# Management's Discussion and Analysis

## Macro-Economic Environment

Global growth continued to remain weak throughout fiscal 2020. Trade tensions between US and China and resultant slowdown in China negatively impacted growth. Though the temporary resolution with signing of phase one of the US-China trade deal led to a spurt of activity in December and January, the growth once again weakened in the last quarter of the fiscal 2020 on account of the COVID-19 outbreak in China and then globally. While the primary impact of the China outbreak was disruption in value chains, the secondary impact of what has now been classified a global pandemic is only now becoming clear in the scale of disruption caused globally. Governments and central banks have reacted swiftly, using the entire gamut of monetary and fiscal support tools. These will likely remain in effect for some time, with the recovery in growth also likely to be slower and more interrupted than initially anticipated.

The domestic economy was slowing even before the COVID-19 pandemic, with growth weakening steadily since peaking in last quarter of fiscal 2018. While the slowdown was initially linked to credit concerns at NBFCs, weak auto sales and soft capex trends resulted in further weakening of economic conditions. The government had introduced cuts to the corporation tax rate, and as a consequence of this structural reform, has chosen to exceed the budgeted fiscal deficit by 0.5% of GDP for fiscal 2020 (to 3.8%), using the escape clause available in FRBM (Fiscal Responsibility and Budget Management) legislation.

The Indian economy saw some growth momentum build up in January and February, but that has been undone by COVID-19 linked disruptions, with attendant downward effects on fiscal 2020 growth as well as fiscal 2021 growth expectations. Bank credit growth has also remained soft, in line with weak activity. The hit to growth will depend on the length of the ongoing lockdown, pace of return of migrant labours to urban centres and pick-up in economic activity after the lock down is lifted.

The Government and the RBI have acted speedily to offset the impact of pandemic related disruptions, with the latter reducing policy repo rates by 75 bps to 4.40% in the last one month and undertaking several measures to improve liquidity, monetary transmission and credit flows to the economy. In order to prevent the transmission of financial stress to the real economy, central bank also provided relief on debt servicing by permitting moratorium on term loans and deferment of interest on working capital facilities. The Government too has announced package covering cash transfers and food security for vulnerable sections of society and further fiscal measures are likely to follow in coming months. The measures taken so far have looked through near term constraints on inflation and fiscal slippage though.

## Prospects for fiscal 2021

Global economic growth is projected to contract 3% YoY as per the latest IMF World Economic Outlook. Weaker growth is likely to be seen across developed and emerging economies, given COVID-19 disruptions and associated value chain impacts, with high probability of recessions in many countries. Among advanced economies, 2020 growth is projected at -6.1%, going by the IMF. IMF expects China's economy to decelerate further to 1.2% for calendar year 2020. Risks to the global outlook remain on the downside and are dependent on the length of the lockdown measures.

Bank credit growth is likely to be around 5% in fiscal 2021, in line with weak trends going ahead. Bank deposits are expected to rise 7.3% in fiscal 2021, despite a high base in fiscal 2020.

## Overview of Financial Performance

### Operating performance

(₹ in crores)

| Particulars | 2019-20 | 2018-19 | % change |
|---|---|---|---|
| Net interest income | 25,206 | 21,708 | 16% |
| Non-interest income | 15,537 | 13,130 | 18% |
| **Operating revenue** | **40,743** | **34,838** | **17%** |
| Operating expenses | 17,305 | 15,833 | 9% |
| **Operating profit** | **23,438** | **19,005** | **23%** |
| Provisions and contingencies | 18,534 | 12,031 | 54% |
| **Profit before tax** | **4,904** | **6,974** | **(30%)** |
| Provision for tax | 3,277 | 2,297 | 43% |
| **Net profit** | **1,627** | **4,677** | **(65%)** |

Operating revenue increased by 17% YoY from ₹34,838 crores in fiscal 2019 to ₹40,743 crores in fiscal 2020. Net interest income (NII) rose 16% from ₹21,708 crores in fiscal 2019 to ₹25,206 crores in fiscal 2020. Non-interest income consisting of fee, trading and other income increased by 18% from ₹13,130 crores in fiscal 2019 to ₹15,537 crores in fiscal 2020.

Operating expenses rose 9% from ₹15,833 crores in fiscal 2019 to ₹17,305 crores in fiscal 2020 as the Bank continued to invest in branch infrastructure, technology and human capital to support its business growth. Healthy growth in operating revenues along with comparatively lower growth in operating expenses this fiscal compared to previous year led to a growth in the Bank's operating profit by 23% to ₹23,438 crores from ₹19,005 crores reported last year. Provisions and contingencies increased by 54% from ₹12,031 crores in fiscal 2019 to ₹18,534 crores in fiscal 2020.

Net profit for the year ended 31 March, 2020 decreased and stood at ₹1,627 crores, as compared to the net profit of ₹4,677 crores last year, primarily on account of higher provisions and contingencies.

## Net interest income

(₹ in crores)

| Particulars | 2019-20 | 2018-19 | % change |
|---|---|---|---|
| Interest on loans | 48,303 | 41,322 | 17% |
| Interest on investments | 11,246 | 11,349 | (1%) |
| Other interest income | 3,086 | 2,315 | 33% |
| **Interest income** | **62,635** | **54,986** | **14%** |
| Interest on deposits | 29,369 | 23,708 | 24% |
| Other interest expense | 8,060 | 9,570 | (16%) |
| **Interest expense** | **37,429** | **33,278** | **12%** |
| **Net interest income** | **25,206** | **21,708** | **16%** |
| Average interest earning assets[1] | 718,147 | 632,690 | 14% |
| Average Current account and Saving Account (CASA)[1] | 223,349 | 202,733 | 10% |
| Net interest margin | 3.51% | 3.43% | |
| Yield on assets | 8.72% | 8.68% | |
| Yield on advances | 9.64% | 9.44% | |
| Yield on investments | 7.15% | 7.28% | |
| Cost of funds | 5.48% | 5.43% | |
| Cost of deposits | 5.23% | 5.12% | |

[1] computed on daily average basis

NII constituted 62% of the operating revenue, and increased by 16% from ₹21,708 crores in fiscal 2019 to ₹25,206 crores in fiscal 2020. The increase is primarily due to an increase in average interest earning assets on a daily average basis by 14%.

During this period, the yield on interest earning assets increased from 8.68% last year to 8.72%. The yield on advances increased by 20 bps from 9.44% in fiscal 2019 to 9.64% in fiscal 2020 primarily due to rise in the yield on retail advances by 30 bps from 10.07% in fiscal 2019 to 10.37% in fiscal 2020. The yield on investments decreased by 13 bps during the fiscal 2020. Cost of funds increased by 5 bps from 5.43% in fiscal 2019 to 5.48% in fiscal 2020. During the year, the Bank continued its focus on both CASA plus Retail Term Deposits (RTD) as part of its overall deposits strategy. As a result, the cost of deposits increased to 5.23% from 5.12% last year. CASA and RTD deposits together, on a daily average basis, reported a healthy increase of 22% to ₹449,033 crores from ₹368,017 crores last year.

## Non-interest income

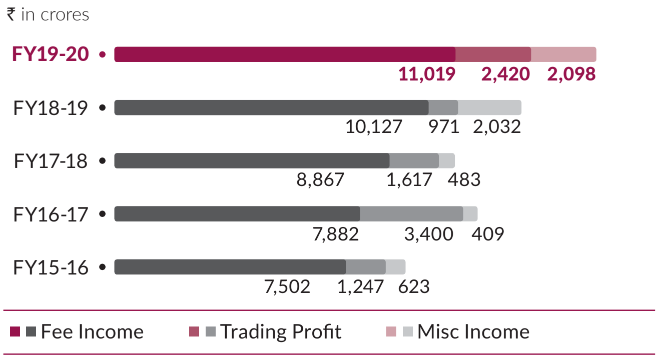
(₹ in crores)

| Particulars | 2019-20 | 2018-19 | % change |
|---|---|---|---|
| Fee income | 11,019 | 10,127 | 9% |
| Trading profit | 2,420 | 971 | 149% |
| Miscellaneous income | 2,098 | 2,032 | 3% |
| **Non-interest income** | 15,537 | 13,130 | 18% |

Non-interest income comprising fees, trading profit and miscellaneous income increased by 18% to ₹15,537 crores in fiscal 2020 from ₹13,130 crores last year and constituted 38% of the operating revenue of the Bank.

Fee income increased by 9% to ₹11,019 crores from ₹10,127 crores last year and continued to remain a significant part of the Bank's non-interest income. It constituted 71% of non-interest income and contributed 27% to the operating revenue. The share of granular fees comprising of Retail and Transaction Banking fees witnessed improvement during the year, and stood at 82% compared to 79% last year. Retail card fees, Retail non-card fees and Transaction Banking fees constituted 26%, 38% and 18%, respectively of the total fee income in fiscal 2020. The Corporate Banking fee growth remained subdued during the year as the Bank continued to focus on better rated corporate clients. The share of corporate fee in the overall fee profile stood at 11%. The rest 7% was contributed by Treasury and SME segments.

### Non-Interest Income




During the year, proprietary trading profits increased by 149% to ₹2,420 crores from ₹971 crores last year mainly on account of higher profits on SLR and bond portfolio in fiscal 2020 compared to fiscal 2019.

The Bank's miscellaneous income increased to ₹2,098 crores compared to ₹2,032 crores in fiscal 2019, comprising mainly recoveries from written off accounts amounting to ₹1,553 crores in fiscal 2020. Miscellaneous income also includes dividend from subsidiaries of ₹240 crores.

## Operating revenue

The operating revenue of the Bank increased by 17% to ₹40,743 crores from ₹34,838 crores last year. The core income streams (NII and fees) constituted 89% of the operating revenue, reflecting the stability of the Bank's earnings.

## Operating expenses

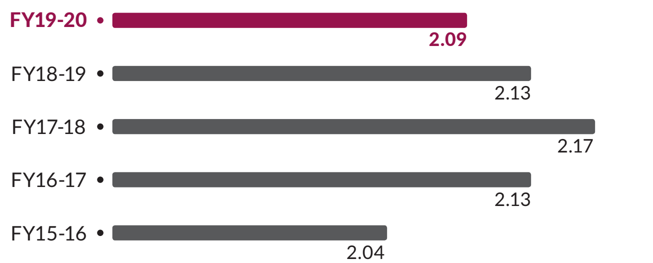
(₹ in crores)

| Particulars | 2019-20 | 2018-19 | % change |
|---|---|---|---|
| Staff cost | 5,321 | 4,747 | 12% |
| Depreciation | 773 | 710 | 9% |
| Other operating expenses | 11,211 | 10,376 | 8% |
| **Operating expenses** | **17,305** | **15,833** | **9%** |
| Cost : Income Ratio | 42.47% | 45.45% | |
| Cost : Asset Ratio | 2.09% | 2.13% | |

The operating expenses growth for the Bank moderated during the year to 9% as compared to 13% last year as the Bank continued to focus on controlling expenses. However, the Bank continues to invest in expanding branch network and other infrastructure required for supporting the existing and new businesses, as a result of which the operating expenses increased to ₹17,305 crores from ₹15,833 crores last year. The Operating Expenses to Assets ratio improved to 2.09% compared to 2.13% last year.

Staff cost increased by 12% from ₹4,747 crores in fiscal 2019 to ₹5,321 crores in fiscal 2020, primarily on account of 20% increase in employee strength from 61,940 as at end of fiscal 2019 to 74,140 as at the end of fiscal 2020.

### Operating Expenses to Assets %




Other operating expenses increased by 8% from ₹10,376 crores in fiscal 2019 to ₹11,211 crores in fiscal 2020. The increase is primarily due to investments in branch infrastructure and technology to support business growth. The Bank added 478 branches during fiscal 2020.

## Operating profit

During the year, the operating profit of the Bank increased by 23% to ₹23,438 crores from ₹19,005 crores last year on account of healthy growth in operating revenues along with comparatively lower growth in operating expenses.

## Provisions and contingencies

(₹ in crores)

| Particulars | 2019-20 | 2018-19 | % change |
|---|---|---|---|
| Provision for non-performing assets | 12,756 | 10,221 | 25% |
| Provision for restructured assets/SDR/S4A | (16) | (20) | - |
| Provision for depreciation in value of investments | 136 | 300 | (55%) |
| Provision for country risk | 12 | - | - |
| Provision for standard assets including unhedged foreign currency exposure | 1,441 | 829 | 74% |
| ---of which | | | |
| Provision for loans under moratorium | 1,118 | - | - |
| Provision for other contingencies | 4,205 | 701 | 500% |
| ---of which | | | |
| Provision for Non-Banking Assets | 1,526 | 605 | 252% |
| Provision for NFB outstanding | 411 | - | - |
| Additional provision for COVID-19 | 1,882 | - | - |
| **Provisions and contingencies** | **18,534** | **12,031** | **54%** |

During fiscal 2020, the Bank created total provisions (excluding provisions for tax) of ₹18,534 crores compared to ₹12,031 crores last year. Key items of the same are explained below -

***Provisions for NPAs:***

The Bank provided ₹12,756 crores towards non-performing assets compared to ₹10,221 crores last year. The increase in provision for non-performing assets is primarily on account of higher slippages during the year as compared to previous year and also on account of increase in provisions on existing NPAs due to ageing, deterioration of security etc. Provision for non-performing assets also includes additional provisions required to be created under the 7 June, 2019 circular of the RBI. On account of higher provisions for non-performing assets, the credit costs for fiscal 2020 stood at 2.15%, 24 bps higher as compared to fiscal 2019.

***Provisions for standard assets:***

The Bank provided ₹1,441 crores for standard assets including unhedged foreign currency exposure compared to ₹829 crores last year. This includes an amount of ₹1,118 crores towards 10% provision on loans under moratorium as per RBI guidelines on COVID-19 regulatory package.

***Provision for other contingencies:***

Provisions for other contingencies for fiscal 2020 amounted to ₹4,205 crores as compared to ₹701 crores in fiscal 2019. This increase is mainly on account of following –

- From fiscal 2020, the Bank has started maintaining systematic provision towards non-fund based outstanding in NPAs, prudentially written off accounts, corporate standard advances rated "BB and Below" and all SMA-2 advances as reported to CRILC, which amounted to ₹411 crores for the year.
- During fiscal 2020, the Bank has made balance provision of ₹1,605 crores towards land held under non-banking assets acquired in satisfaction of claims, which was adjusted from the balance in profit and loss account under reserves and surplus in the previous year. During fiscal 2020, the Bank also sold a part of the land parcel which led to write back in the provision amounting to ₹79 crores.
- Further, incrementally, the Bank on a prudent basis has made an additional provision for COVID-19 of ₹1,882 crores, based on an internal stress testing exercise. It is important to note that the situation is evolving and it is extremely difficult to ascertain with certainty the exact impact on the Bank's portfolio due to COVID-19 induced lockdown. Considering the conscious portfolio choices of the bank in favour of secured nature of lending in the Retail and SME book and higher rated book in Corporate, and higher share of salaried and ETB in unsecured book, the prudent provision created does provide strength to the balance sheet. The Bank will continue to assess the stress on the portfolio on an ongoing basis and assess impact, if any, on prudent provisioning.

### Provision for tax

Provision for tax for fiscal 2020 stood at ₹3,277 crores as compared to ₹2,297 crores for last year. During the year, the Bank has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. The Bank has recognised provision for income tax for fiscal 2020 in line with the above option. This has necessitated a restatement of the opening balance of deferred tax assets as at 1 April, 2019, basis the rate prescribed in the aforesaid section. The restatement has resulted in a write down of ₹2,138 crores which has been fully charged to the Profit and Loss account during the year.

### Net profit

Net profit for the year ended 31 March, 2020 decreased and stood at ₹1,627 crores, as compared to the net profit of ₹4,677 crores last year, primarily on account of higher provisions and contingencies.

### Asset Quality Parameters

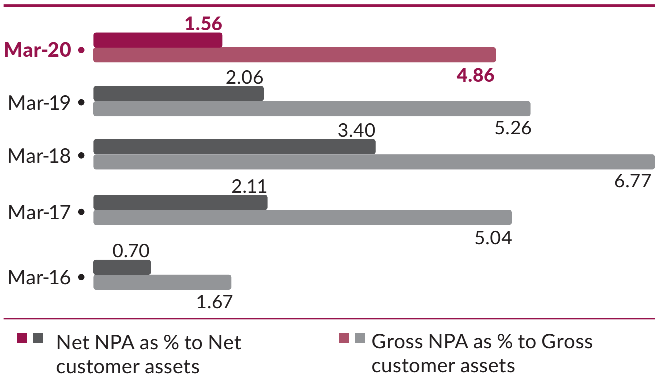
The asset quality metrics improved during the fiscal, with reduction in NPA ratios year on year. During the fiscal, the quantum of low rated pool of BB and below accounts (excluding investments and non-fund based exposure) reduced and stood at ₹6,528 crores as compared to ₹7,467 crores at the end of fiscal 2019. The Bank added ₹11,222 crores of corporate slippages during the year, of which 84% came from lower rated "BB and below" pool (excluding one account of ₹751 crores which got upgraded during Q4 and downgraded again in same quarter due to technical reasons). Bank's outstanding in low rated pool of "BB and Below" investments and non-fund based accounts is ₹562 crores and ₹3,906 crores respectively as at the end of March 2020.

The Bank added ₹19,915 crores to Gross NPAs during the year with the Bank's ratio of Gross NPAs to gross customer assets decreasing to 4.86%, at the end of March 2020 from 5.26% as at end of March 2019.

The Bank added ₹10,614 crores to Net NPAs after adjusting for recoveries and upgradations of ₹2,715 crores and ₹6,586 crores respectively and the Bank's Net NPA ratio (Net NPAs as percentage of net customer assets) decreased to 1.56% from 2.06%.

The Bank's provision coverage has increased during the fiscal and stood at 83% after considering prudential write-offs and 69% excluding prudential write-offs. The Bank's accumulated prudential write-off pool stood at ₹23,844 crores as at end of fiscal 2020 with ₹7,710 crores being written off during the year.

### Gross and Net NPA




### Key ratios

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Basic earnings per share (₹) | 5.99 | 18.20 |
| Diluted earnings per share (₹) | 5.97 | 18.09 |
| Book value per share (₹) | 301.05 | 259.27 |
| Return on equity (%) | 2.34% | 8.09% |
| Return on assets (%) | 0.20% | 0.63% |
| Net interest margin (%) | 3.51% | 3.43% |
| Profit per employee (₹ lakh) | 2.40 | 7.61 |
| Loan to Deposit ratio (Domestic) | 83% | 84% |
| Loan to Deposit ratio (Global) | 89% | 90% |

Basic Earnings Per Share (EPS) was ₹5.99 compared to ₹18.20 last year, while the Diluted Earnings Per Share was ₹5.97 compared to ₹18.09 last year. Return on Equity (RoE) and Return on Assets (RoA) deteriorated during the year and stood at 2.34% and 0.20% respectively. Book Value per Share increased by 16% to ₹301.05 from ₹259.27 last year. Profit per Employee stood at ₹2.40 lakh.

Loan to Deposit ratio of the Bank as on 31 March, 2020 was at 89% with a domestic CD ratio of 83%.

## Balance Sheet parameters

### Assets

(₹ in crores)

| Particulars | 2019-20 | 2018-19 | % change |
|---|---|---|---|
| **Cash and balances with RBI** | **84,959** | **35,099** | **142%** |
| **Balances with banks and money at call and short notice** | **12,309** | **32,106** | **(62%)** |
| Government securities | 125,982 | 120,239 | 5% |
| Other securities | 30,752 | 54,730 | (44%) |
| **Total investments** | **156,734** | **174,969** | **(10%)** |
| Retail advances | 305,400 | 245,812 | 24% |
| Corporate advances | 204,103 | 183,402 | 11% |
| SME advances | 61,921 | 65,584 | (6%) |
| **Total advances** | **571,424** | **494,798** | **15%** |
| **Fixed assets** | **4,313** | **4,037** | **7%** |
| **Other assets[1]** | **85,426** | **59,988** | **42%** |
| **Total assets** | **915,165** | **800,997** | **14%** |

[1] includes Priority Sector Lending deposits of ₹46,463 crores (previous year ₹28,162 crores)

Total assets increased by 14% to ₹915,165 crores as on 31 March, 2020 from ₹800,997 crores on 31 March, 2019, driven by 15% and 142% growth in advances and cash and balances with RBI, respectively.

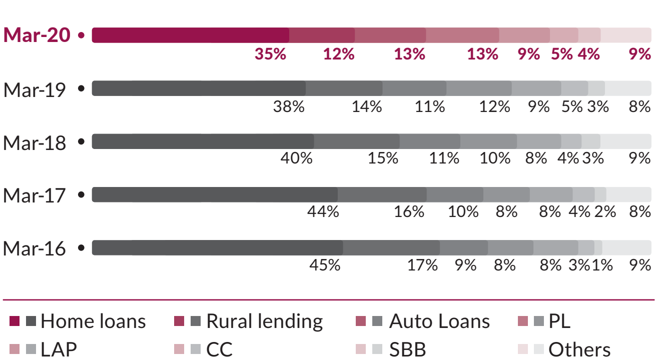
### Advances

Total advances of the Bank as on 31 March, 2020 increased by 15% to ₹571,424 crores from ₹494,798 crores as on 31 March, 2019, largely driven by healthy growth in the retail segment. Retail advances comprised 53% of total advances and grew by 24% to ₹305,400 crores, corporate advances comprised 36% of total advances and grew by 11% to ₹204,103 crores and SME advances constituted 11% of total advances and de-grew by 6% to ₹61,921 crores.

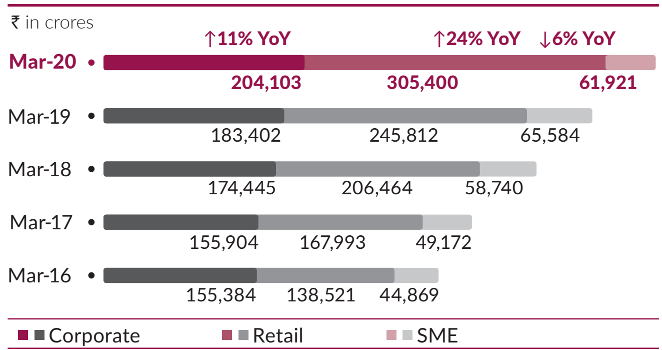
Domestic advances of the Bank as on 31 March, 2020 grew by 15% to ₹526,786 crores from ₹456,683 crores as on 31 March, 2019. Further, domestic corporate advances of the Bank as on 31 March, 2020, increased by 13% to ₹175,087 crores from ₹155,421 crores as on 31 March, 2019.

The retail lending growth was led by auto loans, personal loans, and credit cards. Mortgages continue to grow slower than the retail lending growth. Home loans remain the largest

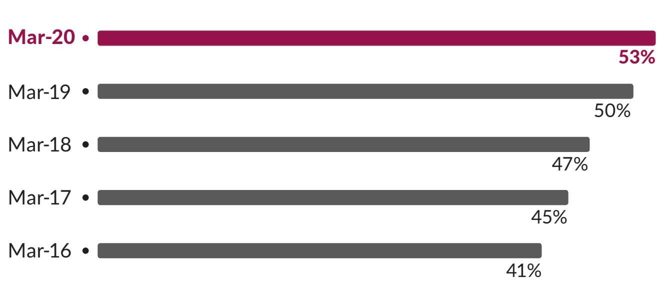
### Composition of Retail Advances




### Advances




### Retail Advances as % to Total Advances




retail segment and accounted for 35% of retail loans, rural lending 12%, loans against property (LAP) 9%, personal loans (PL) and credit cards(CC) were 18%, auto loans 13% and Small Banking Business (SBB) loans were 4%, while non-schematic loans comprising loan against deposits and other loans accounted for 9%.

### Investments

The investment portfolio of the Bank de-grew by 10% to ₹156,734 crores. Investments in Government and approved securities, increased by 5% to ₹125,982 crores. Other investments, including corporate debt securities, decreased by 44% to ₹30,752 crores. 89% of the government securities have been classified in the HTM category, while 84% of the bonds and debentures portfolio has been classified in the AFS category.

### Other Assets

Other assets of the Bank as on 31 March, 2020 increased to ₹85,426 crores from ₹59,988 crores as on 31 March, 2019, mainly on account of following –

- Priority Sector Shortfall deposits increased to ₹46,463 crores as on 31 March, 2020 from ₹28,162 crores as at previous year end.
- Positive mark-to-market receivable on forex and derivative contracts increased from ₹9,498 crores as on 31 March, 2019 to ₹16,143 crores as on 31 March, 2020, primarily on account of movement in INR/USD exchange rate during the year.

## Liabilities and shareholder's funds

(₹ in crores)

| Particulars | 2019-20 | 2018-19 | % change |
|---|---|---|---|
| **Capital** | **564** | **514** | **10%** |
| **Reserves and Surplus** | **84,384** | **66,162** | **28%** |
| **Total shareholder's funds** | **84,948** | **66,676** | **27%** |
| **Deposits** | **640,105** | **548,471** | **17%** |
| - Current account deposits | 90,114 | 89,265 | 1% |
| - Savings bank deposits | 173,592 | 154,129 | 13% |
| - **CASA** | **263,706** | **243,394** | **8%** |
| - Retail term deposits | 253,437 | 198,914 | 27% |
| - Non-retail term deposits | 122,962 | 106,163 | 16% |
| - **Total term deposits** | **376,399** | **305,077** | **23%** |
| **Borrowings** | **147,954** | **152,776** | **(3%)** |
| - In India | 92,493 | 83,037 | 11% |
| - Infra bonds | 20,880 | 16,705 | 25% |
| - Outside India | 55,461 | 69,739 | (20%) |
| **Other liabilities and provisions** | **42,158** | **33,073** | **27%** |
| **Total liabilities and shareholder's funds** | **915,165** | **800,997** | **14%** |

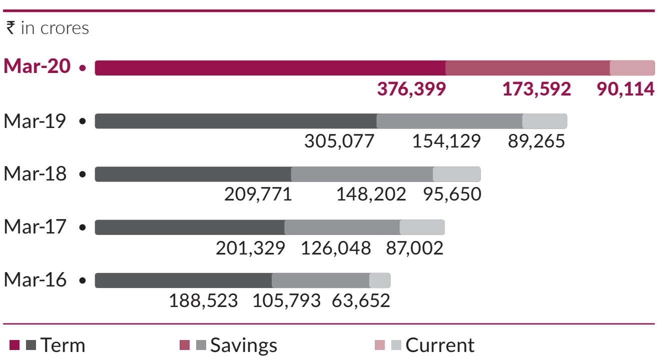
### Shareholder's funds

Shareholder's funds of the Bank increased from ₹66,676 crores as on 31 March, 2019 to ₹84,948 crores as on 31 March, 2020. This is mainly on account of increase in capital and reserves due to conversion of share warrants and raising of capital through Qualified Institutional Placement (QIP).

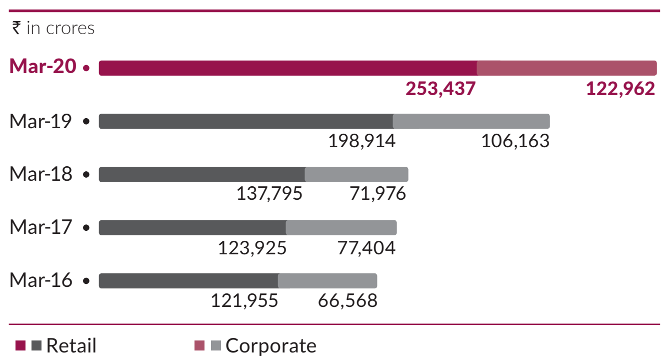
### Deposits

The total deposits of the Bank increased by 17% to ₹640,105 crores against ₹548,471 crores last year. Savings Bank deposits reported a growth of 13% to ₹173,592 crores, while Current Account deposits reported increase of 1% to ₹90,114 crores. As on 31 March, 2020, low-cost CASA deposits remained stable amounting to ₹263,706 crores, and constituted 41% of total deposits as compared to 44% last year. Savings Bank deposits on a daily average basis, increased by 11% to ₹153,919 crores,

### Deposits




### Term Deposits



while Current Account deposits reported a growth of 8% to ₹69,431 crores. The percentage share of CASA in total deposits, on a daily average basis, was at 40% compared to 44% last year.

This year the Bank significantly ramped up its focus on retail term deposits. As on 31 March, 2020, the retail term deposits grew 27% and stood at ₹253,437 crores, constituting 67% of the total term deposits compared to 65% last year. As on 31 March, 2020, CASA and retail term deposits constituted 81% of total deposits.

### Borrowings

The total borrowings of the Bank decreased by 3% from ₹152,776 crores in fiscal 2019 to ₹147,954 crores in fiscal 2020. Domestically, the Bank raised ₹4,175 crores through Infrastructure bonds during the fiscal. The outstanding balance in long term infrastructure bonds as on 31 March, 2020 was ₹20,880 crores.

## Capital Management

The Bank continues its endeavour for greater capital efficiency and shoring up its capital adequacy to enhance shareholder value. During the year ended 31 March, 2020, the Bank allotted 45,357,385 equity shares at a price of ₹565 per share pursuant to exercise of convertible share warrants by the warrant holders. As a consequence, the paid-up share capital of the Bank has increased by ₹9 crores and the reserves of the Bank have increased by ₹2,551 crores after charging off issue related expenses.

Further, during the year ended 31 March, 2020, the Bank raised additional equity capital through a Qualified Institutional Placement of 198,728,139 shares at a price of ₹629 per share. As a consequence, the paid-up share capital of the Bank has increased by ₹40 crores and the reserves of the Bank have increased by ₹12,393 crores after charging off issue related expenses. The funds mobilised for equity raising were utilised for enhancing the capital adequacy ratio and for general corporate purpose.

| Movement of CRAR during fiscal 2020 | % |
|---|---|
| **Capital Adequacy Ratio as on 31 March, 2019** | **15.84** |
| Increase due to warrant conversion | 0.45 |
| Increase due to QIP issue | 2.12 |
| Decrease on account of consumption | (0.88) |
| **Capital Adequacy Ratio as on 31 March, 2020** | **17.53** |

The Bank has also been focusing on increasing the proportion of lower Risk Weighted Assets (RWA). The Bank's Risk Weighted Assets (RWA) to Asset ratio improved from 69% as at the end of fiscal 2019 to 67% at the end of fiscal 2020.

During the year, the Bank's capital consumption was modest, driven by improvement in RWA intensity. The Bank has invested in Yes bank shares during the year, pursuant the reconstruction scheme aggregating ₹600 crores. The said investment has not been treated as HTM for capital adequacy purposes. If the investment was treated as HTM, our overall capital adequacy ratio and CET-1 would improve by 14 bps.

The Bank's capital position continues to be strong and is sufficiently robust for it to pursue growth opportunities.

The Bank's overall capital adequacy ratio (CAR) under Basel III stood at 17.53% at the end of the year, well above the benchmark requirement of 9.00% stipulated by Reserve Bank of India (RBI). Of this, the Common Equity Tier I (CET I) CAR was 13.34% (against minimum regulatory requirement of 5.50%) and Tier I CAR was 14.49% (against minimum regulatory requirement of 7.00%). As on 31 March, 2020, the Bank's Tier II CAR under Basel III stood at 3.04%.

The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31 March, 2020 and 31 March, 2019 in accordance with the applicable RBI guidelines under Basel III.

(₹ in crores)

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Tier I capital | 88,449 | 69,238 |
| Tier II capital | 18,556 | 18,221 |
| Out of which | | |
| - Tier II capital instruments | 13,095 | 14,450 |
| - Other eligible for Tier II capital | 5,461 | 3,771 |
| **Total capital qualifying for computation of capital adequacy ratio** | **107,005** | **87,460** |
| **Total risk-weighted assets and contingencies** | **610,527** | **552,048** |
| Total capital adequacy ratio | 17.53% | 15.84% |
| Out of above | | |
| - Common equity tier I capital ratio | 13.34% | 11.27% |
| - Tier I capital ratio | 14.49% | 12.54% |
| - Tier II capital ratio | 3.04% | 3.30% |

## Business Overview

The Bank outlined its medium term strategy last year- GPS. The Bank's aspiration on the key vectors of GPS are -

- Growth: Deliver above average growth of in deposits (CASA+RTD) and advances
- Profitability: Deliver a consistent RoE of 18%; drive operating cost efficiencies
- Sustainability: Be predictable and well managed
- One Axis: Drive a culture of unity across the Bank's various departments, products and subsidiaries

The Post-COVID-19 scenario has altered our outlook on certain near term business strategies, however our commitment to GPS and its goal posts remains intact. We will continue to consider Growth, Profitability and Sustainability as imperative to all the decisions we take in the Bank.

Over the last year, we have embraced GPS across the Bank and our individual business segment performance is reflective of this.

An overview of the Bank's various business segments along with their performance during fiscal 2020 and future strategies is presented below:

### Retail Banking

The Retail Banking segment continues to be a key driver of the Bank's overall growth strategy. Over the years, the Bank has maintained its focus on customer centricity with deep understanding of their financial needs and excellence in delivery of bespoke personalised solutions. This has not only strengthened the Bank's relationship with the customers but the customers have also made Bank their preferred financial solutions partner.

The Retail business segment encompasses a wide array of products and services across deposits, loans, investments and payment solutions, which are delivered through multiple physical and digital channels to the Bank's customers.

Retail liability products include savings accounts and term deposits that are customized for certain target groups, such as high-net-worth individuals, senior citizens, women, defence personnel, students and salaried employees.

Retail lending products include home loans, automobile loans, two wheeler loans, commercial vehicle loans, personal loans, gold loans, education loans, credit cards, loans against term deposits, loans against securities, small business banking loans and agriculture loans.

The Bank's Retail Banking business unit also offers other products and services such as debit and credit cards, forex cards, bill payment services and wealth management services. The Bank also markets third party products such as mutual funds, life and non-life insurance policies and Government savings bonds. A wide range of liability and asset products and services are also offered to non-resident Indians ("NRIs").

To provide an omni-channel superlative customer experience to a larger segment of India's population, the Bank has developed a wide network of fully interconnected retail branches, extension counters, ATMs, asset sales centres, call centres, an Internet banking channel and mobile banking platform.

The Bank's deep customer relationship, focused execution, wide distribution and strong digital capabilities has helped it to improve customer experience and gain market share over the years. During fiscal 2020, Retail segment contributed 68%, 53% and 64% of the Bank's deposits, advances and fee income respectively.

The Bank continues to remain one of the strongest banking brands and among the top 20 brands in the country, standing apart from peers with a differentiated identity of being seen as an approachable and trustworthy institution. During the year, the Bank launched new brand philosophy – Dil Se Open, which aims to cement strong brand value among the stakeholders, with a two-fold focus on bolstering customer-facing interfaces and simplifying and strengthening various process gaps to enable employees to deliver better customer experience on ground.

Recent challenges in the macro environment due to COVID-19 require a nimble response to the emerging situation. Bank has identified various short and medium-term levers and crafted an action plan to help us navigate through the challenging situation including keeping a close tab on geographies and segments as they open up. Further, Bank is using this opportunity to re-imagine the new normal: the future of work and banking will be very different. The Bank is focusing its efforts on accelerating digital adoption across various processes within the Bank, strengthening credit and risk policies, and proactively managing collections.

The Bank has continued to engage with customers across various verticals leveraging Bank's digital channels, addressing their needs and concerns and ensuring delivery of smooth customer experience. The Bank is focusing on digital customer acquisition and also enabling sales resources to effectively engage with the customers. The Bank has ensured that customers are guided well while opting for the moratorium. The Bank has been focused on employee safety and education through various initiatives including specific learning and development interventions. Specific initiatives have also been taken for making both employees and customers more digitally active. The Bank has also facilitated DBT withdrawals for both Axis and non-Axis customers in remote geographies. Social distancing and hygiene norms have been maintained at all our outlets while taking care of all the financial needs of Bank's customers.

The Bank will continue to scale up its efforts towards ensuring safety of our employees and serving customer needs in these challenging times. The Bank's long term strategy and ambitions remain intact, and remain focused on developing an agile response to the current crisis which supports Bank's strategy.

### Retail Deposits

A key element of the Bank's strategy has been the shift from a product centric to a customer centric approach with an objective to have sharper growth in deposits from existing as well as new customers in its Retail franchise.

The growth in deposits has remained the driver of Bank's balance sheet growth. During the year, the Bank continued its focus on garnering higher share of Current Accounts and Savings Accounts (CASA) deposits plus retail term deposits. The Savings Bank deposits grew by 13% while the retail term deposits grew by 27% during the year. As on 31 March, 2020, the Bank had over 23 million savings account customers.

Building a quality liability franchise has been a key focus area for the Bank and it has taken initiatives towards improving the quality of acquisition and deepening the relationship with its existing deposit customers. Earlier this year, the Bank had re-organised the Retail business segment structure and created a new vertical structure in Liability Sales to drive greater focus on new customer acquisition on the CASA and retail term deposits. To ensure that the product designs continue to remain contemporary, competitive and engaging and to reach out to new consumer segments, the Bank also launched Prestige Savings and Salary Account earlier during the fiscal year.

Savings Accounts segments like Priority, Prestige, Burgundy, NRI and Government savings continue to be the primary focus areas of the Bank. In order to acquire RTD from New to Bank (NTB) customers the Bank launched Express FD, a digital Fixed Deposit which allows fixed deposit accounts to be opened through digital mode in quick time and with zero issuance fees.

In order to serve the deposit customers better and deepen relationships with them, the Bank has organically built its branch network over the years. The Bank undertakes a detailed study of the demographic factors of an area to assess its business potential before setting up a branch. The Bank has an evenly distributed branch presence across various geographies catering to the needs of diverse customer groups.

During the year, the Bank opened 478 branches, highest number of branches in any given fiscal year. As on 31 March, 2020, the Bank had a network of 4,528 domestic branches and extension counters as compared to 4,050 domestic branches and extension counters as at the end of 31 March, 2019.

Back office operations are centralized at central processing units allowing the Bank's branch network to focus on business acquisition and expanding customer relationships. As on 31 March, 2020, the Bank had 326 central processing centres, 13 service branches, 12 extension counters and 95 specialized branches (lending centres).

The Bank was the first private sector Bank to introduce recyclers, which can both accept and dispense cash. As on 31 March, 2020, the Bank had deployed 5,433 recyclers/cash deposit machines that handled, 70% of the overall cash deposits at the Bank, leading to efficient use of Bank's staff. The realm of technology has changed the world's expectations into real time fulfilment and more so of the customers in terms of Bank's products. Understanding the need of the hour, the Bank introduced 8 Instant Fulfilment campaigns (Credit Card onboarding, Card Portfolio products, FD/RD booking, Mutual Fund - SIP, Insurance Renewal) for customers on its ATM channel; 6 of which are as a first ever initiative in the banking industry. This helped to achieve 1lac+ instant sale of products in fiscal 2020.

The Bank's geographical reach in India now extends to 35 states and union territories, covering 2,559 centres and 682 districts. Around 16% of the Bank's branches are in rural areas and 76% of the Bank's rural branches are in unbanked locations.

As a part of essential service, 99% of Axis Bank branches remained operational during the lock down phase implemented by the government to tackle COVID-19 outbreak. Moreover, Bank has ensured 96% availability of (<24 hour down) ATMs and Recyclers for customers despite the challenges faced during lock down. The Bank through its branches and BCs facilitated the customers for withdrawal of money received under PMGKY scheme as per Govt. directive. The Bank also enabled and strengthened its operational processes through Digital platforms to encourage customers for using the same.

**Retail Lending**

The growth of retail and consumer lending in India has been a consequence of growing affluence and changing consumer behaviour. Retail Lending is one of the Bank's core growth areas. The Bank's focused marketing approach, product innovation, risk management systems and competent back-office processes have contributed to the strength of the Bank's retail lending strategy.

The four core components of the Bank's retail lending strategy focus on cross-selling to existing deposit customers; focusing on distribution through branches; continue leveraging digital platforms and advanced data analytics engine driving underwriting.

Existing to Bank advantage: As a part of the business growth plans, the penetration into the internal customer base is a critical component of the strategy given the benefits of the customer stickiness, portfolio performance and lower acquisition cost. The Bank continues to focus on upselling and cross selling opportunities for its products to the existing customers. Branches play an important role in this with almost 47% of retail advances being sourced at branches.

Geographical connect: The Bank's strong geographic presence through its robust network of branches and loan centres, has helped to cater to a wide strata of society especially in the rural and semi urban areas. The Bank continues to focus on deepening and expanding its presence in rural and semi-urban locations through physical and digital technological support.

Digital Edge: Digital technology has played a key role in delivering superior customer service and increased customer transactions. During the year, the Bank launched project 'Aarambh' that facilitates digitally assisted sales of multiple products through a single journey and offers real time point of sale offers for cross-sell to the Bank's customers. The Bank will continue to leverage various digital platforms with a view to enhance automation in lending and improving process efficiencies. The Bank sourced 44% of the personal loans through paperless digital platforms. Further, during the year the Bank sourced 19% of business loans digitally.

Advanced data analytics engine: The Bank's strategy has been to diversify its portfolio and to build a well-diversified portfolio book without compromising on the prudent risk management. The Bank has over the years invested significantly in data analytics. The Bank has been actively leveraging its strong Business Intelligence capabilities as a predictive analytical tool to understand customer's financial characteristics which help in developing robust credit decision models. This approach has also been complemented with the effective collections set up and strategy.

The Bank has grown its Retail Lending portfolio strongly over the last decade with a CAGR growth of 31% over the last 10 years and currently stands at ₹305,400 crores as on 31 March, 2020, up 24% over last year. The Bank continued to increase its share of retail loans to total advances, which stood at 53% as compared to 50% last year. While the Bank has significantly diversified the book over the years in terms of product offerings, the book continues to remain largely secured at 80% of the book with home and mortgage finance, automobile finance and loans against property being the major components of the Bank's retail lending portfolio, constituting 35%, 13% and 9% respectively. The proportion of higher yielding Retail Lending products comprising mainly of Personal Loan, Credit Card and Small Business Banking (SBB) stood at 22% as on 31 March, 2020.

### Priority Sector Lending (PSL)

Priority sector advances include loans to the agriculture sector, micro and small enterprises, financial inclusion sector, microfinance loans, loans to certain weaker sectors, housing and education finance up to certain ceilings and loans to fund the purchase of eligible assets and investments in eligible securitized assets. Deposits with NABARD on account of shortfall in priority sector business targets are also eligible for priority sector lending.

The Bank continues to focus on achieving the PSL targets and sub targets prescribed by the regulator. As on 31 March, 2020, Bank had average PSL achievement of 41.77% for fiscal 2020. Bank's current business model generates PSL advances, which meet the overall 40% requirement to a great extent. The Bank has also been buying PSL certificates (PSLC) to narrow the gap between achievement and RBI mandated targets in the sub segments. During fiscal 2020 the Bank purchased PSLCs of an aggregate amount of ₹48,321 crores at a cost of ₹611 crores.

The Bank has increased its emphasis on products that can be offered to MSMEs, Agri Sector and weaker section in order to drive the PSL sub-target achievements. The digital lending channels have been enhanced to facilitate quicker turnaround time for sanction and disbursement of loans to MSME borrowers. Newer platforms are being developed that will help reach out to potential borrowers and disburse loans seamlessly. The Bank continues to focus on augmenting the small ticket size loans with competitive features. Crop Loans to small and marginal farmers and microfinance business targeted at women borrowers from low income households is also being scaled up for sub target achievements.

The Bank has been working towards increasing its presence in specific rural and semi-urban geographies across India, where the Bank has lesser penetration in agricultural advances and MSME lending. The Bank continues to undertake activities that promotes financial literacy and awareness of the banking services with an aim to cover the under banked borrowers under this PSL drive.

### Payments

As the economy continues to go digital, there has been a tremendous growth in the share of retail payments with huge jump in the volumes of low value transactions on account of wider acceptability, convenience and government push. Though digital payments are outgrowing cash transactions, there still remains a large opportunity to grow them further.

Digital Payments continue to be at the core to the Retail Banking strategy as it represents not only the face of the franchise but also increases customer engagement, drives profitability and partnerships. During the year, the Bank launched Axis Bank Flipkart Credit Card a co-branded credit card offering best-in-class benefits both on online and offline spends. The Bank also launched co-branded credit card with Indian Oil Corporation and Freecharge. All these launches have opened up opportunities in two new customer segments – Known to Bank (KTB) and New to Bank (NTB). The Bank believes these two segments will have significant contribution in future sourcing.

The Bank also launched two new Credit Cards in the premium segment strengthening its position in this highly competitive segment. Axis Bank Magnus Credit Card is a premium credit card with exclusive travel, lifestyle and health benefits. The card comes with a complimentary travel ticket and airport concierge services, built for the luxurious traveller. Burgundy Private One card, a first of its kind luxury three-in-one credit card was launched for high networth and ultra-high networth clients. This card provides the customer with added benefits to withdraw cash or make international transactions at no additional cost and also serves as debit card and forex card. During the year, the Bank partnered with Flipkart and Amazon during their festival sales period; contributing significantly to total festive sales spends.

The Bank continues to focus on its digital first initiatives. The Bank sourced 45% of credit cards through paperless digital platforms. The Bank continued focus on affluent segment helped improve Affluent Credit Card sourcing mix to 12% of overall volumes in fiscal 2020 as compared to 9% for previous year.

The Bank is one of the largest debit card issuers in the country, with a base of 24.51 million as on 31 March, 2020. The Debit Cards portfolio has seen an increase of 15% in spends from ₹44,610 crores in last year to ₹51,516 crores.

The Bank's merchant acquiring business continues to be one of the largest acquirers in the country with a base of 5.22 lakhs installed terminals of which 3.08 lakhs terminals are enabled for accepting contactless payments. The throughput acquired has seen a growth of 32% YTD during the year as compared to last year.

The Bank remains committed towards promoting a less cash-focused digital economy, and enjoys a strong market position across most digital payments spaces in India. The digital payments space also provides opportunity to attract and cross-sell to non-Axis Bank customers.

The Digital Payments business registered strong growth during the fiscal year. UPI transactions touched a new high with Axis Bank powering over 22 crores UPI transactions a month, making Axis the second largest PSP player. The UPI acquiring throughput too saw tremendous pickup during the year with 46% YOY growth and over 1 lakh merchants onboarded till date. During the year, the Bank ventured into offline acquiring as well, partnering with Google SMB, Reliance, FBB, Innoviti and Pine Labs.

Among the key innovations this year, UPI was enabled as a mode of payment for outstanding on Axis Bank Credit Cards and loans, and for investing in IPOs. More than 50,000 IPO mandates were set up via Axis UPI during the year. These innovations, with a high-end tech stack, have helped Axis partner with marquee players in the market such as CRED, Amazon & Bajaj Finserv and acquire over 9.5 crores customers VPA's for the UPI business. The Bank gained a major share in IMPS transactions processing over 43 million transactions a month and saw a jump in its ranking from 5$^{th}$ to 2$^{nd}$ as at end of 31 March, 2020.

### Wealth

The Bank's Wealth Management business 'Burgundy' continues to be among the top wealth management franchises in the country with assets under management of over ₹1.47 trillion as at end of 31 March, 2020. Since its launch in 2014, the wealth management business that offers unique and personalised wealth management advisory and solutions to the Ultra HNI, Affluent and Emerging Affluent customers, has steadily diversified its offerings and has gained the trust of over 1.6 lakh customers.

The Bank has over the years strengthened and deepened relationship with its customers by providing a wide platform for addressing the clients' financial needs in partnership with the Bank's subsidiary companies and several third party product providers across products like Bonds, Mutual Funds, Portfolio Management Services, Alternative Investment Funds, Equity & Derivatives, Life & General Insurance, among others.

During the year, the Bank launched the Burgundy Private proposition for high and ultra-high net-worth customer segments in December 2019. The Burgundy Private proposition leverages the strength of 'One Axis' and offers the combined expertise of the Bank and its subsidiaries to cater to the distinct and advanced wealth needs of this client segment. Within four months of its launch, the Burgundy Private has scaled up rapidly to cover over 850 families across 15 key locations with assets of nearly ₹17,700 crores as at 31 March, 2020.

The challenging investment environment notwithstanding, the business continued on its growth trajectory last year to grow the customer base by 14%. Since 2014, the revenues for the Burgundy business have grown at a CAGR of ~38% and AUM has grown at CAGR of ~28%.

### Retail Forex and Remittance business

The Bank offers a range of forex and remittances products to its retail customers, which include forex cards, inward and outward wire transfers, remittance facilities through online portal as well as through collaboration with correspondent banks and exchange houses.

The Bank continues to be one of the largest players in prepaid forex card market with its flagship offering of Multi-currency card that allows users to load 16 currency options in one card. Additionally, the Bank offers World Traveller Forex Card in association with Miles & More, Europe's largest traveller loyalty programme, aimed at frequent flyers which is an industry first in this segment.

In line with the rapid customer adoption of digital channels for banking transactions, the Bank provides convenient online offerings across the Retail Forex and Remittance product portfolio. RemitMoney, an online remittance portal available to NRIs across 7 geographies, provides competitive and user-friendly platform to send money to their beneficiaries in India. The Bank's customers can initiate outward remittances through their Internet Banking access without having to submit any paperwork. This convenient option resulted in continued increase in the number of transactions processed through this channel on a yearly basis. The Bank also offers instant reload facility to its account holders on their Multi-currency forex cards for travellers on-the-go who need not worry anymore about running out of cash while abroad.

### Third Party Distribution

The Bank today is one of the leading distributors of third party products including mutual fund schemes, life insurance, health insurance and other general insurance policies. The Bank offers comprehensive investment and protection solutions, to cater to the diverse needs of each customer segment, adopting tech-enabled delivery mechanisms across all customer touch points.

In terms of investment products, the Bank ranks among the top 4 distributors in Assets Under Management (AUM). The Bank through its dedicated in-house research desk, identifies the best mutual fund schemes based on qualitative and quantitative parameters. Currently, the Bank distributes Mutual Funds schemes of 18 major Asset Management Companies, through its diversified branch network and digital channels based on the customers' lifecycle and investment requirements. The Bank has 1.4 million mutual fund customers and has earned the Wall of Fame at the UTI Mutual Fund and CNBC TV18 Financial Advisor Awards in 2018-19, for being conferred the Best Private Bank for 2 consecutive years. The Bank also offers various AIF products to its customers, as approved by SEBI.

The Bank offers online trading services to its customers in collaboration with Axis Securities Ltd (a 100% subsidiary of the Bank) under the brand name Axis Direct. Through its branches, the Bank has sourced more than 2 million total customers for Axis Direct.

For its life insurance distribution business, while the Bank already had a tie up with Life Insurance Corporation of India and Max Life Insurance Company Limited, it entered into partnership with Bajaj Allianz Life Insurance Company Limited in November 2019. The Bank continues to focus on providing need based product options to cater to the financial security of customers and has secured the lives of over 1.4 million customers since the inception of partnerships.

In General Insurance, the Bank continues to distribute health insurance products for TATA AIG General Insurance Company Limited and HDFC Ergo Health Insurance Company Limited (erstwhile Apollo Munich Health Insurance Company Limited) with a focus to offer diverse insurance solutions to retail and corporate customers, the Bank has recently tied up with Bharti Axa General Insurance Company Limited and Aditya Birla Health Insurance Limited for general and health insurance products respectively.

Third Party Distribution contributed 16% of total Retail Bank fee income in fiscal 2020.

### Digital Banking

Customers today desire instant gratification and seamless experience across various channels. The Bank is constantly striving towards digital excellence and has remain focused on redesigning and simplifying customer journeys to improve customer experience in onboarding, transactions and servicing.

The Bank has taken significant steps towards increasing its digital presence by investing significantly in building enterprise level digital capabilities. Digital technologies today allow for several innovations driven by data and technology. The Bank aims to deliver sustainable value through digital banking and become the leader in customer experience in India by introducing new products and segments.

With its dominant presence on conventional digital channels like Mobile Banking app and Internet Banking platform, the Bank is strengthening its reach towards new age banking channels like Axis Aha chatbot and Alexa voice banking along with initiatives to embrace cutting edge banking on Whatsapp and API integrated banking.

During the year, the Bank has taken several initiatives in Digital Bank to address growing customers needs and provide superlative customer experience. The Digital team introduced smart statement which analyses the customers' category wise spends on Mobile App; launched Axis Voice Banking on Alexa to assist customer to know their account balance and credit card bill through voice command. The digital initiatives with respect to journey optimization which entailed a seamless, paperless and quick onboarding experience, along with introduction of the new journey on the mobile app also aided the growth in online mutual funds business. The online investments platform helped the digitally active customer base to invest in different categories of mutual funds and monitor portfolio online. The overall discoverability of investment products was also enhanced across digital assets of the Bank.

The Bank has seen an increase of 92% in total number of registrations on Mobile Banking and a 15% growth in total registered customers on Internet Banking platform on year on year basis which shows high customer adoption of digital channels. More than 70% of the new digital registration are mobile first. All these efforts have culminated into making the Axis Mobile app as one of the highest rated banking app in Playstore and Appstore. In recognition of all these initiatives, Axis Bank won the Best Mobile App award for Citizen Centric Services at The ET Government DigiTech Conclave & Awards, 2019. The Bank also won the Best Digital Bank award for the second consecutive year at The Financial Express 'India's Best Banks' awards ceremony.

### Wholesale Banking

The Bank's Wholesale Banking business unit offers various loan and fee-based products and services to large, mid-corporate and multi-national clients as well as commercial banking group (including small and medium enterprises as well as micro, small and medium enterprises).

During the year, the Bank reoriented and strengthened the organization structure in Wholesale segment with an objective to streamline and simplify functioning and bring in greater business focus, improve profitability, productivity and efficiency. Business relationship and product specialists' responsibilities have been segregated to ensure sharper focus on client coverage and product groups through Wholesale Banking Coverage Group and Wholesale Banking Products Group, respectively.

## Wholesale Banking Coverage Group

The Wholesale Banking Coverage Group offers various Loan Products such as Working Capital Loans, Overdrafts, Short and Long Term Loans, Import and Export Finance that are specially designed to meet all financing requirements to Government clients, large corporates, multi-national and mid-sized coverage clients. In an effort to create an integrated Wholesale Banking franchise the Bank has reorganized the coverage structure in fiscal 2020, as follows:

| Re-Oriented Coverage Groups | | | |
|---|---|---|---|
| **Large Corporate** | **Mid Corporate** | **Focused Segmental Coverage** | **Commercial Banking** |

- **Large Corporates:** covering all corporate clients with turnover greater than ₹1,000 crores;
- **Mid-Corporates:** covering all corporate clients with turnover between ₹250 crores and ₹1,000 crores; and
- **Focused Segmental Coverage:** covering Strategic Clients, Government-owned entities, Multi-national companies and financial institutions group companies.
- **Commercial Banking Coverage Group (CBCG):** caters to businesses with turnover between ₹10 crores to ₹250 crores.

With the re-orientation of the Corporate Banking vertical of the Bank, the Wholesale Coverage Group is now augmented to deliver “One Axis” to the customer. Besides credit products, the Coverage group also delivers trade, forex and derivative solutions, payments and cash management systems, tax payments, salary accounts and trust services, commercial and credit cards etc. with the support of a well-defined Wholesale Banking Products team. The Bank today presents itself as a large scale full service Wholesale Bank through its subsidiaries across Investment Banking, Commercial Banking and Transaction Banking with linkages to Retail. The Bank has leveraged One Axis to provide comprehensive solutions to its clients thereby deepening the relationship further.

During the fiscal 2020, the Bank’s Corporate loan growth was up 11% over fiscal 2019. The Bank’s domestic corporate loan book growth was strong with a YoY growth of 13%. The Bank continued to implement its strategy of de-growing the overseas loan book aligned to the focus shift of top business houses to tap opportunities in the domestic market.

The Corporate lending business in the Bank continued to emphasise doing business with higher rated corporates focussing on having higher share of the cash flows of these corporates through working capital facilities and cash management services arrangements. The Bank also participated in some of the NCLT related resolution cases funding marquee groups and high rated corporates.

During the start of the year, the credit underwriting function was taken out from the businesses and was made an independent function. The Bank’s strategy of sectoral approach to portfolio diversification and credit continued, where the focus was on identifying sector specific opportunities and risks; and grow accordingly. The Bank has defined industry, group and rating based single borrower exposure limits and monitors it on a regular basis with a view to identify risk and takes proactive action to mitigate them.

Approximately, 95% of new sanctions in the corporate book were to companies rated ‘A-‘ or better. Presently, 83% of outstanding standard corporate book is to companies rated ‘A-’ and above. Further, portfolio diversification through a sectoral approach to credit has helped the Bank to continue reducing the concentration risk.

Over the last couple of years, the Bank has deepened the integration into the customer value chain cutting across the value chain. On the payments side, Bank continues to gain market share by developing unique value proposition to vendors and other stakeholders. With the re-organisation of the Wholesale Banking Group, the focus now is more on digital innovation with improvement in process quality at the core. These innovations have been recognized by various industrial bodies (Best Banking Innovation of the Year- 2020- Banking Frontiers (Finnoviti, Best Banking Technology of the Year 2020 – Internet and Mobile Association of India)). Corporate Internet Banking Mobile App had more than 1.7 lakhs downloads with more than ~20% of the transactions through the app.

Towards the end of fiscal 2020, countries across the world were hit by an unprecedented global pandemic COVID-19. As a result of this severe crisis, it is expected that industries across the sectors will get impacted and the resultant economic and financial impact will be spread over a much longer time. Given this development, the Bank has continued to remain cautious and conservative in its underwriting standards.

The Bank continues to focus on leveraging the strong relationship the Bank enjoys with better rated corporates to focus on gaining a higher share of shorter tenure working capital and transactions. During this period, the Bank has reached out to a large number of clients (existing and new) in their hour of need and has developed a deeper engagement through the Targeted Long Term Repo Operations (TLTRO).

## Commercial Banking Coverage Group

With Small and Medium Enterprises (SME) expected to be a growth driver for the country over the medium term notwithstanding the near term effects of COVID-19, the Bank continues to focus on ensuring strong presence in this segment. In order to deepen existing relationships with SMEs, a new segment called Commercial Banking Group (CBG) was created during the year.

The Bank's Commercial Banking business emphasizes relationship building and supporting entrepreneurs. The Bank has created dedicated business verticals to meet the requirements of the SME market sector, namely the Small Enterprises Group (for turnover up to ₹75 crores), the Medium Enterprises Group (for turnover above ₹75 crores to ₹250 crores) and the Supply Chain Finance Group.

The SME business unit is of strategic importance to the Bank as it generates higher yields and helps to diversify risks. The SME business unit offers a wide range of both templated and non-templated products, including term loans and working capital finance, non-fund based facilities to meet the specific requirements of SME clients. The SME business also continues to focus towards lending to the Priority sector (PSL) with 59% of the book qualifying for PSL lending. The Bank's SME book is very well diversified across the geographical regions and consists of 35 broad sectors. The Bank has a strong network across the Country offering best in class service through 120 dedicated SME centres and more than 4,200 branches.

During fiscal 2020, given the uncertainties on the macro-economic front and the underlying weakness in the economy, the Bank had maintained a cautious stance on SME space. The SME business saw de-growth of 6% for the fiscal 2020 as the Bank focused on maintaining asset quality in the segment. The Bank's SME advances stood at ₹61,921 crores as on 31 March, 2020 and constituted 11% of the Bank's total advances as on 31 March, 2020.

During the year, the Bank implemented Project 'Sankalp', an SME digital transformation initiative to transform the SME business to improve efficiencies, customer experience and deliver year on year growth. The project also simplifies the credit assessment process by adapting a digital workflow based system to streamline the credit assessment process and with improved credit model.

The Bank makes use of business analytics to identify potential borrowers across various sectors and has various Early Warning Systems in place which help to take corrective action when necessary. The asset quality in the SME segment has remained stable with strong focus on sourcing high rated customers.

To enable stronger, faster and leaner processes to streamline the customer journeys for onboarding, deepening and cross-sell. A new loan onboarding and approval system is being structured to bring in better controls from a system perspective on TATs, building better underwriting capability based on analytical feed and creating a digital workflow for risk mitigation. A new digital tool is built to provide rich customer insights to relationship managers in order to enable them to sell the right product and provide better solutions.

The Bank has been taking several initiatives to support the growth and development of MSME sector. The Bank organises "Evolve" series - an educational initiative for SMEs every year that focuses on Small and Medium Enterprises (SME) in India. The series is now regarded as a signature initiative of Axis Bank in building SME capacity. The 6$^{th}$ edition of Evolve was organised this year around the concept "Gearing up for a 5 Trillion Dollar Economy" in over 25 cities across the country.

## Government Business

The Government Coverage Group of the Bank offers a wide range of services to Government Departments, Public Sector Units (Centre and State), Autonomous Bodies, Agencies, Educational Institutions, Local Governance Bodies, Special Purpose Vehicles and other entities to suit their banking requirements. Since the year 2003, the Bank has been authorised by Reserve Bank of India to handle all agency business transactions. Today the Bank handles all Government of India and State Government businesses which include the following:

- Collection of Direct taxes (CBDT)
- Collection of GST across all branches
- Disbursement of Central Civil as well as Defence Pensions

- Accreditation by RBI as an authorised banker for the Ministry of Urban Development, Ministry of Housing and Urban Poverty Alleviation, Office of Controller General of Accounts and Institute of Government Accounts and Finance, under Ministry of Finance

The Bank is a participating entity in the Government's Public Financial Management System (PFMS). The Bank is also an active player in Government e-Marketplace and trains both vendors and Government bodies for using the platform.

The Bank is among the leading banks in the country in digital banking and is driving partnership-driven innovation in the space, actively contributing to India's key developmental initiatives such as Digital India, Direct Benefit Transfer (DBT), E-Procurement, E-Mandi, E-Nagarpalika, Online Payment Gateways and other cashless initiatives through various modes. It also continues to work on diverse digital mandates with multiple state governments to scale up e-governance and expand e-citizen services.

The Bank is also associated with the e-Governance and e-Procurement initiatives of several states and union territories, for example Andhra Pradesh (Me-Seva), Karnataka (Bangalore One and Karnataka One), Chandigarh UT (Sampark) and Chhattisgarh (Chhatisgarh Online information system for Citizen Empowerment).

**Transaction Banking**

The Wholesale Banking Products Group focuses on transaction banking or flow businesses, i.e. current accounts, collection & payments solutions, trade services, forex remittances and capital market solutions. It caters to corporates, SMEs, sole proprietors, financial institutions and government segment.

The key financial deliverables of the business are current account float balances and fee income. The Bank has been focusing on average balances in relation to current accounts, the volatility on the current account balances have declined which resulted in increase in the growth of average balances of current account. Daily average balances in current accounts grew 8%, from ₹64,006 crores in fiscal 2019 to ₹69,431 crores in fiscal 2020. The fee income generated for the above products was of ₹1,972 crores in fiscal 2020, a growth of 6% year on year.

**Current Accounts**

Current Accounts continue to offer a suite of product variants and continues to offer all the banking services through its branches. With the economy slowing down, and new customer onboarding becoming more challenging, the Bank continues to support all its customer businesses through its branches as per their need. Also, strategically, digitization will be key focus for the year ahead, with an aim to strengthen our digital offering across products and services through innovation and technology. Our digital strategy will play an integral part in providing customers uniform service experience across various channels, especially during restricted times. This would also lead to better cross-sell opportunities and overall deepening of the relationship.

**Cash Management Solutions**

The Bank provides comprehensive and customizable cash management solutions that enable faster fund movement by leveraging the Bank's extensive branch network backed by state-of-the-art technological systems. To enable corporates to make payments on the move, the Bank has launched 'Axis Corporate Mobile app' The Bank has also launched an industry first offering 'One Connect' an integrated payment & bill discounting solution which is a collaboration between Axis Bank & Invoicemart. During the year, the Bank has enabled 24x7 processing of NEFT transactions. In order to extend online banking for non-digital customers during the lockdown, the Bank has initiated the process of paperless onboarding for digital payment channels. The Bank has been awarded the mandate of PM Cares Donation Fund and other State level COVID-19 Donation drive wherein Bank has activated various digital modes of payment.

The Bank has been focusing on providing holistic solutions for select sectors by offering digitization of value chain along with better liquidity management. Bank's integrated digital dairy platform offered through TSP, has ensured end to end data capture on milk procurement and ensured timely payments to over 7 lakhs farmers across India. With client specific auction and procurement platforms, the Bank is able to digitize the entire Agri Value Chain helping various government agencies to bring transparency and price discovery to stakeholders. Bank has launched Fund Disbursement Management Solution – a product developed to provide the Government Institution a better way to manage the physical and financial progress of their schemes with sharper visibility at all levels of the Government and direct transfer of funds to the beneficiary account. The Bank developed a simple 3 click online process and enabled the entire branch network to issue FASTags. The Bank is currently ranked 3$^{rd}$ in terms of total number of tags issued.

Axis Bank has developed in-house BBPS (Bharat Bill Payment System) engine. The Bank has designed a comprehensive solution for billers and aggregators whereby they can participate in the BBPS platform. Bank foresees BBPS will position us ahead of competition as a Digital Player, help in client stickiness and generate incremental revenue.

The Bank has designed a first-of-its-kind Smart City Solution that includes a prepaid smart card/wallet, a mobile app and a web portal which empowers citizens not only to make cashless payments but also to interact with city administration to raise grievances and apply for services. During the current year, Bank won Tumkur Smart City, Agra Smart City (Door 2 Door Tax Collection), Amritsar and Bhopal Smart City (digital spot fine collection) and Prayagraj Smart City.

### Trade, forex and risk management services

The Bank offers a complete suite of products and solutions for domestic trade as well as international trade finance and foreign exchange business through its designated Corporate Banking branches and Forex "B" category branches spread across the country supported by centralised operations units.

The Bank also offers a variety of hedging solutions such as exchange and interest rate derivative structures, including forwards, options and swaps in accordance with the regulatory guidelines and derivative policy of the Bank. In addition to the services offered through the branch and subsidiary network spread across India, Bank also leverages its tie-ups with reputed correspondent banks across the world to offer these services to overseas customers.

While the Bank continues to focus on offering the trade and forex services from its Corporate Banking branches and Forex "B" category branches, the Bank has developed strong focus on offering these services through its digital channel 'TF Connect' which is part of Bank's Integrated Digital Platform for corporates and SMEs, enhancing the customer experience.

The Bank is one of the few private sector banks that has been onboarded as advisory bank in Government e-Marketplace (GeM). This tie-up enables the Bank to offer automated solutions for advising electronic performance guarantees (e-PBG) to Government departments /organisations /PSUs with value added features like integrated responses and faster turnaround time.

The Bank was one of the first banks to facilitate presentation of trade related documents through electronic mode during the COVID-19 lockdown where physical movement of documents was restricted. Further, to encourage the use of digital platforms during the lockdown period, the Bank took a decision to waive the charges on trade and forex transactions received through 'TF-Connect' till 30 June, 2020.

### Custodial and Capital Market Services

The major activities undertaken by the Capital Market Division are fund based and non-fund based credit facilities, clearing bank activities, Professional Clearing Member Services (PCM), NSCCL custodian services, fund accounting services, IPOs, dividend distribution and escrow services.

The Bank acts as a clearing bank and professional clearing member across exchanges in India providing clearing member services and funds clearing solutions to exchange members. The Bank is also a SEBI registered custodian of securities, servicing various segments of clients viz. Foreign Portfolio Investors, Foreign Direct Investors, Portfolio Management Service Providers and Foreign Venture Capital Investors etc.

Assets under custody services as at end of fiscal 2020 stood at ~₹85,000 crores, up from ~₹61,000 crores in fiscal 2019.

### Correspondent Banking & Payments

Correspondent Banking maintains Nostro and Vostro relationships of banks across various geographies. The Bank enters into correspondent banking relationship to grow cross border business and offer more options to customers for inward & outward payments. The Bank offers products and services to customers such as Retail / Non retail remittances, cheque clearing, Trade Finance, Treasury payments etc. Currently, the Bank has relationships with over 1,000+ banks worldwide in more than 100 countries, thereby providing our customers a widespread global reach.

## Treasury & Markets

The Bank's Treasury & Markets function comprises of Asset Liability Management (ALM), Forex Trading group (including customer forex, currency derivatives & bullion), Interest Rate Trading (IRT) (including Rupee Derivatives) & primary dealership, Non SLR Trading (including Equity), Debt Capital Markets(DCM), Treasury product specialist and syndication business.

The ALM group manages the regulatory requirements of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR). The group also manages the liquidity, interest rate and currency risks in the Bank's portfolio, under the guidance of the Asset Liability Committee (ALCO) of the Bank. The group is responsible for overall liquidity management of the domestic book and longer term liquidity management of the overseas branches across geographies.

Forex Trading Group is a major participant in the foreign exchange and derivatives market. It undertakes proprietary trading and market making in forex and derivatives products. It provides complete risk management and hedging solutions to retail and corporate customers and services institutional clients.

The IRT desk plays an important role of market making and trading in G-Sec, OIS & other approved interest rate products. The Bank is primary dealer of government securities. PD desk ensures mandated bidding commitments, success ratio & turnover ratio for T-bill auctions /G Sec are achieved for the year.

The Non SLR Trading desk undertakes primary/secondary market investment in Corporate Bonds, CP/CD and Equity instruments. Net Corporate Bond book is ₹21,303 crores as on 31 March, 2020.

DCM business is responsible for arranging Bond issuances of Corporates in the domestic and international market. The Bank continues to remain a dominant player in the DCM segment. During fiscal 2020, the Bank arranged bonds and debentures of ₹78,724 crores with a market share of 26% and ₹29,166 crores for quarter ending March 2020 with a market share of 29%. The Bank has been ranked number one arranger for rupee denominated bonds as per Bloomberg for calendar year 2019.

Treasury products specialist team is responsible for supporting the coverage team to drive the forex and derivatives business of the Bank. The team provides end to end customised solutions to the customers for any trade or capital account transactions. The vertical helps manage the Treasury needs of customers and earns a substantial part of its revenues through fee income generated from transactions customers undertake with the Bank for managing their foreign exchange and interest rate risks.

Syndication business primarily focuses on sourcing, structuring and syndicating the underwritten loan mandates in Rupee as well as Foreign Currency to various investors i.e. banks and financial Institutions.

**Process Transformation and Service Excellence**

Customer centricity remains at the heart of The Bank's 'Open' philosophy. During the year, the Bank has undertaken a large number of process transformation projects with a view to improve turn-around-times, process efficiency, productivity and operational capabilities for improved customer experience. The Bank has developed systems and capability to capture customer experience feedback across channels, life cycle and product lines. This has helped the Bank in tracking the progress in customer experience scores and more importantly identifying areas for improving processes and people competencies.

The Bank's dedicated team of Process Quality experts having skill set of Lean and Six Sigma philosophy, have been instrumental in driving these improvement projects across the Bank. The team has been using Lean Six Sigma (DMAIC framework) to drive implementation of the projects for sustainable improvement.

Some of the key areas that have been positively impacted by these initiatives include:

- Bank wide turnaround time and efficiency improvement
- Project 'Sun-down' to drive a daily rhythm of Zero pendency by collaboration across multiple departments
- Bank wide Unified Sales & Service CRM
- Simplifying and delivering instant account opening process
- Providing first level self -service using voice and chat bots
- Empowering the front-line and back-end employees to deliver a consistent experience across channels
- Delivering a unified "One Axis" to drive customer engagement

The team also played an important role in tracking and ensuring that the business continuity plan (BCP) invoked by the Bank before the COVID-19 related lockdown was effectively implemented. Operations team refined the BCP strategy and all operational activities were reclassified, into Critical 1, Critical 2 & Non critical activities. A dashboard was created to have a daily monitoring and sight on key business critical activities and appropriate measures were taken that resulted in the Bank being able to successfully serve the customers during lockdown phase.

**Business Intelligence Unit**

The Bank has an in-house Data Science and Artificial Intelligence (AI) team providing cutting edge solutions to various functions of the Bank. The BIU team is responsible to create data assets and monetize them with time and has numerous success stories in the area of risk management and operational optimization. The team has successfully deployed and driven adoption of predictive solutions not only in Retail but in Corporate banking area as well. There are over 350 members in the team who are young and techno-functional with an expertise in distributed computing and algorithms catering to big data, new age programming language like Python and deep learning frameworks like TensorFlow, Keras etc.

BIU has invested in new age data science and engineering platforms – Big Data Lake and Analytical Work Bench to deliver value in traditional/non-traditional use cases and there has been upward trend in the adoption rate of these platforms. BIU's focus in Artificial Intelligence (AI) & Machine Learning (ML) along with traditional analytics has helped to serve internal stakeholders well in making business decision.

This year, the Unit focused on building analytical capability in operations world, which has helped the Bank to identify and streamline processes, reduce cost and enhance governance across Retail and Corporate business segments. Also, a lot of efforts have been put to enable real time access to data which is helping Bank take decisions way faster than earlier.

The Bank has also implemented multiple AI solutions like "AI Assisted FasTag Resolution" process based on computer vision algorithms and created analytical micro services which are integrated to mainstream applications to nudge RMs and customers at different touch points. The Bank is working towards making algorithms that will be able to create personalized experience on Mobile Banking platform — predicting next best action, next best product etc.

The Bank has successfully done proof of concepts on cloud to run algorithms on scale and the Bank continues to make investment in the areas of AI&ML, Cloud and Big Data to gain competitive advantage in servicing the customers and making business decisions in a better manner.

**Information Technology and Cyber Security**

IT Department of the Bank manages all banking applications through a central team having strong domain capabilities in banking, treasury, channels, payments and collections, along with technical capabilities. The IT operations are managed through a cross-functional team involving functional and technical experts.

With the objective of making banking simple and hassle-free for customers, the Bank has undertaken various technology driven business initiatives to deliver value through continuous technology adoption and innovation. The Bank has undertaken large scale IT transformation towards augmenting infrastructure to further build capabilities. The Bank continues to upgrade its core systems for better scalability, stability and enhanced security.

The Bank's Digital Lending platform has been at the forefront of the digital innovation initiatives enabling quicker adoption of capabilities needed to develop any lending product. Bank aims to leverage the platform and extend its capabilities across other products like Cards, SME etc.

The Bank continues to re-invent and re-invest in technologies including mobility, cognitive intelligence, application programming interface (API) banking, Robotic Process Automation and Artificial Intelligence / Machine Learning to develop winning propositions for its customers. In order to drive seamless integration with partners, Bank's Open API platform has been further enhanced to onboard merchants thereby generating more business and driving volumes. The Bank has future scaled the adoption of robotics process automation and Artificial Intelligence/Machine Learning augmenting operational efficiency, higher accuracy and reduction in processing time while serving customers.

The Bank has also embarked on its journey to re-architecting its technology infrastructure to be Cloud native providing the necessary agility, speed and elasticity for scale. To improve branch network and address infrastructure limitations in remote geographies, Bank has empanelled multiple national level large reach providers and local broadband providers. Bank has also invested in software defined data centers and network which will enhance branch bandwidth exponentially.

The Bank pursues a holistic cyber security program with a comprehensive Cyber Security Policy and Standards based on industry best practices in compliance with regulatory guidelines. The Bank has deployed its cyber security structure and framework based on National Institute of Standards and Technology (NIST) Standard. The Bank's cyber security framework is built and operated around five fundamental areas including Identify, Protect, Detect, Respond and Recover. Bank is compliant to ISO27001 and PCIDSS standards. The Bank has a 24x7 Security Operations Centre and Cyber Security Operations System.

Following the COVID-19 pandemic, the Bank has been committed to provide uninterrupted services to its customers. The Bank has actively encouraged large scale Work-From-Home mandate and provided all enablement necessary to support its employees to efficiently perform their duties. The Bank has allocated laptops, activated VPN/VDI connections along with application access and triggered enterprise mobility and collaborative tools to all critical employees to enhance productivity and ensure seamless collaboration. The Bank also swiftly made changes necessary for RBI moratorium across all applicable systems.

Additionally, the Bank mobilized its service architecture and taskforce to provide necessary support to customers and employees whilst continuing to focus on development efforts of strategic initiatives.

**Risk Management**

The Bank continues to focus on strengthening the risk management capabilities, while leveraging on advanced analytics and frameworks, to drive risk management.

The risk management objective of the Bank is to balance the trade-off between risk and return, and ensure that the Bank operates within the Board approved risk appetite statement. An independent risk management function ensures that the risk is managed through a risk management architecture as well as through policies and processes approved by the Board of Directors encompassing independent identification, measurement and management of risks across the various businesses of the Bank. The risk management function in the Bank strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks. The Bank continues to focus on refining and improving its risk measurement systems including automation of processes, not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilisation. The Board reviews the risk profile of the Bank at periodic intervals and ensures that risk levels are within the defined risk appetite.

The overall risk appetite and philosophy of the Bank is defined by its Board of Directors. The Risk Appetite Framework provides guidance to the management on the desired level of risk for various types of risks in the long term and helps steer critical portfolio decisions. Further, the Internal Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks associated with various businesses. The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk, other Pillar II risks like reputational risk and strategic risk and exercising oversight on risks associated with subsidiaries. The risk management processes are guided by well-defined policies appropriate for the various risk categories viz. credit risk, market risk, operational risk, liquidity risk, counterparty risk, country risk, reputational risk, strategic risk and subsidiaries risk, supplemented by periodic validations of the methods used and monitoring through the sub-committees of the Board. The Risk Management Committee (RMC), a committee constituted by the Board, approves policies related to risk and reviews various aspects of risk arising from the businesses undertaken by the Bank. The Committee of Directors (COD) and the Audit Committee of the Board (ACB) supervise certain functions and operations of the Bank, which ultimately enhances the risk and control governance framework within the Bank. Various senior Management credit and investment committees, Credit Risk Management Committee (CRMC), Asset-Liability Committee (ALCO), Operational Risk Management Committee (ORMC), Subsidiary Management Committee (SMC), Information Systems Security Committee (ISSC), Central Outsourcing Committee (COC) and Business Continuity Planning Management Committee (BCPMC) operate within the broad policy framework of the Bank.

**Credit Risk**

Credit risk is the risk of financial loss if a client, issuer of securities that the Bank holds or any other counterparty fails to meet its contractual obligations. Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor. The goal of credit risk management is to maintain asset quality and concentrations at individual exposures as well as at the portfolio level.

Internal rating forms the core of the risk management process for wholesale lending businesses with internal ratings determining the acceptability of risk, maximum exposure ceiling, sanctioning authority, pricing decisions and review frequency. For the retail portfolio including small businesses and small agriculture borrowers, the Bank uses different product-specific scorecards. Large, risky or complex exposures require to be independently vetted by the risk department for each incremental transaction whereas small, templated exposures are extended within the approved product policies. Both credit and market risk expertise are combined to manage risks arising out of traded credit products such as bonds and market related off-balance sheet transactions.

Credit models used for risk estimation are assessed for their discriminatory power, calibration accuracy and stability independently by a validation team.

The Bank's overall credit governance structure and processes have been strengthened during the year to ensure credit quality on an ongoing basis. The operational limits are set in line and commensurate with the level of risk appetite. The key risk metrics are monitored regularly and deviations are discussed with business to decide on the course of remedial action.

## Market Risk

Market risk is the risk of losses in 'on and off-balance sheet' positions arising from the movements in market price as well as the volatilities of those changes, which may impact the Bank's earnings and capital. The risk may pertain to interest rate related instruments (interest rate risk), equities (equity price risk) and foreign exchange rate risk (currency risk). Market Risk for the Bank emanates from its trading and investment activities, which are undertaken both for the customers and on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its banking book as well as its trading book for both its domestic and overseas operations. The market risk management framework of the Bank covers inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the market risk limits and comparable benchmarks which provide guidance to the business in optimizing the risk-adjusted rate of return of the Bank's trading and investment portfolio.

Market risk management is guided by clearly laid down policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Bank. Treasury Mid-Office independently monitors the Bank's investment and trading portfolio in terms of risk limits stipulated in the Market Risk Management Policy and board approved Market Risk appetite and reports deviations, if any, to the appropriate authorities as laid down in the policy and in the Risk Appetite Statement. The Bank utilises both statistical as well as non-statistical measures for the market risk management of its trading and investment portfolios. The statistical measures include Value at Risk (VaR), stress tests, back tests and scenario analysis while position limits, marked-to-market (MTM), stop-loss limits, trigger limits, gaps and sensitivities (duration, PVBP, option greeks) are used as non-statistical measures of market risk management.

The Bank follows a historical simulation approach to calculate Value at Risk (VaR) with a 99% confidence level for a one-day holding period in a time horizon of 250 days. VaR models for different portfolios are back-tested on an ongoing basis and the results are used to maintain and improve the efficacy of the model. VaR measurements are supplemented with a series of stress tests and sensitivity analysis as per a well laid out stress testing framework.

## Liquidity Risk

Liquidity is a bank's capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at a reasonable cost and without incurring unacceptable losses. Liquidity risk is the inability of a bank to meet such obligations as they become due, without adversely affecting the bank's financial condition.

The Asset Liability Management (ALM) Policy of the Bank stipulates a broad framework for liquidity risk management to ensure that the Bank is in a position to meet its liquidity obligations as well as to withstand a period of liquidity stress from bank-level factors, market-wide factors or a combination of both. The ALM policy captures the liquidity risk appetite of the Bank and related governance structures as defined in the Risk Appetite Statement. The ALM policy is supplemented by other liquidity policies relating to intraday liquidity, stress testing, contingency funding plan and liquidity policies for each of the overseas branches.

The liquidity profile of the Bank is monitored for both domestic as well as overseas operations on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. Periodical liquidity positions and liquidity stress results are reviewed by the Bank's ALCO and the Risk Management Committee of the Board.

The Bank has integrated into its asset liability management framework the liquidity risk management guidelines issued by RBI pursuant to the Basel III framework on liquidity standards. These include the intraday liquidity management and the Liquidity Coverage Ratio (LCR). The Bank maintains LCR in accordance with the RBI guidelines and the defined risk appetite of the Bank. The Bank is in readiness to adhere to the regulatory guidelines on Net Stable Funding ratio (NSFR) that are likely to be implemented from 1 October, 2020.

## Operational Risk

Operational risks may emanate from inadequate and/or missing controls in internal processes, people and systems or from external events or a combination of all the four. The Bank has in place an Operational Risk Management (ORM) Policy to manage the operational risk in an effective, efficient and proactive manner. The policy aims at assessing and measuring the magnitude of risks, monitoring and mitigating them through a well-defined framework and governance structure.

The RMC at the apex level is the policy making body and is supported by the Operational Risk Management Committee (ORMC), responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across the Bank.

All new products and processes, as well as changes in existing products and processes are subjected to risk evaluation by the Operational Risk team. The overall responsibility of new products is vested with the Risk Department through the Bank's Product Management Committee and Change Management Committee. Outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee after due recommendations from the Operational Risk team. The Information System Security Committee of the Bank provides directions for mitigating operational risk in the information systems. The Bank has set up a comprehensive Operational Risk Measurement System for documenting, assessing, and periodic monitoring of various risks and controls linked to various processes across all business lines. Over the year, the Bank has focused on strengthening the operational and information security risk frameworks by implementing several initiatives.

The Business Continuity Planning Management Committee (BCPMC) exercises oversight on the implementation of the approved Business Continuity Plan (BCP) framework which has been put in place to ensure continuity of service to its large customer base. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical internal activities to ensure readiness to meet various contingency scenarios. The learning from the BCP exercises are used as inputs to further refine the framework.

### Risk Management Initiatives

The Bank has an independent risk management function (Risk Department) reporting to the MD & CEO which includes, among others, teams focusing on Credit Risk, Market Risk, Liquidity Risk, Information Security and Operations Risk. The Risk Department is headed by the Chief Risk Officer whose roles and responsibilities are approved by the Board in line with the requirements of the RBI. The Risk Department, in addition to formulating the Risk Appetite for approval by the Board, drives the implementation thereof through policies, processes and guidelines. The Risk Department also monitors the risk profile at the Bank level as well as at operational levels and reports on the same to the Board and the senior management. The Bank has invested in, and continues to invest in, people and infrastructure to support this role. In specific, the Bank has been strengthening the information and cyber security and technology risk domains.

During fiscal 2020, the Bank has taken additional steps to strengthen the risk management function. This includes establishing enhanced cadence around review of credit portfolios at the Board level, conducting regular reviews of the Risk Appetite Statement, proactive risk interventions around the retail portfolio (especially unsecured portfolio) etc.

Further, as the COVID-19 pandemic emerged around the horizon, the Bank has set up a centralised emergency response framework, focusing across multiple facets – protecting life, ensuring business continuity, protecting operations, maintaining liquidity and protecting capital. In deploying this, the Bank proactively issued advisories to staff, tested and scaled up continuity plans before the lockdown, tightened controls to manage operational risk, enhanced the due diligence around new originations and began monitoring liquidity very closely. The Bank has been able to ensure operations at branches and ATM's have continued with minimal disruption, liquidity is satisfactory and the health of the staff is protected to the maximum extent.

### Subsidiary Governance

The oversight of Subsidiaries is an essential element for the implementation of robust corporate governance across group entities and is an integral feature of a well-managed business, capable of creating value through enhanced reputation and investor confidence. Towards this objective, the Bank has implemented an integrated subsidiaries governance framework through the Subsidiaries Management Committee to align governance practices at Axis Group level which is overseen by the Board and Board level committees. The governance framework encompasses group level alignment of key functions such as risk, compliance, audit, human resources, finance, information technology, cyber security, corporate communication, marketing and secretarial practices to achieve group synergy and optimally leverage business opportunities. The framework is supplemented by a set of governance policies for operationalization of the governance framework.

### Compliance

Compliance risk is being considered as one of the most significant concerns in the banking sector. The compliance starts from the top with the Board and Top Management playing an active role in driving a robust risk and compliance culture in the Bank. The compliance department assists the Board and Top Management in managing the compliance risk. It also identifies, evaluates and addresses the legal and reputational risks in the Bank. The department ensures that overall business of the Bank is conducted in strict adherence to the guidelines issued by the Reserve Bank of India and other regulators, various statutory provisions, standards and codes prescribed by BCSBI, FEDAI, FIMMDA, etc. by evaluating the products / processes, guiding business departments on the various regulatory guidelines with a special emphasis on better understanding of the perspective

/ spirit of the guidelines and regulations, regular assessment of overall compliance status in the Bank. It closely works with operational risk and internal audit functions and monitors various activities of the Bank with more emphasis on active risk management. The non-compliances, if any, are being appropriately remediated through root cause analysis. The department has an oversight over Bank's subsidiaries to ensure the adherence to applicable laws and regulations. The Bank has a robust compliance policy and group compliance policy to manage the compliance risk in the Bank and its subsidiaries. The Bank has a robust Anti Money Laundering (AML) policy / framework and tools to manage the AML risk.

The Compliance department has been working to improve the risk and compliance culture in the Bank by organizing different training programs in collaboration with HR Department, conducting orientation programs with a special emphasis on compliance specific areas and issuing advisories through various communications apart from direct interactions.

Apart from being the focal point of contact with the regulators, the Compliance department periodically apprises the Bank's management as well as the Board of Directors / Audit Committee of the Board on the changes in regulatory environment and status of compliance in the Bank. The Audit Committee of the Board monitors and assess the performance of the Compliance department periodically.

The Board and Top Management aims to maintain the highest standard of compliance within the Bank and its group.

### Internal Audit

The Bank's Internal Audit function provides an independent view to its Board of Directors and Senior Management on the quality and efficacy of the internal controls, risk management systems, governance systems and processes in place on an on-going basis. This is provided to primarily ensure that the business and support functions are in compliance with both internal and regulatory guidelines. In line with the RBI's guidelines on Risk Based Internal Audit (RBIA), the Bank has adopted a robust internal audit policy. The Risk Based Internal Audit has been designed after factoring regulatory guidelines and also international best practices. The policy has a well-defined architecture for conducting Risk Based Internal Audit across all audit entities. The audit policy articulates the audit strategy in terms of a concerted focus on strategic and emerging business risks. These inputs form a key step in the identification of the audit universe for the audit planning exercise. The audit frequencies are in sync with the risk profile of each unit to be audited. This is in alignment with guidelines relating to Risk Based Internal Audit (RBIA). The scope of RBIA includes examining the adequacy and effectiveness of internal control systems, external compliances and also evaluating the risk residing at the audit entities. Further to augment the internal audit function, concurrent audit, off-site audit and thematic audit reviews have been integrated into the internal audit process in order to make the function more robust. Keeping pace with digitalisation in the Bank, the Internal Audit function has also initiated technological initiatives for providing enhanced efficiency and effectiveness through system driven and analytics based audits.

The Internal Audit function of the Bank, operates independently under the supervision of the Audit Committee of the Board, thereby ensuring its independence. The Audit Committee of the Board reviews the efficacy of the internal audit function, effectiveness of the internal controls laid down by the Bank and compliance with internal and also regulatory guidelines.

### Corporate Social Responsibility (CSR)

Since its founding in December 1993 as one of India's first new-age private sector banks, the Bank has strived to play a leading role in helping create an open, resilient and sustainable Indian economy, one that is capable of serving the diverse needs of its diverse population and catalysing a robust environment for innovation and entrepreneurship.

The Bank's CSR and sustainability strategy has continued to move from strength to strength towards catalysing positive socio-economic and environmental value creation for stakeholders including customers, employees, the communities and natural environment through a variety of business and non-business activities ranging from sustainable finance to CSR to operational excellence.

Guided by the CSR Committee of the Board and aligned to CSR Policy, the Bank's CSR interventions focus broadly on poverty alleviation, rural sustainable livelihoods, financial inclusion and literacy, skill development, education and environmental sustainability. The Bank continues to Implement and manage CSR activities directly as well as through the Axis Bank Foundation.

Axis Bank Foundation, established in 2006 with a mission to take forward the Bank's community initiatives, continued to cover ground towards its 'Mission 2 Million' of supporting 2 million households in India by March 2025 under the overarching theme of Sustainable Livelihoods. The Foundation continues to be active in 205 blocks in 23 States, working with 29 NGO partners, and has impacted over 627,000 families under its Mission.

During the year, the Bank stood by the nation in its battle against COVID-19, announcing its commitment to set aside an amount of ₹100 crores to support its customers, employees, vendors, government agencies and the community at large. In addition to adopting several customer-friendly measures aimed at offering seamless and convenient banking, the Bank also scaled up its support to government agencies such as Municipal Corporations and Police Departments towards battling the virus and to vulnerable communities towards helping them meet their most basic requirements. Employees from across the Axis Group have committed to support the nation in its hour of need by donating a day's salary towards the PM CARES Fund.

Axis Dil Se, the Bank's unique, grassroots intervention in the union territory of Ladakh, completed its third and final phase in over 100 government schools it covers. In the third phase, over 100 schools were provided classroom furniture and the integration of 'Anganwadi' or Integrated Child Development Services (ICDS) centres were initiated, along with training for Sarpanchs and Anganwadi workers. In addition, towards enhancing the student learning outcomes from Digilabs, which were installed in the second phase, Block level training for headmasters and Digilabs administrators was completed.

The Bank continued to work towards scaling up financial inclusion and literacy across the country during fiscal 2020, focusing on the Bottom of the Pyramid in rural and urban India and the SME sector. Axis Sahaayata, an initiative to directly deliver relief measures at disaster-affected regions, was active on the ground in Odisha after Cyclone Fani, providing relief material and other support to 17,544 beneficiaries in 3 districts. Axis Sahaayta was also active on the ground in Assam, Bihar, Karnataka and Kerala which were impacted by severe floods, collectively supporting over 17,850 beneficiaries.

As a financial institution in India, the Bank remains aligned to the global sustainable development agenda, underlined by the 2015 Paris Agreement on Climate change and the 2015 adoption of the Sustainable Development Goals. The Bank continues to maintain a robust sustainability-aligned portfolio, lending to sectors including renewable energy generation, mass rapid transport and low-carbon infrastructure, while also helping marquee clients raise green funds from both within India and Global Capital markets through Debt Capital Markets business. As a financial institution, the Bank recognizes the emerging climate-linked risks to existing and future portfolios, and had institutionalized the Sustainable Lending Policy and Procedures (SLPP) to better manage the environmental and social risks in lending assessments and decisions.

The Bank also released its fifth standalone sustainability report during fiscal 2020, and the second to be in alignment with the Integrated Reporting framework of the International Integrated Reporting Council (IIRC) as well as the GRI Standards framework of the Global Reporting Initiative (GRI). The externally assured report continues to play a central role in communicating the Bank's value creation across its organizational spectrum to stakeholders.

The Bank remains cognizant of the significant opportunities towards rationalizing its organizational environmental footprint. At the Bank, diverse initiatives have been undertaken across departments, products, processes and systems that strive to make Bank more agile and responsive to the needs of stakeholders. During the year, the Bank continued its focus on reducing dependence on grid electricity consumption at various physical locations by consciously enhancing the adoption of renewable energy. In addition to rooftop and ground-mounted solar installations, which stood cumulatively at 7.05 MW of installations at 248 locations, Bank is now entering into power purchase agreements with renewable energy producers for large offices. During the year, the Bank expanded the Centralised Energy Management System (CEMS), a cloud-based energy management initiative, from 893 branches to 1,493 branches and has undertaken the replacement of CFL lighting to LED lighting at 1,100 branches, by 31 March, 2020.

Details on the Bank's CSR governance, interventions and impact for the reporting year have been provided in the Annual Report on CSR Activities as a part of this Annual Report. Additional information is also available on the Bank's corporate website at https://www.axisbank.com/csr and on the Foundation's website at http://www.axisbankfoundation.org/.

It is a matter of significant pride for the Bank to have been included in the prestigious FTSE4Good Emerging Index for the third consecutive year in 2019. The Index, created by FTSE Russell, measures and benchmarks the performance of companies globally demonstrating strong Environment, Social and Governance (ESG) practices.

**Human Resources**

At Axis Bank, its employees remain the most critical drivers for growth and success.

The Bank considers its human resource function as the catalyst which builds talent readiness and strengthens the core values of the Bank to ensure sustained business outperformance, while simultaneously building a strong value proposition for its employees.

The Bank's people philosophy is guided by the business strategy which pivots around the delivery of three important vectors - Growth, Profitability, and Sustainability as well the Bank's aspiration to become the preferred banker for all as One Axis. Key focus areas of the human resource function of the Bank are:

Reinforcing core values: The Axis Value Program, a two-year realization journey of the Bank's five core values namely Customer Centricity, Ethics, Transparency, Team Work and Ownership is a reflection of the Bank policies and serve as a guide for Bank's decision making. The co-creators and champions of the program, Bank's employees were the Axis Value Realizers (AVR) who simplified, exemplified and institutionalized its core values as winning behaviours. Over 950 AVRs championed the engagement encouraging employees to narrate winning stories of self, of a colleague or a team that has an exemplary impact noteworthy of recognition through Axis Champions Award, celebration of values.

## Engage, Develop and Nurture

Aligned to the business strategy of building in-depth customer engagement, the Bank scaled up its talent acquisition mechanism to onboard talent catering to additional footprint of new branches.

The Bank nurtures talent from the beginning by hiring young talent from select institutes of the country, in the field of Management, Engineering, Design and Chartered Accountancy. This enables the Bank to build a pipeline of young leaders. Through cadre programs like AHEAD, ABLe, and We Lead (leadership program for women), the Bank hires 150+ management graduates and develops them to take up leadership roles in the Bank. We have also bolstered our hiring from the top engineering institutes to strengthen our Digital and Analytics capabilities. The Axis Bank Young Bankers and Axis Sales Academy programs support a sustainable pool of entry level talent for the core businesses. The senior leaders in the Bank also engage with students to give them insights into the BFSI sector and establish the Bank as a thought leader and employer of choice to build talent capabilities in Digital, Engineering, Credit Analytics and Information Technology. Over the last 10 years Axis Bank has nurtured more than 24,000 young minds across the country. We continue to use data analytics and technology to make sharper and smarter hiring decisions.

The Bank's internal job portal 'Catalyst' empowers employees to manage their own career and provides opportunities of progression to Axis Bankers. In fiscal 2020, 630 employees moved internally to different roles to take up cross functional opportunities in the Bank. The Bank's promotion process allows for the best performers to be recognized, regardless of their age, gender, background and tenure.

## Promote Diversity & Inclusion

The Bank encourages the culture to be inclusive, promoting gender balance and respecting the contribution of all employees regardless of gender, age, race, disability or sexual orientation. As of 31 March 2020, Bank's total workforce was 74,140, out of which 23% are women employees. Women employees are spread across all levels of hierarchy, as well as geography. We have 27% women who represent the Bank's non-sales workforce, and intend to bolster these numbers further. With an objective of increasing diversity at the mid-senior level, the Bank recruited 20 women through We Lead, our leadership program for women, from premier management institutes of the country. Our new health care program also extended coverage for Partners and LGBT community.

## Build Future Ready work force

The continuous success of any organisation is determined on how well it manages and motivates its people, as well as how it grooms talent and the leadership team. The Bank continues with its integrated performance and capability management philosophy. ACElerate is an objective performance management system linked to the performance of the businesses, which identifies and differentiates employees by performance level and concludes with a 2-day functional training program custom built basis the emerging learning themes. 13,000 employees as a part of the ACElerate learning programs were provided with differentiated learning experience in building & strengthening capabilities in Credit Risk, Process Excellence & Operations. The Bank institutionalizes a strong risk and compliance culture ensuring that adherence to the same is not the sole responsibility of specific employees, but should be part of the entire organization's culture.

Another area of focus is on personalised training and capability building to develop the right leaders and teams who are fit for the future. The Bank has a focused approach with the objective of addressing all capability gaps and preparing its employees to adapt to the fast changing external environment in order to meet its strategic objectives. A considerable number of employees were certified on the Axis Competency Profiler, the Bank's online certification platform, which assesses employees on their functional competence and creates a pool of functionally skilled employees. Learning academies in partnership with subject matter experts across Risk, Credit, Trade and Forex and Analytics further helped to solidify internal capabilities. The Bank has embarked on curating role-based Digital learning journeys and foster a "Driven to learn" culture. Strategic partnerships with virtual academia provides top talent access to comprehensive library of courses, available on-demand.

## Health and Safety

In February 2020 even before the lockdown was implemented to combat the spread of COVID-19, the Bank had activated the Central Emergency Response Team (CERT) and Business Continuity Plan was implemented. The Bank laid down the Work from

Home (WFH) framework and guidelines cohesively with IT, HR and the Risk teams. Bank's IT & Operations teams worked round the clock to ensure that systems and processes run seamlessly. As a pioneering initiative, Bank launched a unified enterprise mobility & collaboration solution to enable business continuity through our personal devices from anywhere, at any time.

Consequent to the lockdown notification, Bank has mandated WFH for all non-branch employees. Branches have been operating for lesser hours with appropriate staffing, whilst relationship managers and sales staff have stayed virtually connected with customers through digital channels. Bank remained in continuous touch with employees conducting Interactive Webcasts, advisories, emails and Axis Value Realisation programme.

At Axis, health and safety of employees, customers as well as larger society is at the forefront. Bank launched 'With You Initiative', a psychological counselling and physical wellbeing support for employees and their families. In March, Bank advanced the payroll cycle to ensure employees are financially self–reliant during these testing times.

**Subsidiary Performance**

The Bank's subsidiaries remain central to the principle of "One Axis" and have an important role to play in the Bank's strategy formulated around the three vectors - growth, profitability and sustainability. In a short span of time, the Bank has established subsidiaries covering a significant gamut of the financial services space, with some of them being leaders in their segments. Axis Capital remains in leadership position in the ECM segment. Axis Mutual Fund maintained its position as the fastest growing AMC amongst the Top 10 players and is now the eighth largest player with over 5% share in the industry AUM, Axis Finance has grown its loan book at a 30% CAGR in last 5 years while delivering healthy returns. Axis is the only Bank to have two fintech properties- A.Treds in B2B and Freecharge in B2C space.

The Bank continues to focus on further scaling up the subsidiaries so that they attain meaningful size and market share in their respective businesses. During the year, the Bank has made significant senior talent infusions across its subsidiaries in Axis AMC, Axis Capital, Axis Finance and Axis Securities.

During fiscal 2020, the Bank's subsidiaries reported total income of ₹2,385 crores and earnings of ₹418 crores up 6% year on year.

Axis Capital, the Bank's investment banking and institutional equities franchise has been the leader in equity and equity linked deals over the last decade and had another great year with highest number of transactions (17 transactions across IPO, QIP and Rights). Axis Capital contributed 24% to the total earnings of the subsidiaries.

Axis AMC and Axis Securities continued to contribute towards the Bank's Retail Franchise building strategy and strengthen the bond with its customers.

Axis AMC, that had 6 million client folios as at end of 31 March, 2020, reported strong growth in net profits by 121%. The company manages 55 mutual fund schemes with a closing AUM of ₹115,936 crores as compared to closing AUM of ₹87,746 crores as on 31 March, 2019. The company has improved its market share to 5% as on 31 March, 2020 and is ranked 8th amongst the mutual fund Industry in India.

During the year, Axis Securities business underwent restructuring with focus on brokerage business. The retail brokerage firm reported 8% growth in cumulative client base to 2.27 million. The subsidiary achieved a trading volume of ₹3,181,051 crores thereby registering a growth of 57% in fiscal 2020. During the same period, 1.77 lacs broking accounts were opened as compared to 2.57 lacs in the previous period.

Axis Finance Limited, the Bank's NBFC has been diversifying its loan book mix and has made significant investments to grow its retail team with the objective of becoming a consumer focused lending company. As a result of higher investments, Axis Finance's net profit decreased by 15% YoY, but contributed 46% to total earnings of the subsidiaries.

Freecharge, one of the India's leading digital payment companies has a current user base of 79 million, GMV of ₹2,180 crores and 84.50 million transactions. With Digital Payments as a hook, the Bank continues to leverage the platform for digital distribution of retail products by targeting digitally native mobile first customers.

A.TReDs Limited, the Bank's subsidiary that was set up in partnership with m-Junction, was one of the three entities allowed by RBI to set up the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating cash flows for MSMEs. The Bank's digital invoice discounting platform 'Invoicemart' for MSMEs continues to do exceptionally well with market share of over 43% among all TReDS platforms. It currently has over 5,100 participants on the platform and has clocked ₹7,491 crores in financed throughput by e-discounting nearly 4.9 lakh invoices since start of its operation from July 2017.

## Safe Harbor

Except for the historical information contained herein, statements in this Annual Report which contain words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "strategy", "philosophy", "project", "should", "will pursue" and similar expressions or variations of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks. Axis Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.