

investigations in High-Risk & Very High-Risk branches identified by AI/ML engine to ensure and improve the preventive vigilance measures.

1338 cases have been closed during FY2022, compared to 1029 cases during the previous year, FY2021, which is an impressive improvement of case closures over the last year by 23%.

## 7. Asset and Liability Management

Efficient Management of Assets and Liabilities (ALM) is vital for banks' sustainable and qualitative growth. ALM of the Bank aims to strengthen the Balance Sheet by pro-actively reviewing the market dynamics, capturing the signals emanating therefrom and ensuring value creation while conforming to the regulatory requirements.

As part of sound Risk Management practices, your Bank has constantly reviewed its Internal Policies on 'Deposits', 'Asset and Liability Management', 'Stress Test on Liquidity and Interest Rate Risks', and 'Contingency Funding Plan' and efficiently adapted to changes in market conditions. Bank has been carrying out Stress Tests and Reverse Stress Tests to cover the eventual risk that may crop up as a worst-case scenario.

Studies are conducted at regular intervals to assess the behavioural pattern of customers (embedded options available to customers) to impart proper treatment to the non-contractual assets & liabilities items while evaluating liquidity position. Behavioural analysis is carried out at half-yearly intervals to ensure accurate positioning of outflows/inflows in liquidity and interest rate sensitivity statements that may arise due to Off-Balance Sheet (OBS) exposures and the impact of probable loan losses. The prevailing assumptions relating to non-contractual assets & liabilities items are periodically reviewed, back-tested and updated based on the outcomes of the latest studies.

The stock of High-Quality Liquid Assets (HQLA) and cash outflows are effectively monitored daily under a dynamic market environment to ensure the maintenance of LCR as prescribed by the Regulator and

Bank's internal policy benchmarks. Your Bank has proactively implemented the NSFR guidelines of RBI, measuring the long-term resilience of the Bank in terms of liquidity, much before the submission (Regulatory) mandate.

Your Bank identifies the inherent risks associated with changing interest rates on its Balance Sheet (On/Off) exposures from short-term and long-term perspectives. For this purpose, the impact on Earnings at Risk (EaR) and Market Value of Equity (MVE) is assessed with pre-defined tolerance limits, enabling the Management to initiate appropriate preventive steps in a likely scenario of erosion NII / Net Worth.

To encourage branches to garner stable funds and assess their profitability based on the cost of funds, a matched maturity-based Funds Transfer Pricing was adopted by your Bank. The Bank constantly strives to ensure an adequate monetary policy transmission through its benchmark lending rates.

The Asset Liability Management Committee (ALCO) of the Bank monitors and manages Liquidity and Interest Rate Risks by modulating the asset-liability mix in the Balance Sheet and recalibrating the pricing of liabilities & assets from time to time. ALCO, among other areas, reviews the Interest Rate scenarios, the pattern of growth of liability products, credit growth, competitive advantages, evolving liquidity conditions, adherence to the regulatory prescriptions etc., regularly.

With automation of Regulatory Reports/Returns pertaining to ALM, your Bank is well-positioned in monitoring and compliance regarding Liquidity and Interest Rate Risk Management.

## 8. Ethics & Business Conduct

The Ethics and Business Conduct department of your Bank is responsible for carrying out initiatives to strengthen and integrate ethics and morality in all the operational areas of the Bank. With this objective, the Department has carried out a host of activities in the previous financial year.

FY2022, like the previous year, was marked by disruptions caused by the second and

third wave of COVID. However, by constant integration of the digital platforms in all operations, it was ensured that the entire gamut of activities of the Department continued unaffected and uninterrupted. In addition to the existing initiatives, a new email broadcast series was started based on the anecdotes of the exemplary ethical standards demonstrated by distinguishing personalities. Your Bank has framed Conflict of Interest Policy to mitigate ethical risks and sensitize the staff where individual interest is unduly affecting the business dealings. To submit disclosures to SEBI under the essential Indicators, i.e., Business Responsibility & Sustainability Reporting (BRSR), your Bank has formulated Anti-Bribery & Anti-Corruption Policy which explains the relevant principles and rules for preventing bribery and corruption and safeguarding the larger organizational interests.

To further deepen the roots of ethics and to gauge the level of awareness among the employees related to risk and ethics culture of the Bank, a survey was conducted, in which over 90% of the employees participated. The survey shows that the vast majority of the employees are aware of the risk and ethical culture of the Bank.

Your Bank is highly committed to nurture an inclusive, secure and safe environment for its women employees. Your Bank has a dedicated Garima (POSH) framework, which covers the entire process cycle comprising awareness, escalation and empowerment on matters relating to gender sensitivity and sexual harassment. The Department is the nodal point for overseeing the complaints under Garima POSH of the entire Bank, including timely handling of appeals by the aggrieved parties. A mentoring program for newly joined women employees was launched during the year to ensure their smooth transition towards Bank's culture imbibing ethics and values. To create awareness among employees related to Garima POSH, comprehensive handbooks were released for their quick and easy reference. Amid Covid disruptions, your Bank has regularly conducted webinars on Ethics & Garima POSH for the concerned target groups to spread awareness and inculcate the Values of the Bank.