calculation and Income Recognition processes. For Instance, there are issues in capturing non financial data, review date, LAD and Stock statement etc. under automating process. As per bank, the same will be complied with after fully implementation of FINACLE 10x.
5. Interest suspense should be directly debited from account through automated system; however, the Bank has reduced the amount of interest suspense from Gross advances for calculation of net advances and simultaneously reduced amount of interest suspense from gross NPA for calculation of Net NPA.
6. The bank is not making use of the Structured Financial Messaging System (SFMS) for sending and receiving Bank Guarantee instrument. The Bank has assured to comply with the implementation of FINACLE 10x.
7. Details regarding Central Repository of Information on Large Credits (CRILC) and Central Fraud Registry (CFR) Certification has not been fed in the Fincraft system. Bank has informed that existing system is not supporting to capture the data. However, the same will be complied with the implementation of FINACLE 10x.
8. The CBS platform lacked adequate controls whereby in few cases manual interventions were observed such as allowing modifications to fields like rate of Interest, NPA date, delaying NPA asset classification etc. without proper change management requests increasing vulnerability. The present CBS system of the Bank depicts several limitations, which is not able to cater present business and compliance requirements. It is observed that, Bank has initiated the process of migrating its CBS to Finacle 10.x and has assured to plug in the gaps as pointed out by the regulator. The new CBS system is scheduled to be implemented by the end of FY 2022 in the Bank. Hence, it is imperative that complete upgradation of Core Banking Solution (CBS) be undertaken on urgent basis and in time bound manner, the bank should adhere to the board approved roadmap for the implementation of FINACLE 10x.
9. Bank should put in place a monitoring tool wherein potential NPA and SMA should be generated on a near real time basis for taking timely preventive measures. Bank has assured that after fully implementation of FINACLE 10x, Potential NPA and SMA data on near real time basis can be generated

For **Dharam Raj & Co.**
Chartered Accountants
FRN: 014461N

Dharam Raj
Partner

DHARAM RAJ
Digitally signed by
DHARAM RAJ
Date: 2022.02.03
17:48:57 +05'30'

UDIN No. 22094108AAAACU7928
M. No 094108
Place: Ghaziabad